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MYTH AND REALITY OF CIVIL SOCIETY

The Role of Civil Society in Strengthening Social Inclusion and Reduction of Poverty



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1. INTRODUCTION- LESSONS LEARNED

The subject of the role of civil society in the strengthening of social inclusion and reduction of poverty is only a part of a much wider subject: the condition of civil society in Bosnia and Herzegovina. In the analyses that follow, we will focus mostly on NGOs and partly on the media, so they will also be the focus of these introductory remarks.

A lot of difference can be seen between the quantitative indicators regarding the development of the NGO sector/media, and the actual civil influence they have on BiH society. This imposes a significant question – do we have a civil society in BiH? Or do we have its “quantitative” illusion, with no civil character and, therefore, a small influence on social occurrences? If this hypothesis is true, the reasons for it would be:

1. The civil society in BiH has developed under the crucial influence of international support policies, i.e. foreign donors since the war from 1992-1995. The logic behind this kind of support “industry” as a concept of international support policies¹ was also present in providing support to the development of the civil society².
 - 1.1. A large number of local NGOs were formed as a result of the donors’ need to have a local counterpart during the implementation of their projects.
 - 1.2. This was not support but, in fact, an obstacle to the development of the BiH civil society, most of all because:
 - Local NGOs were not even aware of the real mission of civil society;
 - They failed to establish tangible relations with the citizens because their projects were donor-driven, instead of being a response to people’s real needs;
 - NGOs developed as interest groups or professional NGOs, with no actual membership.

All of this did not contribute to the development of a civil society and an NGO sector as its extremely important part, but to the formation of an “NGO elite”. On the other hand, it significantly reduced the possibility of building sustainable, independent civil society organisations.

2. Given the described characteristics of international support to the development of the civil society, it is clear that no thought was given to the specificities of Bosnia and Herzegovina:

One of BiH’s main features is the character of the social system in an ex-socialist BiH, which was rather liberal and self-governing. The official policy was based on including citizens in various activities in the society. This was politically controlled by the BiH Communist Union (Communist Party), but also provided enough space for citizens’ to associate in order to achieve their, mostly local, interests. Before the war started, it was estimated that around 5,000 diverse types of citizens’ associations existed in ex-socialist BiH. They were not “western-type NGOs”, but nevertheless had some elements of a true civil society. During the war, most of them broke up or shut down completely.

Donors made a mistake not to focus their policies on reconstruction, renewal and support to the development of these associations. Today, they exist only as sports

1 See more in: OSFBIH (ed. Papić, Ž.). International Support Policies to South-East European Countries – Lessons (Not) Learned. Sarajevo: Muller, 2002.

2 See: Sebastian, S (FRIDE). Assessing Democracy Assistance: Bosnia. May, 2010.

associations or traditional humanitarian organisations tightly connected to religious organisations, not presenting an important element of a whole, the NGO sector, or, least of all, of the civil society.

3. With the decline of donor support to the development of the civil society, many local NGOs had to face problems in their work. On the other hand, the process of transition of NGOs from international to local sources of funding had started. This process has had, and still has its good and bad sides.

Its bad sides are a direct consequence of the interest character of a large number of NGOs. Namely, we are referring to a phenomenon that can be dubbed “governmental non-governmental organisations”, i.e. the part of the NGO sector that is financed from public budgets (mostly without tenders or a description of planned activities), and are fully politically oriented to support governments. Predominantly, they are NGOs that claim to represent those parts of the population that were most affected by the war.

On the other (or same) hand, a part of NGOs that see themselves as “civil” organisations and that truly are, formally speaking, focused on democratisation, are to a large extent tied to political parties, especially those in opposition. This would not be bad in itself, were it not for the fact that these NGOs represent the policies of these political parties, instead of values of the civil society. The matter becomes more severe when the heads of these organisations, as a result of agreements between political parties, become appointed ambassadors of BiH, or advisors to party presidents while, at the same time, continuing to perform functions in “their” NGOs.

The good side of the aforementioned transition can be seen in a large number of NGOs that are active in the social sector. We refer mostly to “grassroots” organisations that are active in their local community – municipality. Most of them were “overlooked” by donor aid, which made them focus early on cooperation and partnership with public institutions and activities aimed at beneficiaries’ real needs. Their sheer focus on social protection and services requires tangible support activities to those in need. This means that the nature of their area of activities oriented them towards expressing the interests of the citizens, “pushing” them towards the basic values of civil society.

4. The media are experiencing an almost identical process, especially the independent media. In this case, an enormous number of media does not seem to reflect in a change of public awareness, that is still dominated by ethnic enclosure and exclusion.

Foreign financial support to the media in BiH was very significant after the war, especially in regard to founding and sustaining independent print media. This long-term support did not lead to sustainability of independent media or a rise in the number of sold copies for several reasons.

With the drop in external support, facing the extremely rough media market of BiH, the only solution for economic survival was advertising (private and public companies). Owners of private companies and political mentors of public ones did not stand for criticism. This influenced the reduction of media space for criticism of corruption, illegal privatisation, etc.

Political parties also have a noticeable influence on the media in BiH.

Along with the introduction of the EU concept of social inclusion, the role of the civil society, especially of NGOs, gained importance in public discussions in BiH and during the preparation of the BiH Social Inclusion Strategy.

In order to make necessary progress (that the state cannot make on its own) in the field of social inclusion in BiH, it is necessary to mobilise all social stakeholders. The nature of social inclusion requires a strong civil society, because one cannot function without the other. That is also the reason to thematically focus our analyses on the role of civil society in the strengthening of social inclusion and reduction of poverty.

The question: "What is to be done?" is easily answered. Civil society organisations should be reformed in such a way that would allow them to become the agents of development of civil society as a whole. Detailed recommendations for approaching this ideal are given in the last chapter of the Study.

We have recognised two major directions of reform of, first and foremost, the NGO sector:

- Partnership between NGOs, their networking based on concrete, either sectoral or activity areas. Here we do not refer to networks such as they are, that resemble discussion panels without any real activities, but to action-oriented networks dealing with concrete issues. That is the best mechanism for strengthening NGOs' capacity to influence governments and the public. In this context, it is highly important to initiate regional cooperation and networking of CSOs, especially NGOs.
- Partnership with public institutions, municipalities, cantons, entities, BiH state organisations, especially in regard to social inclusion. Speaking in post-'68 terms, the solution is to "walk through institutions", inject civil character into their functioning. In this way, the influence of the civil society on BiH's development will be strengthened.

The analyses in this study accompanied a holistic approach to the numerous problems such as: poverty; social exclusion; the BiH social protection system; vulnerable groups; size, structure and sources of funding of the NGO sector and the media. On that basis, approaches were developed that can strengthen the role of NGOs (partnership with public institutions, networking of NGOs, the necessary legal changes, best practices in BiH, etc.). That it is possible to achieve significant results based on this approach can be seen from the Case study – Social Inclusion Foundation in Bosnia and Herzegovina, which is given at the end of this study.

Recommendations to NGOs, local government(s), the EU and donors that we have provided instead of a conclusion, can serve as a framework for new policies for strengthening of the role of the civil society and NGOs in social inclusion.

To paraphrase a thesis written long ago; "so far, analysts have only interpreted the NGO world, it's about time to change it".

2. BACKGROUND

The general situation in Bosnia-Herzegovina (BiH) was greatly characterized by two main “specificities” during the first 10 years after the war. The first is economic and social transition in post-war conditions, i.e. the parallelism of transition and reconstruction. The second was the dominant role of international support policies in that process. Objectively, it was these characteristics that shaped the current situation in BiH and had the most significant impact on BiH’s current problems.

2.1. CONSEQUENCES OF THE WAR

The consequences of the war in BiH are vast and incalculable³. There are still no reliable data about the measurable consequences, and no one dares estimate the immeasurable ones.

It is estimated that 258,000 inhabitants of BiH lost their lives during the war or remain missing, i.e. 5.9% of the pre-war population was eliminated⁴. Other estimates are that the dead and missing, counting also the increase of mortality rate, number 269,800 inhabitants (of which 152,900 were Bosniacs, 72,350 Serbs, 31,060 Croats and 13,500 were of other ethnic background)⁵. It is interesting to note that, according to the data of the State Commission for Missing Persons, 27,371 persons have been declared missing. According to International Red Cross data, 19,000 persons remain missing⁶.

During the war, 1995 was the peak year in terms of the sheer number of displaced persons – at the time they numbered 1,282,000. The estimated number of displaced persons at the end of 1997 was 866,000 and in 1998 it was 816,000⁷.

There were 1.2 million refugees from BiH at the end of the war. It is estimated that, in 1998, 712,555 of the total number of refugees found permanent solutions abroad and that 611,969 refugees are still without a permanent solution and are potential returnees⁸. Approximately 50% of the 1991 population of BiH have changed their place of residence.

The economic impact and losses of the war are estimated at 50 – 60 billion USD, of which 20 billion USD covers only production capacity⁹. Taking into consideration the GDP loss from 1992 to date, which represents indirect economic losses, the combined total of indirect and direct losses is approximately 100 billion USD.

3 See: OSFBIH Team of authors (ed. Ž. Papić). "International Support Policies of South-East European Countries – Lessons (Not) Learned in BiH". Muller, Sarajevo, 2001. See also: Papić, Ž. Ninković, R. Čar, O. "Integrity in Reconstruction. Corruption, Effectiveness and Sustainability in Post-War Countries. IBHI Sarajevo, 2007.

4 According to an estimate of the FBIH Public Health Institute (1996). The FBIH PHI probably estimated on demographic losses, although it is not specified. Later on, the correct number of victims was researched more precisely. The Research and Documentation Centre (RDC) has, so far, identified around 100 000 killed, but it should be emphasized that the research continues, and it is expected that the numbers will only increase.

5 According to estimates from an unpublished study by Dr. Ilijas Bošnjovic and a group of researchers, Demographic Changes in Bosnia-Herzegovina from 1991 to 1998. See in the International Forum of Bosnia, Document no. 1, Return of Displaced Persons and Refugees as a Condition for the Survival of Bosnia-Herzegovina, Sarajevo, January 1999.

6 See: Helsinki Committee for Human Rights in B-H, Report on the Human Rights Situation in B-H, January-December 1998, Sarajevo, December 1998.

7 See: UNHCR. The State of the World's Refugees, 1995, and UNHCR. The Operation of Return 1998, 1998.

8 See: UNHCR. The State of the World's Refugees Seeking Asylum, 1995, and UNHCR. Populations of Concern to UNHCR - 1997 Statistical Overview, 1998.

9 UNDP, Reconstruction, Reform and Economic Management in Bosnia-Herzegovina, Vienna, January 1997

Although immeasurable, indirect effects such as the destruction of the governance system, the interruption of economic development, education and development of technology, as well as the “brain drain”, are undoubtedly colossal.

Destruction of the society, social ties, tolerance and coexistence, the breakdown of families and small communities and the general collapse of social values and normal life are the most enduring consequences of the war, which cannot be mitigated in a short time. It has proven to be much more difficult to reconstruct the social fabric than bridges and roads.

The so-called “brain drain” is undeniably one of the most severe and specific consequences of the war. In BiH, it has taken various forms.

A large proportion of the refugee population is highly qualified. The situation is worsened by the fact that most of the people have secured a permanent solution abroad and will probably never return. It should be added that the school-age population that left the country and has completed its university education abroad will probably also not return in large numbers.

The proportion of highly qualified people is significantly lower among the displaced population. Qualified, displaced persons, although within BiH, generally do not work at all, or if they do, the positions they hold are unrelated to their qualifications, or require far lower qualifications.

In its literal sense, the “brain drain” phenomenon was at a very high level during the war. Intellectuals left through their own arrangements, using their own connections. Without registering as refugees, they found permanent employment, eventually to settle down in their country of residence. Ironically, this process escalated greatly after the advent of peace, i.e. after the GFAP. It is estimated that the total number of emigrants from BiH between 1996 and 1998 was 42,000, a large proportion being highly qualified people accompanied by their families¹⁰.

Unofficially, it is speculated that tens of thousands of BiH inhabitants are in the process of receiving permission to permanently settle abroad. In the meantime, the problem has become severe. Data from research carried out during the production of the “HDR - BiH 2000 – Youth” indicate that 62% of the youth of BiH want to leave the country¹¹. This percentage has not decreased since the year 2000, which is confirmed by recent research.

The “brain drain” represents a major handicap for reconstruction efforts in both the social and economic spheres. It is particularly disquieting that the phenomenon is actually gathering momentum instead of diminishing after the war. The main cause is stagnation in development, unemployment (especially among youth), as well as political instability. Awareness of this social haemorrhage is barely beginning to dawn upon the policymakers and the public of the country. Unless the trend is reversed, it is possible that the “exodus” from the country will be a greater problem than “return”.

A consequence of war (or rather, of the nature of the peace agreement) is also a very specific structure of governance. The general problem of weak and inefficient State institutions in ex-socialist countries is greatly amplified in BiH.

The Dayton Peace Agreement (DPA) in Bosnia and Herzegovina brought an end to the armed conflict but at the same time brought into being an extremely complicated State

10 See: Dr. Ilijas Bošnjovic, *ibid*, footnote 3

11 UNDP, HDR - B-H 2000 - Youth, UNDP/IBHI, Sarajevo, 2000.

structure. The two Entities; the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS), were afforded a high level of autonomy in exercising State functions. The basic constitutional structure of the country is characterized by a pronounced dominance of the “nationality” (or ethnicity) factor, manifested in the divided territorial constituencies of its three nationalities: Bosniacs, Croats and Serbs¹².

The functions and jurisdiction of the organs of the State of BiH have a limited scope. Responsibilities within their jurisdiction, as enumerated in Article III of the Constitution, are:

- Foreign policy;
- Foreign trade policy;
- Customs policy;
- Monetary policy;
- Financing of the country’s institutions and international obligations;
- Immigration, refugee and asylum policy and regulation;
- International and inter-Entity criminal law enforcement, including relations with Interpol;
- Establishment and operation of common and international communications facilities;
- Regulating inter-Entity transportation and air traffic control.

During the first decade of this century, important reforms were implemented, such as the introduction of a uniform VAT for Bosnia and Herzegovina, a single border police and customs, reforms of the defence system and the formation of a single army force, establishment of new and strengthening of former institutions at the state level, etc.

On the other hand, these steps were taken at a very slow pace, accompanied with a lot of political problems. A very important step was made when the SAA was signed with the European Union (2008), but numerous problems and delays occurred during its implementation. The liberalisation of the visa regime for citizens of Bosnia and Herzegovina for the Schengen Area was finally enacted on December 15, 2010.

The decision-making processes of the organs of the State of BiH are both complex and inefficient. They incorporate a form of veto, which can be employed as a tool to maintain the status quo or to postpone decisions until they become insignificant or out-dated. A similar provision exists in the constitutional system of the FBiH.

Within the existing Constitutional framework (BiH Constitution, Annex IV GFAP), the principle of a decision-making hierarchy is almost non-existent. This encroaches upon the effective implementation of decisions made by the organs of the State of BiH. With the exception of the limited and complex powers of the Constitutional Court of BiH, implementation of decisions of the central authorities depends almost entirely on the will of the Entities. This impedes the functioning of BiH’s state organs.

Constitutional reform has been the dominant political subject for years, with many contradictory attitudes that have caused the demise of several promising attempts (such as the so-called “April Package” of 2006). The approach to constitutional reforms that political parties in power have taken has been reduced merely to its institutional aspects, with such opposite extremes such as a unitary concept of BiH to the concept of giving

12 For more details see UNDP, HDR - B-H - 1998, UNDP/IBHI, Sarajevo, 1999.

absolute power to the entities (especially RS) and their “sovereignty”. Other, often more important, aspects of the Constitution reforms were disregarded, from human rights (ruling of the Strasbourg Court from 2010 which prescribes changes to the Constitution that will enable active suffrage for BiH in its entire territory, which is at the moment not the case) and the reform of the electoral system (which, for example, discriminates against voters in FBiH), to the need for harmonisation of laws pertaining to economy and social situation.

The constitutional structures of the authorities in the two Entities are significantly different. There also exist, in parallel, segments of various different legal systems from the laws in force at the time of ex-Yugoslavia, the laws from pre-Dayton legal practice and the legislative practices of RS and FBiH.

Decentralization characterizes the Federation (FBiH), and it is based on the dominant position of the canton and on the unclear and insecure constitutional position of the municipality. In the FBiH, there are four vertical levels for the exercise of authority (municipality, city, cantonal and FBiH levels).

A further fifth level of authority is the establishment of a “district”, as is the case with Brčko. Conversely, in the RS, there are only two levels at which authority is exercised (municipality and Entity levels).

Bosnia and Herzegovina is a State with 13 “constitutions”, in which 13 assemblies pass laws, and in which 13 “governments” and close to 200 “ministries” adopt regulations and pass further codes. As a consequence, this has proven to be an unnecessarily extremely expensive administration and a very bureaucratic, inefficient system of governance.

The other part of the “governance system” in BiH is the extensive jurisdiction of the OHR (Office of the High Representative). Even if there were no political opposition to the democratization and institution-building of the country by the “ethnic parties”, such a complicated governance structure would itself decrease the efficiency of the impact of the OHR.

On the other hand, the OHR has exhausted its “historical potential”, it was an important factor of stabilisation after the war but, in time, it became more a part of the problem than the solution. Enormous “protective” authorities of the OHR have made local political parties passive: instead of seeking solutions through negotiations, they waited for the OHR to make decisions.

In time, the Peace Implementation Commission (PIC), which is a sort of governing body of the OHR, came to see this as well, which, in 2006, caused the reduction of the function of the High Representative to a mere passive bystander that makes well-intended statements and performs protocol activities. The OHR, de facto, “shut down”, and it is hard to understand why it was not transformed into a special mission of the EU, especially after the signing of the SAA.

2.2. TRIPLE TRANSITION IN THE POST-WAR PERIOD

In the previously described conditions the social dynamics in BiH were characterized by a “triple transition”¹³.

The implementation of the GFAP is in essence a transition from war to peace. With strong support of international forces in military, civilian, economic and humanitarian/social fields, this process is making progress. Political factors dominate the socio-economic scene and serious efforts will need to be made to set the BiH priorities right.

BiH is one of the biggest beneficiaries of international assistance in various fields¹⁴. Even though the population of BiH would have had difficulty surviving during the war or normalizing life after it without international assistance and support, care must be taken that foreign aid does not nurture the existing dependency syndrome. The smooth and speedy transition from emergency assistance to sustainable development was therefore, in the greatest interest of the country as is local capacity and institution-building. Unfortunately, the transition has been neither smooth nor speedy.

BiH can exit the “dependency crisis” only through a radical change in the way of thinking and in each aspect of its system. This will “awaken” the inhabitants of BiH and make them take responsibility for their future.

The transition from a centrally-planned economy and political monopoly to a free market economy, democracy and civil society is the key link to the future and the two transition processes described above. It is not only that BiH is required to simultaneously cope with the consequences of war and a basic change in the economic and political system. It is also a fact that BiH is a country where the transition itself, both directly and indirectly, was financially supported from abroad.

Transition in the post-war period and international financial support to the transition are two characteristics of BiH. Unfortunately, BiH has not made use of the second one. New laws and market institutions are lacking, and “real” privatization was only just started in the year 2000, etc.

Privatization in post-war conditions in BiH was burdened by additional problems, in relation to the general privatisation problems in ex-socialist countries. Namely, capital which piled up through smuggling and other forms of “war economy”, and connections between “war profiteers” and the new political “elites” dominated the privatisation process. Most privatised companies (which were bought at unreasonably low prices), did not continue work, workers were laid off, privatisation contracts were not honoured, corruption flourished, and the money from privatisations that went into entity budgets was spent to expand administration and public expenditures.

2.2.1. BETWEEN THE SYNDROMES OF DEPENDENCY AND SUSTAINABILITY

The key factor in making this transition towards societal sustainability and development is the need for a complete change of opinion and attitude by the people and governments of BiH. The majority of BiH's population, according to the traditional way of thinking,

13 For more information see: UNDP, HDR - B-H - 1998, UNDP/IBHI, Sarajevo, 1999.

14 It is estimated that, in the post-war period (1996-2000), BiH received somewhere between 46 and 53 billion USD in international aid under various circumstances (humanitarian aid, support to refugees, support to economic reconstruction and development of the civil society and local communities, support to the implementation of peace, etc.). See: OSFBIH Team of authors (ed. Ž. Papić). "International Support Policies of South-East European Countries – Lessons (Not) Learned in BiH". Muller, Sarajevo, 2001.

believes that the international community has brought about changes to the state by adopting the role of 'patron'. During the socialist era, people expected the state to solve all problems, both those of the citizens and businesses. Similarly, nowadays the people of BiH expect the international community to solve all their problems, while the local initiatives remain frozen, and both leadership and population remain passive. If Bosnia and Herzegovina is to move away from this dependency culture there must be a radical shift in the current way of thinking. A wake-up call is needed for the people of BiH, making them responsible for their own futures.

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

The devastation of social structures and social values alongside the slow economic recovery, influence of the international factor and dependency on foreign aid has created apathy amongst the population. This is particularly the case among the youth. Social self-exclusion and widespread lack of participation are notable factors within the population manifesting themselves in lack of participation in social activities and elections, for example. Interestingly, the most highly educated sector of the population also falls within this group.

2.3. ECONOMIC DEVELOPMENT AND CRISIS

2.3.1. ECONOMIC SITUATION BEFORE 1991

Between the Second World War and 1991, when Bosnia and Herzegovina was one of the six republics of former Yugoslavia, it achieved significant economic transformation. Economic growth averaged 5 per cent a year. In 1991 per capita income was \$US 2,400, excluding the service sector, as was the practice in former socialist economies.

Twelve big companies produced 35 per cent of the gross domestic product (GDP), and four of them generated more than 40 per cent of total exports¹⁵. Companies were organized as self-managed companies of associated labour, in accordance with the principle of a self-managed market economy, which was half way between a centrally planned and a modern market economy.

In 1990-1991, Bosnia's main foreign trade partners were the former USSR, Germany and Italy. It had a surplus in its trade with the EEC countries in 1991. Main exporting sectors were chemicals, ferrous metallurgy, metal processing, leather shoes, electrical appliances, finished wood, timber and panels, and finished textiles. Yugoslavia as a whole was on the road to prosperity, if not even regional dominance.

2.3.2. PRESENT SITUATION

Bosnia and Herzegovina, based on its needs, is a country with firm political determination to join the EU. Thus, it tries, by its development policies, to improve the competitiveness

15 Stojanov, D. Bosnia and Herzegovina Since 1995: Transition and Reconstruction of the Economy. In: OSF Team of Authors. International Support Policies to South - East European Countries – Lessons (Not) Learned. Sarajevo, 2004.

of its economy as much as possible. Consequently it tries to fulfil the economic conditions to become a member of the society that wants to be the most dynamic and competitive in the world and to position itself better globally.

Several political, social, technological and environmental factors influence the economic growth of BH and its international competitiveness as well as its potential to provide higher employment for its population. They include:

- The global economic crisis and its repercussions for the main economic partners of BiH;
- The increase of grey economy at the South-Eastern Europe regional level;
- The changes of the demographic picture: aging population, increased life expectancy, lower birth rates with strong influence on pension and health system;
- The protection of the environment and significance of renewable sources of energy as well as climate change;
- The volatile price of oil, food and base metals on the world market;
- Long-term sharp international competition as a result of greater economic globalisation and the "medium income trap" as a threat to BiH and other countries at similar development level;
- The strengthening of the role of innovative activities and technological development¹⁶.

Although it seems that the world economic crisis did not have any significant impact on the economic growth in BiH in 2008, development in the fourth quarter demonstrated its growing influence. Low growth rates of export and import by the end of 2008 indicate that foreign trade was the key channel of the influence of the crisis. The weakening of export demand affected the production of metal and the car industry the most, and in the fourth quarter there was a renewed increase in the number of unemployed persons after a long period of time. Finally, the termination of the growth of deposits and slowed down growth of credits in the fourth quarter were only the beginning of significantly less favourable developments in 2009.

It is expected that, after the peak reached in 2009, the world economic crisis will continue for the greater part of 2010, which would significantly jeopardise the economic growth in BiH in that period. The main cause for the decrease of GDP in 2009 was the drop of income and final consumption caused by the drop of exports and investments.

The projected sudden decrease in exports and investments has lead to a significant drop in the number of employed in 2010. In the first quarter of 2009 there was already a growth in the number of unemployed persons in BiH, (most of whom according to the data of employment institutes were in the private sector) through the termination of a temporary contract, i.e. as technological surplus.

The fundamental challenge for the economy of BiH is its non-competitiveness. BiH belongs to the least competitive European countries. Together with other countries of South East Europe, it represents the most non-competitive region of Europe. Moreover, the trend in a decrease in the competitiveness of BiH has been registered since 2006. Economic globalisation makes the borders between states more and more relative and

16 Stojanov, D. Bosnia and Herzegovina Since 1995: Transition and Reconstruction of the Economy. OSF BiH Team of authors. Governance Assessment in Bosnia and Herzegovina. International Support Policies to South - East European Countries – Lessons (Not) Learned. Sarajevo, 2001.

gives a chance to capable entrepreneurs, while the role of public administration is to undertake activities that would contribute to greater competitive capacities of business people in the widest possible space.

It is evident that Bosnia and Herzegovina is faced with a challenging task of creating the legal and economic system that will be in line with EU standards and rules, but this is the only possible approach on the road to full membership of the Union and competition on an equal footing with other countries of the region in the field of the economy and attraction of investments. In order to easily overcome the obstacles on this road and to accelerate the accession process, Bosnia and Herzegovina needs to show more respect for its own constitutional and state structure and to use to the maximum the positions of the entities, Brčko District and units of local self-government for the introduction of the EU rules and standards, through harmonisation of its legislation and coordination of the dynamics of change.

In the next period, BiH will need to focus on competitiveness, macro-stability, employment, sustainable development, the EU integration and social inclusion as its development priorities.

Sustainable economy is the guiding principle for 21 century. The achieved consensus marks the necessity of environmental, economic and socially just development for the benefit of both the present and future generations. The focus of consensus is the acknowledgement of three dimensions: environmental, economic and social, which need to be observed with equal consideration within local, regional and national development strategies of sustainable development, as well as international agreements reached within the framework of global management in order to achieve sustainable development.

2.4. EU INTEGRATIONS

The leading document of the integration strategy of BiH into the EU is the **Association and Stabilization Agreement** (including the Interim Agreement), which is “external” in the sense that fulfilment of its provisions presents an international obligation of Bosnia and Herzegovina. Until the end of 2009, the ASA was ratified by 20 countries (out of the EU 27), and until the final ratification, the Interim Agreement is being implemented.

The Agreement promotes cooperation in the following fields:

- Free movement of goods;
- Establishment of the effective institutions;
- Development of market economy;
- Reduction of crime and corruption;
- Promotion of the high education reforms;
- Development of democracy, human rights and independent media;
- Improvement of the transportation infrastructure in the region.

The Agreement on the European Partnership, partnership between Bosnia and Herzegovina and the EU member states is a part of the ASA and its task is to prepare Bosnia and Herzegovina for the higher level of the EU integrations. The Agreement defines short-term and long-term priorities of cooperation between Bosnia and Herzegovina and the EU. The agreement was revised in 2007, and new priorities were adjusted to specific needs of the country in this phase of the EU accession process.

In this regard, Bosnia and Herzegovina has made a plan for fulfilment of the priorities from the European Partnership, together with deadlines and specific measures.¹⁷ The key priorities within the European Partnership are:

- To implement the strategy of public governance reform from 2006;
- Ensure adequate financing of the ministries and institutions at the state level, and ensure that they are operational and equipped, especially in the sense of the premises and staff;
- Strengthening of the administrative capacities for the implementation of the obligations from the Stabilization and Association Agreement and Interim Agreement;
- Achieve significant progress in creating the joint economic space in Bosnia and Herzegovina that will support free movement of goods, capital, services and persons;
- Reduce structural inflexibility that affects functioning of the labour market, especially labour taxation, level of social contributions and mechanisms for determining salaries with the aim of increasing the contributions and employment rate;
- Take measures for achievement of more functional and sustainable institutional structures and better respect of human rights and fundamental freedoms, including Agreements on adoption of the changes of the Constitution of Bosnia and Herzegovina, in accordance to the needs;
- The Agreement also defines the framework for the financial aid to the EU. The priorities stated in the Agreement include short-term priorities, for which it is expected to be implemented within one or two years, as well as mid-term priorities, for which it is expected to be implemented within three to four years. The priorities pertain to the adoption of legislation and its application.

Adoption of **acquis communautaire** is the most complex and longest part of the entire process of the EU integrations. The Community law is the matter that changes and it is being supplemented not just by the development of the social relations, but globalization of the economic streams which directly affects the development of the legal system which follows these relations. Each transposition of the provisions of the Community law is subjected to a new transposition and adoption in the way the Community law changes and is being supplemented in the EU.

In the previous period significant results have been achieved, in spite of difficulties (lack of human resources, non-existence of the translation of *acquis*, non- submission of the harmonization instruments that should accompany each legal provision etc.)

Fulfilment of the necessary obligations of Bosnia and Herzegovina for the EU membership requires development of certain institutional capacities of the country and investments in certain fields. Besides investments of its own resources, Bosnia and Herzegovina can get additional financial resources from the other sources for the purpose of the EU integration process.

It is very important to mention the pre-accession aid of the European Union, i.e. its key financial instrument for the period 2007-2013 called **Instrument for Pre-accession Aid (IPA)**.

After receiving the candidate status, the aid to Bosnia and Herzegovina will be based on the priorities determined in the Accession Partnership, national program for the adoption of *acquis communautaire* and negotiations framework.

17 See: Council of Ministers of BiH, Directorate for the European Integration. "Action plan for the implementation of the document European Partnership with Bosnia and Herzegovina". 2008.

Bosnia and Herzegovina has signed the Agreement on the Rules of Cooperation with the Commission of the European Unions, which pertains to the financial aid of the EC to Bosnia and Herzegovina within the implementation through IPA. The framework agreement gives legal, governing and technical framework for the financial aid for Bosnia and Herzegovina. Therefore, the framework agreement is a basis for establishing, changing and supplementing the legal framework of Bosnia and Herzegovina with the aim of its implementation. As a potential candidate country BiH can dispose with the two IPA components:

Support to transition and institutional building and support to participation in cross-border cooperation. After obtaining the candidate status new possibilities for using three other IPA components will be opened: **regional development, human resources development and rural development.**

Within IPA I component, MIPD defines the priorities for the support of three key fields:

Political criteria (support to the reforms of the public governance including support to customs and taxation department; reforms of the legal system and police; support to the constitutional reforms; media and civil society development, support to the return process, especially in terms of social and economic integration of returnees and support to demining, help to the mine-victims; support to the social and economic inclusion of minorities and vulnerable groups, support to the protection of the cultural heritage in the context of "Ljubljana process")

- **Economic criteria** (economic development of Bosnia and Herzegovina through establishing the regulatory capacity and strengthening of the entrepreneurship skills; SME sector development; economic development of the region; improvement of the commerce policy; support to the education reform and development of the national research strategy; support to the active labour market; health system reform; reaction to the impact of the financial and economic crisis through support of economic regulators, SMEs and infrastructure investments).
- **Ability to assume obligations arising from the EU membership** (adjustments to the legal practices of the EU in the fields of internal market, sector policies, justice, freedom and security. The focus of support will be on development of the strategies and policies for establishment of the sector policies and regulatory framework which fulfils the European standards. Support to implementation and strengthening of the sector policies and preparation for the IPA components III, IV and V).

Within IPA I component, MIPD defines support to BiH's participation in bilateral cross-border programs, multilateral cross-border programs with the EU member states through the Adriatic program, and transnational programs for South-Eastern Europe (SEE) and Mediterranean (MED).

Table 2.

Indicative financial allocations for IPA components in the period 2009-2011.

	2009	2010	2011	Total
Support to transition and institutional building	83.9	100.7	102.7	287.3
Cross-border cooperation	5.2	5.3	5.4	15.9
Total	89.1	106.0	108.1	303.2

Bosnia and Herzegovina, as a beneficiary country of the pre-accession aid, is obliged to ensure its own co-funding. The amounts of co-funding depend on the individual IPA components and on the type of the project contract. Financial support is granted in the form of irreversible funds or irreversible funds combined with credit of the international financial institutions.

Component III MIPD is a preparation of BiH for the usage of the European Regional Fund and Cohesion Fund.

2.5. INSTEAD OF A CONCLUSION

In the post-war period BiH has made a significant progress. Taking into consideration huge international aid that progress could have been much bigger. It was prevented by instability and poor resources management at all the levels of the government. The following should also be taken into consideration:

1. BiH started the first decade of the 21st century with still very profound consequences of the 1992-1995 war. First of all, with the consequences of huge human and material losses, lost GDP in the war period, as well as human capacities and labour force drain¹⁸. At the beginning of this century the level of the economic development of BiH was much below the level that was reached in the last pre-war years. That certainly affected the post-war social and economic development. In that period, BiH was undergoing transition, privatization process, introduction of the market institutions which was just creating basis for the dynamic development.
2. In the period after 2006, a significant progress has been achieved in poverty reduction and employment growth (especially after 2006). GDP growth from the average 6% per year led to poverty reduction for almost 4 percentage points and employment growth of 10%. A very positive trend was stopped by the consequences of the global economic crisis in 2009. Speaking about poverty, these consequences, compared to the rest of the region, are much smaller. High unemployment, higher than the regional average, remains a problem. Relatively modest drop of GDP in 2009, compared to the other countries, and stable financial system are a basis for the realistic estimations of the more dynamic GDP growth from 2011. Therefore, estimations for significant poverty and unemployment decrease in 2015 are realistic.

18 According to the reports of UNESCO, since 1995 79% engineers and researchers, 81% graduate scientists, out of which 75% with the PhD degree left BiH. Council of Ministers, 2008: p. 133.

3. AN IMAGE OF POVERTY AND EXCLUSION – CAUSES AND EFFECTS

Although Bosnia and Herzegovina has made significant developments since the end of the war, especially during the last decade, and despite increasing growth rates, around a fifth of the population still finds itself below the general poverty line and a still larger proportion, which amounts about one third, is poor in relativistic terms. Economic exclusion is a new form of poverty which was not known in the pre-war times in Bosnia and Herzegovina, since the former Yugoslavia enjoyed a relatively high standard of living within an egalitarian society.

A new sort of poverty was primarily caused by the war destructions and displacements. Another factor that added to this situation was uneven and inequitable transition and huge increase of the unemployment rate. Economic inequality and social separation are still key elements of exclusion in Bosnia and Herzegovina. The inequality is among priorities that need to be tackled; otherwise growth will continue to be unbalanced and will remain focused on the smaller portion of the population, rather than on the majority.

3.1. SOCIAL SITUATION - BACKGROUND

3.1.1. SOCIAL SERVICES IN PRE-1992 BIH

In former Yugoslavia, the welfare regime after the 'break with Stalin' in 1948¹⁹ was different from those in other socialist societies in Central and Eastern Europe which remained within the Soviet sphere of influence. Suddenly, there was an increasing recognition, from the late 1950s, of the inability of central planning to meet all needs and to eliminate poverty and social problems. Through a series of reforms in the late 1960s and early 1970s, often with the assistance of the IMF and WB, a system of social policy provision emerged which was seen as both 'very highly developed', and combining 'development with decentralisation'²⁰. In former Yugoslavia, unlike most of South Eastern Europe, there was a recognition, from the late 1950s, of the need for professional social work interventions to combat social problems, based on an understanding that socialist economic progress was not, in itself, enough. This led to the formation of Centres for Social Work in most urban municipalities in the early 1960s, with university level social work training beginning even before this in Belgrade, Ljubljana and Zagreb.

Yugoslavia's social welfare system nominally provided services for destitute persons and families, physically and mentally handicapped persons, broken families, alcoholics and drug addicts, and elderly persons without relatives to care for them. In 1986 about 3 percent of the population received services from the social welfare system. 340 social work centres operated in Yugoslavia (1984)²¹, including shelters, juvenile homes, care centres for handicapped children, foster home placement agencies, nursing homes, and facilities for care of the mentally handicapped and mentally ill. Altogether, the system

19 Stubbs, P. "Social Sector" or the Diminution of Social Policy? Regulating Welfare Regimes in Contemporary Bosnia-Herzegovina. In: OSF; Team of authors. *International Support Policies to South-East european Countries – Lessons (Not) Learned in B-H*. Sarajevo: Muller, 2001. p. 127.

20 Ibid, p.127.

21 Pusić, E. *Administration and Society*. Zagreb, the Institute for Social Research, University of Zagreb, 1986.

employed about 2,100 social workers and 1,000 other professionals in the mid-1980s²². Self-managing communities of interest managed the centres, which provided services to 687,000²³ Yugoslavs in 1984.

In 1974, a new Constitution was enacted (the longest in the world) which created new representative bodies and a complex system of checks and balances, designed to enhance party power and limit the influence of professional enterprise managers. As a one-party federative state, SFRY had a federative constitution. Constitutions of all the federal units, including the pre-war BiH, had to be in concord with the Federal Constitution. Each of these constitutions contained a certain number of provisions regulating the protection of basic human rights and freedoms. Thus the 1974 the SFRY Constitution defined three groups of basic human rights - constitutional rights, as general human rights, related directly to an individual person; rights of individuals and citizens, and third, special group - socialist, self management, democratic rights²⁴.

The importance of the 'social' dimension of economic policy was particularly important in BiH, both because of its relatively underdeveloped status, and as a result of it being a mixed Republic in which Muslims, newly recognised as a constituent people, were the largest single national/ethnic group. The emergent 'welfare regime', then, can be seen as a combination of workplace welfare; traditional family care; limited universal social rights; professional social protection; and, to an extent, voluntary and religious based charitable effort²⁵. There was no real notion of community-based approaches to welfare, despite the centrality of socialist self-management within the post-1974 settlement. This can be understood as a product of: the internal contradictions of self-management, coupled with the power of traditional careers and new professionals, both of which operated within somewhat paternalistic and patronising approaches; and in the context of the critical absence of a vibrant civil society and alternative political culture.

3.1.2. SOCIAL SERVICES DURING THE WAR, 1992-1995

The significance of the conflict in Bosnia-Herzegovina as a 'new war' in 'new times' needs constant re-stating, since it frames many of the interventions of a range of new actors in which strategic disengagement, in terms of wider geo-politics, combines with the substitution of humanitarian aid for external political will²⁶. However, as a war in Europe, the disengagement was, actually, never complete but rather filtered through a multiplication and diversification of international actors, particularly various kinds of International NGOs (INGOs). In terms of the legacy for the social sector and the welfare regime, the ways in which the provision of humanitarian aid set the contours of a new implicit social policy is particularly important. Large numbers of INGOs, already concentrated in Croatia as a result of the war which began there in 1991, were to become the main vehicles for international assistance for the first time, so that the war in BiH was coincident with the increasing importance of INGOs, transformed from agents of global

22 Pusić, E. Administration and Society. Zagreb, the Institute for Social Research, University of Zagreb, 1986.

23 Ibid.

24 Mijović, Lj. Human Rights in BiH. In: OSF; Team of authors. International Support Policies to South-East european Countries – Lessons (Not) Learned in B-H. Sarajevo: Muller, 2001. p. 210.

25 Stubbs, P. "Social Sector" or the Diminution of Social Policy? Regulating Welfare Regimes in Contemporary Bosnia-Herzegovina. In: OSF; Team of authors. International Support Policies to South-East european Countries – Lessons (Not) Learned in B-H. Sarajevo: Muller, 2001. p. 127.

26 Ibid, p. 129.

civil society and advocacy to essentially 'private aid agencies', delivering 'projects' and 'programs', largely externally designed and funded but which, in their implementation, sometimes used and always transformed, local structures, resources, and meanings²⁷.

During the initial phase of the conflict the entire legal system, and obviously the protection of basic human rights, was dissolving or rather in chaos. The 'negotiated access' for the delivery of essential aid (shelter, food and non-food items) was particularly important in terms of its reliance on, and thereby reinforcement of, clientelism or what, elsewhere, has been termed a 'new feudalism'²⁸, in which a state is broken down into ever smaller, relatively autonomous, bounded entities. In fact, the ability to control the movement of goods, people and services, through control of particular routes and territories, became a central element of the war, unchallenged until very late in the day. Access to different parts of the country was, of course, 'uneven' as a result of both internal and external factors, and aid was increasingly 'targeted' to particular groups of the population, both tendencies also reinforcing and increasing the arbitrariness and localisation of survival and livelihood conditionalities.

Through their large-scale relief programs, the European Union, the United Nations agencies, primarily through UNHCR as 'lead agency', USAID and other bilaterals, tended not to implement projects directly but to work through 'implementing partners', initially INGOs such as CARE, Catholic Relief Services (CRS), the International Rescue Committee (IRC) and many others. So, by the end of the war, over 200 INGOs were registered as working in BiH. These agencies, increasingly 'multi-mandated'²⁹ and multi-funded, worked on an 'external' model of assistance. Hence, their key staff were experienced aid workers from crises in developing countries, where models of rights-based social welfare were much less important, reinforced by newly recruited international staff with some volunteer experience in the region, and only in third place was there a priority on the recruitment of 'local staff', most often expected to accept and comply with these frameworks and models rather than adapt and reform them. Given that employment by an international agency, for those who remained in BiH, was itself a crucial survival and livelihood opportunity, providing salaries far in excess of any other similar employment, any resistance to this subordinated role was always likely to be informal and unsystematic, if it was present at all. Rarely did any of these groups, separately or together, seek to assess or build upon the capacities of existing institutional structures. The tendency of existing Bosnian professionals to join international agencies, did occur but was itself complex since agencies tended to prefer younger staff, those who spoke English, and those seen as able to adapt to rapidly changing conditions.

Centres for Social Work were not, of course, completely ignored in these processes, but, deprived of some of their more innovative staff, they became little more than conduits for international assistance, compiling beneficiary lists, often alongside other agencies. Nobody thought of investing in CSWs in terms of technologies which would have enabled them to play a greater role in the welfare regime of the time (in contrast every INGO and many of their local counterparts received massive injections of computer, communications and transport resources). Most parts of BiH where international

27 Stubbs, P. "Social Sector" or the Diminution of Social Policy? Regulating Welfare Regimes in Contemporary Bosnia-Herzegovina. In: OSF; Team of authors. *International Support Policies to South-East European Countries – Lessons (Not) Learned in B-H*. Sarajevo: Muller, 2001. p. 130.

28 Deacon, B. and Stubbs, P. *International Actors and Social Policy Development in Bosnia-Herzegovina: globalism and the 'new feudalism'*, *Journal of European Social Policy* 8, 1998.

29 Ibid.

agencies worked, established aid co-ordination mechanisms but these rarely included CSWs or, indeed, any local institutions, being entirely composed of international agencies, although often themselves represented by local staff.

The implications of the problematic transition from 'relief' to 'development' were particularly pronounced, therefore, in BiH in the transition from war to peace. Relief had been dominated not by wider social policy concerns but by keeping people alive long enough for a peace agreement to materialise, as if the two processes were completely separate. In addition, relief agencies, in particular the new strengthened INGOs/private aid agencies, sought themselves to be mediators for later development assistance – building civil society, post-war reconstruction, and internal institutional capacity building. The complete separation between human rights and solidarity-based approaches, including those funded by innovative agencies such as the Open Society Institute, on the one hand, and the implementing partner and service delivery model, on the other, also posed immense problems, since agencies concerned with social welfare tended not to utilise any kind of rights-based frameworks and could offer no challenge to the dominant, modernist, Western model which the former reinforced, which consisted of individualised notions of human rights. Even more importantly, diversity in the welfare regime had developed completely accidentally and anarchically and not as a result of any principles. INGOs, in turn both 'over-ethnicising' and 'de-ethnicising'³⁰ in their social practices, tended to misunderstand, misread, and marginalize CSWs which, denied of resources, both human and material, tended to become vehicles for social exclusion and discrimination whereas, had more accurate analyses and attempts at alliances been made, could have become forces for re-integration and even a core 'peace constituency'.

What is particularly important is that all of the projects noted above were designed by external consultants with little direct, meaningful, initial involvement of Bosnian scholars, consultants or practitioners. Later, of course, in the process of 'building capacity', a very small core group of the same local experts have been engaged by each and every program, in somewhat different ways, and according to different assumptions, external frameworks and models. This is extraordinarily disempowering for internal expertise and, perhaps, one of the major lessons that needs to be learnt in current-day Bosnia and Herzegovina.

3.1.3. AFTER THE DAYTON PEACE AGREEMENT

Under the Constitution agreed at Dayton, no social policy responsibilities were allocated to the overall State institutions. Article III states explicitly that 'all government functions and responsibilities which are not strictly given to the institutions of Bosnia-Herzegovina shall be the functions and responsibilities of an entity'³¹. Hence, the agreement allows for the development of two distinct social policies and social welfare regimes within Bosnia and Herzegovina, in the Federation and in Republika Srpska³². Indeed, within the Federation social policy powers are further divided between the Federation and the Cantons. The Federation, under Article 1, has exclusive responsibility for the creation of monetary and fiscal policy. Health issues and social welfare policy are defined as joint responsibilities of the Federation and Cantons under Article 2 (III). Cantons are given responsibility by

30 Deacon, B. and Stubbs, P. International Actors and Social Policy Development in Bosnia-Herzegovina: globalism and the 'new feudalism', *Journal of European Social Policy* 8, 1998.

31 The US Department of State: <http://www.state.gov/www/regions/eur/bosnia/dayann3.html>

32 See: IBHI. *Tranzicija socijalne zaštite u Bosnia i Hercegovini* (Transition of Social Protection in Bosnia and Herzegovina). Sarajevo, 2002.

Article 4 for the creation and regulation of education policy, the creation and regulation of housing policy, the creation and regulation of policy regarding public services, and for the *implementation* of social policy and maintenance of social welfare services³³. In short: the nation lacks uniform legislation at the state or national level and, therefore, social protection is not provided in the same way and under the same conditions throughout B&H³⁴.

In essence, the General Framework Agreement for Peace creates a contradiction between entity-based rights and the need for lower levels of the system, Cantons and Municipalities in FBiH, and Municipalities alone in RS, to raise resources to meet these rights. The system, therefore, promotes the creation of high levels of unrealisable social rights, based on status, instead of on actual needs, completely disconnected from revenue questions. Indeed, as Cantons and Municipalities vary enormously in size, resources, and revenue raising abilities, fundamental inequities in the realisation of rights and entitlements are also built into the system and its structure.

Recent research finds that social trust is 'virtually non-existent' in Bosnia and Herzegovina, while the social fabric in the country is characterized by an 'absolute weakness of social bonds of trust, reciprocity, and solidarity'.³⁵

From a purely statutory point of view, social welfare is very structured on paper. In fact, the laws still in force are in large part an inheritance of the communist period, when attention to the social system was much higher. It may be useful to look at the example of how much social security weighs on the salary of an employee. For every employee assumed, the firm is obliged to contribute a determined share in the several social funds:

- 41% into the pension fund;
- 25% into the health fund;
- 4.7% into the unemployment fund;
- Finally, 5% of taxation applied to the gross salary, destined for the central state treasury fund³⁶.

This is the legal requirement, but it seems that in recent years many companies have gotten around such an obligation, by taking advantage of the lack of control mechanisms.

Rather than witnessing a process of democratisation, pluralism and a move towards a well-regulated, open, market economy, it is probably more accurate and useful to see contemporary BiH as a 'virtual' or 'neo-feudal'³⁷ state in which power is concentrated locally, in mini-states, based on patronage, influence peddling, and mafia-like elites. Social welfare regimes reflect these tendencies and reinforce them. Consensus-building on key reforms boiled down to perpetual and lengthy political negotiations between the governing parties, which took place outside the formal institutions and without any involvement or consultation of civil society. In most cases, those negotiations have been limited to the signing of political agreements and declaratory reform agendas, with little effort being invested toward genuine implementation.

33 See: IBHL. *Tranzicija socijalne zaštite u Bosnia i Hercegovini* (Transition of Social Protection in Bosnia and Herzegovina). Sarajevo, 2002.

34 Rizvanović, Š. *Bosnia and Herzegovina: National Report on Social Services*. In: ILO. *Good Practices in Social Services Delivery in South-Eastern Europe*. Budapest, 2004.

35 UNDP and Oxford Research International. *The Silent Majority Speaks: Snapshots of Today and Visions of the Future in BiH*. Sarajevo, 2007. Available at <http://www.undp.ba/index.aspx?PID=7&RID=413>.

36 Paudice, R. *Welfare in the Mediterranean Countries: Bosnia Herzegovina*. <http://unpan1.un.org/intradoc/groups/public/documents/CAIMED/UNPAN018965.pdf> (Page visited October 1, 2010).

37 Deacon, B. and Stubbs, P. *International Actors and Social Policy Development in Bosnia-Herzegovina: globalism and the 'new feudalism'*, *Journal of European Social Policy* 8, 1998.

The BiH Mid-Term Development Strategy (PRSP) 2004 – 2007 envisaged accelerating structural reforms, which in the short term would cause job losses and, consequently, an increase in poverty. All levels of government were thus required to implement economic policy measures that would prevent an increase in poverty and lower the poverty rate by 20% from the level at the time³⁸. However, the current macroeconomic data and poverty level do not confirm the success of these measures. Combating poverty seems to have lost its momentum as the presence of the World Bank and the IMF decreased in this period³⁹. Immediately before the 2006 general elections, the FBiH parliament adopted a comprehensive and generous financial aid package for war veterans, civil victims of war and members of other social groups. However, since then, the government has struggled to balance the budget due to the fiscal burdens resulting from this assistance, and the 2009 budget lacked funds for some categories of benefit recipients.

No supranational agency has social policy as its main focus in BiH. The efforts of the lead agencies have been much more oriented to frameworks of governance, human rights, economic development, reconstruction and return.

3.1.4. CURRENT SOCIAL SITUATION

The system of social protection in BiH includes social insurance that consists of the following:

- a) Insurance against unemployment b) health insurance and health protection c) pensioner and invalid insurance d) social protection e) protection of families with children f) war-veterans protection.

The legacy of the former socialist practice and war consequences in BiH have greatly influenced domination of the social benefits “based on status rights” that were introduced for the war-veterans protection and war-military invalids and their supported family members (“war-veterans benefits”). War-veterans benefits absorb around $\frac{3}{4}$ of the spending for the monetary benefits through social protection programs that are not being financed through contributions. This percentage is lower in the FBiH than in the RS.

3.1.4.1. Analysis of Legal Framework

Laws determine the social and war-veterans protection in the FBiH, RS and BD while, with the aim of the implementation of the Law on the basis of social protection in FBiH, cantons are obliged to decide on certain regulations. Social protection at the level of BiH is limited at the coordinating function of the Ministry of Civil Affairs of BiH, while the Ministry for Human Rights and Refugees of BiH is in charge of problems of refugees and human rights monitoring. In the RS, the competences are centralized, while the competences in FBiH are further divided between the cantons and federal level.

By adopting the Law on rights of war-veterans and their family members in FBiH (2004), the previous differences of the legal framework, that at the territory of FBiH was based on two legal systems with three different regulations for the members of the Army of RBiH and members of HVO, were eliminated. The law regulates that for all earlier right beneficiaries (war and military invalids and families of the killed war-veterans) there has to be revision of the entitled rights and decision on the new entitlements in accordance with the Law.

With the aim of implementing the Law on the basis of social protection in FBiH, protection of civil victims of the war and protection of families with children in FBiH, the cantons

38 Bertelsmann Stiftung. BTI 2010: Bosnia and Herzegovina Country Report. Gütersloh: Bertelsmann Stiftung, 2009.

39 Ibid.

have the obligation to adopt cantonal regulations, but they also have the right to extend the number of beneficiaries in accordance to the specific circumstances in the cantons. Taking into consideration that other laws state the group of beneficiaries, in accordance to the Law on social protection beneficiaries are the following persons : a) children (children in the state of social need, children without parental care, children with development difficulties, children with socially unacceptable behaviour, children victims of violence b) invalids (OSI), c) materially unsecured and persons incapable for work , d) elderly persons without family care e) persons with socially negative behaviour f) persons and families in the state of social need.

According to the RS Law on social protection, aid is provided to citizens in the state of social need and measures are being taken in order to prevent and remove such a condition.

The Law on child protection regulates the system of child protection based on the rights and obligations of parents to take care and raise their children, the right of children to have living conditions that enable their normal psycho-physical development and obligations of the state to provide them with this.

The RS Family law regulates family and legal matters, relationships between spouse, parents and children, foster children and foster parents, guardians and protégés.

Social, family and child protection are three important segments of social policy in the RS. Besides the three aforementioned laws (Law on social protection, Law on children protection, Family law) there are other laws that directly deal with these fields:

- Law on protection from family violence especially regulates the treatment of victims of the family violence, procedure of the accommodation of victims of the family violence, treatment of violent persons, psycho-social treatment of the victims of violence etc.
- Law on the ombudsman for children is a newly adopted law that will significantly improve the position and protection of the children in the RS and their rights ;
- Law on the pre-school upbringing and education.

3.1.4.2. Analysis of Institutional Framework

According to the Constitution of BiH, regulation of the rights and provision of the social protection⁴⁰ is at the entity level. The Constitution of the RS⁴¹ regulates that the RS determines and ensures basic aims and directions of demographic and social development. In the case of the FBiH, competences and obligations are divided between the entities and cantons in accordance to the Constitution.

The Ministry of Civil Affairs of BiH is in charge of coordination of social protection activities at the state level, and of harmonization of plans of the entity governments and defining of the strategies at the international level in the field of social protection, as well as preparation and coordination with the competent entity bodies regarding draft propositions of the bilateral contracts on social insurance, participation in the state bilateral talks with the aim of determining mutual principles of the contracts/agreements on social insurance with the contracting states. The Ministry of Civil Affairs of BiH also coordinates the work of the entity bodies regarding the reports on the implementation of the international agreements on social insurance, and work related to cooperation of BiH with the international institutions.

40 UNDP: Pension Reform and Social Protection System in BiH.

41 Constitution of the RS, Amendment XXXII, Article 68, Paragraph 8.

Furthermore, the Ministry for human rights and refugees is in charge for the issues of displaced persons and refugees, and in 2004 the Fund for sustainable return was formed as a support to the return process. At the state level, an economic-social council has not been established, although one important activity of SRS BiH required the formation of this council within the action plan. Economic-social councils function at the entity level.

The following institutions are in charge of the social protection system in FBiH:

- Ministry of labour and social protection (Sector for social protection and protection of families with children, Sector for the protection of invalids and civil victims of the war);
- Ministry for displaced persons and refugees of the FBiH;
- Ministry for war-veterans and invalids of the defence-liberating war of the FBiH and Economic-social council and labour unions of the FBiH.

The competences in FBiH are further divided among the lower levels including cantons and municipalities (i.e. centres for social work).

In the RS we can identify the following institutional resources, which are responsible for the implementation of the social measures towards the families with children:

- Ministry of health and social protection,
- Ministry of education and culture,
- Ministry of family, youth and sport,
- Social protection institutions (republican institutions, municipal CSWs),
- Public fund for child protection (it is primarily a financial institution, which deals with transfer of public incomes gathered for the final beneficiaries, in accordance with the Law on child protection),
- Council for children of the RS (recently formed government body (2006) whose aim is affirmation of children's rights, social position of children and monitoring of the implementation of social and child protection measures in the RS),
- Ombudsman for children (newly formed institution whose aim will be supervision and implementation of the international and domestic acts on children rights protection in the RS).

The role of municipalities in the social protection management is first of all limited. The responsibility of the municipalities in the field of social protection is implemented through centres for social work or resource departments within the municipal authorities in the FBiH and RS (centres for social work are being established by the municipalities). In 2007 there were 116 centres for social work (CSWs) in BiH⁴², of which 71 were in FBiH and 45 in the RS, while in Brčko District there were no CSWs, but only one sub-department within the health department of the government of the BD. Furthermore, in RS, 18 municipalities formed services within the municipal administration, most often with one or two employees who perform only basic activities of the social protection based on solving first-degree cases in accordance to the Law on social protection, Family law and Law on child protection.

The total number of the processed cases in CSWs in 2007 was 582,370 with the total of 1,183 employees in these institutions. CSWs, financed by the municipal bodies are mostly faced with the problems of inadequate capacities due to insufficient number of the qualified staff and lack of equipment.

42 Statistics agency in BiH, Thematic bulletin 07, Social protection 2002 – 2007.

The category of war-veterans⁴³: by adopting the Law on establishment of the institute for medical reports on the health condition in FBiH (which entered into force on October 9th 2007) the competences of the Institute in the field of the war-veterans and invalids protection and estimations of the disability degree of the non-war invalids. Moreover, up to now, almost all the cantons signed the agreements which should contribute to better control and order and balanced criteria for diagnoses and opinions on the degree of the military and civil invalidity.

3.1.4.3. Analysis of Financial Resources

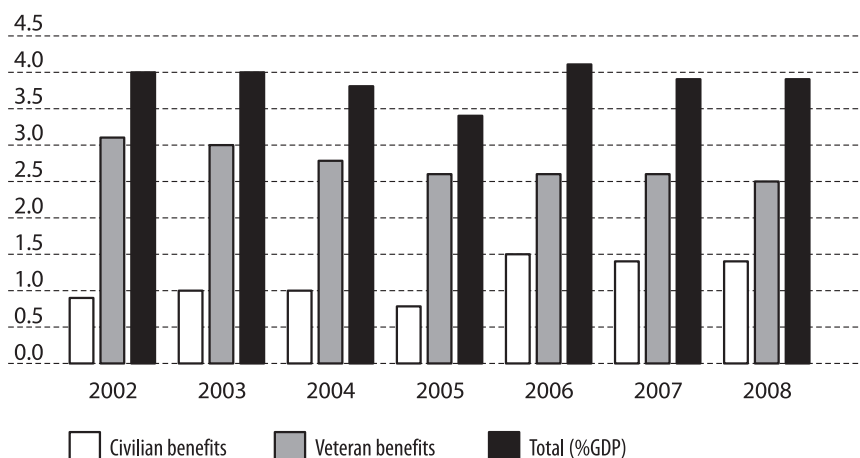
BiH Entities are in charge of ensuring the financial resources for social protection in BiH. FBiH shares its competences with the cantons that define special benefits financed from the cantonal and/or municipal budgets which in the end create differences at the level of rights between the cantons in the level of the monetary benefits. In accordance with the Law on social protection of the RS, a part of social contributions to beneficiaries is being secured from the municipal budgets.

Social contributions in both entities are based on the concept of satisfying the proclaimed rights. While the rights of war-veterans beneficiaries are not conditioned by the property census, the most part of the rights arising from the Law on social protection in both entities is directly conditioned by the property status and real social needs of the beneficiaries.

Besides monetary contributions, the social protection system also practices the provision of different social services to beneficiaries in need. The provision of social services enables faster, more efficient economic system performance towards the beneficiary population. Unfortunately, this form of satisfying social needs of population is not sufficiently recognized as an efficient alternative to exclusive monetary contributions.

Graph 2:

Expenditures for monetary contributions in BiH (% GDP)⁴⁴



⁴³ Conference on social and war-veterans protection in the FBiH speech of the minister Z. Crnkić, 2008.

⁴⁴ World Bank Report, "Policy Note – Social Assistance Transfers in Bosnia and Herzegovina: Moving Toward a more Sustainable and Better Targetted Safety-Net ". 2009.

Total spending on monetary benefits based on different programs of social protection in BiH is estimated to 4% of GDP, which places BiH among the countries with a very high level of spending in the field of social protection. In the region, only Croatia spends more (about 4, 3% of GDP), while the OECD average is 2,5% of the GDP⁴⁵.

According to available data⁴⁶, it can be concluded that the biggest budget expenditures are directed towards beneficiaries of the war-veterans protection system (see graph 2). Out of the total contributions for the social sector, 66% goes for war-veterans in FBiH and 75% in RS.

Table 17:

Expenditures for monetary benefits of social aid (% entity budgets)

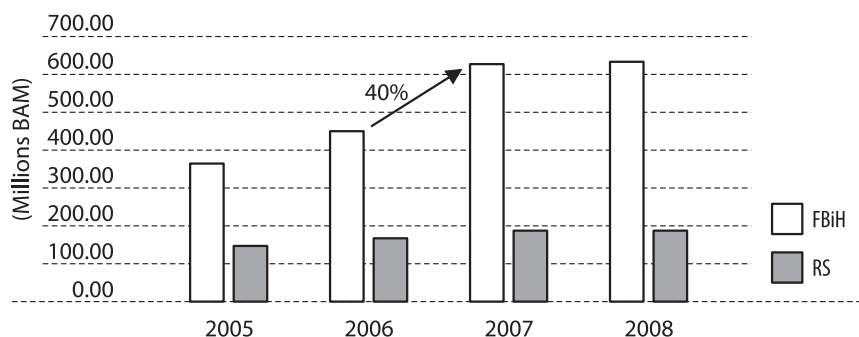
	2002.	2003.	2004.	2005.	2006.	2007.
FBiH	35.1	35.3	36.6	42.9	39.0	41.0
RS	13.6	13.7	14.7	15.8	13.9	13.9

Source: the World Bank, Social contributions in BiH, 2009.

Total contributions of the society for monetary benefits in the systems of social protection are quite high. While in the last few years in RS that level was about 14%, in the budget of FBiH 35 – 43% of the total available resources was used for these purposes (table 17).

Graph 3:

Total spending on social protection benefits (civil and war-veterans) in the entities



Source: the World Bank, Social contributions in BiH, 2009.

Significant increase of monetary contributions in 2007 occurred in FBiH (See graph). By adopting the Law on changes of the Law on the basis of the social protection, protection of civil victims of the war and protection of families with children in 2006, the rights were extended and nominal amount for the category of "civil invalids" was increased, which influenced the increase of spending from 30 million BAM in 2006 to 124,8 million BAM in 2007. In the same year, the Law on demobilized soldiers was adopted in FBiH, by which expenditures increased in this filed for the additional 60.7 million BAM.

45 World Bank Report, "Policy Note – Social Assistance Transfers in Bosnia and Herzegovina: Moving Toward a more Sustainable and Better Targetted Safety-Net ". 2009., p. 10.

46 Ibid.

Table 18:

Total spending on monetary benefits from the program of social protection benefits in the FBiH⁴⁷

Monetary benefits for beneficiaries	2005.	2006.	2007.	2008.
Law on war-veterans protection	301	322	402.8	356.6
Law on the basis of the social protection, protection of civil victims of the war and protection of families with children	64.6	129	227.6	278.9
Total for civil and war-veterans contributions	356.6	451.5	630.4	635.5

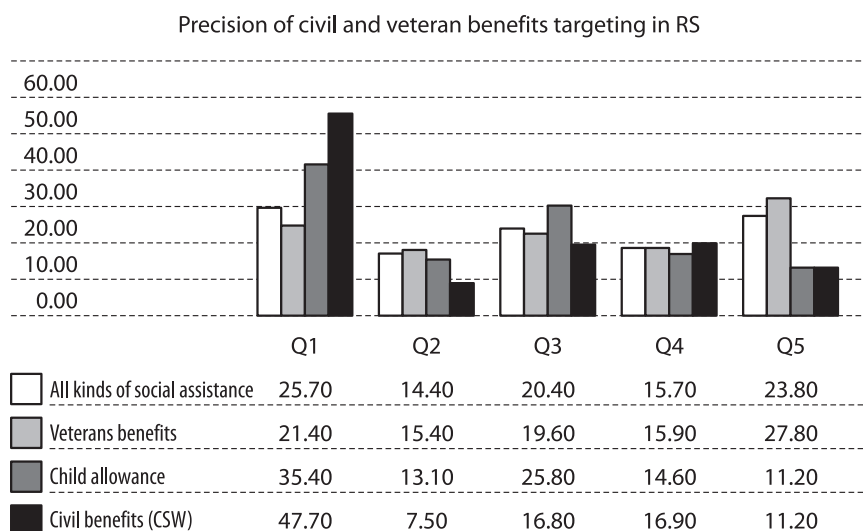
Table 19:

Spending on monetary benefits from the program of social protection benefits in RS (in millions BAM)⁴⁸

Monetary benefits for beneficiaries	2005.	2006.	2007.	2008.
Law on war-veterans protection	112.1	117.8	145.2	144.2
Law on civil victims of the war				
Law on social protection	35.5	49	45.9	47.5
Law on children protection	25.1	30,2	35.8	49.4
Total for civil and war-veterans contributions	147.6	166.8	191.1	191.7

Graph 4:

Contributions for civil and war-veterans benefits in entities (in million BAM)⁴⁹

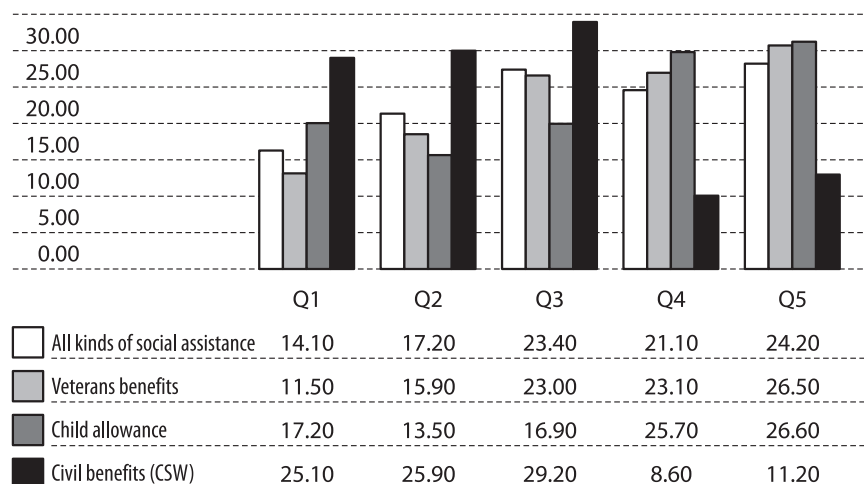


47 World Bank Report, "Policy Note – Social Assistance Transfers in Bosnia and Herzegovina: Moving Toward a more Sustainable and Better Targetted Safety-Net ", 2009.

48 Ibid.

49 Ibid.

Precision of civil and veteran benefits targeting in FBiH



3.1.4.4. Analysis of Domestic Policies

The social protection system in both entities has great difficulties as it faces increasing needs for different forms of social aid, that keep growing. The functioning of this system is made harder by the inadequate laws that prescribe a much wider domain of social protection than the budget allows. This problem is furthermore complicated by the divided competences between the government levels (especially in FBiH) where the entity determines the level of social protection, and lower levels are obliged to secure funding. The difficulties also include non-existence of updated and complete data bases on social protection beneficiaries.

A number of strategic documents have been adopted or drafted and they directly or indirectly deal with social, family and child protection. They are:

- Policy for the protection of children without parental care and families under the risk of being separated,
- Strategy for improvement of social protection of children without parental care with the action plans in RS,
- Strategic information "State and perspective of the social protection system in RS",
- Action plan against family violence,
- Strategy for family development in the RS,
- Strategy for improvement of the social position of disabled persons,
- Policy in the field of disability in BiH,
- Youth policy of RS.

The Law on the basis of social protection, protection of the civil victims of the war in FBiH was changed (2004, 2006), by which basic rights of the persons with innate and acquired disability, whose organisms were damaged for at least 60% were determined. In accordance with these changes, these persons have the right to: a) personal invalid benefit, b) benefits for care and assistance of another person, c) orthopaedic device.

As presented in the part "Analysis of the financial resources", the resources for financing of the widely set rights to social protection are insufficient. The basic aim must be set in the direction of improvement and financing of social protection, based on better targeting of beneficiaries according to their needs. Balance between financing of war-veterans and war-military invalids and financing of other social protection beneficiaries must be achieved, and it is going to require gradual increase in aid provision based on the financial situation and needs of potential beneficiaries, which will strengthen the network of the social security for those in the risk of poverty and social exclusion.

At the same time, it is important to improve service provision by improving cooperation between SWCs and NGOs, by directing them towards the beneficiary based approach and with a clearly defined role of public institutions, CSOs, private sector and volunteers⁵⁰. An important segment of the social protection reform is focusing on the local community (municipalities) and development of a mixed system of social protection that would include SWCs, NGOs, private sector and other public institutions. The engagement of local participants is especially important for creating a social protection network, which would employ additional resources besides public funding resources. That would help create new qualitative social work which will be focused on services and beneficiaries.⁵¹

In accordance with research conducted by the Ministry of health and social protection of RS, the key and actual problems were identified in the functioning of the social protection system of RS, which mostly arise from inconsistently implemented and clearly defined decentralization: weak information access of social protection beneficiaries on the competences of the system that arise from the law; insufficient resources for satisfying beneficiaries rights; undeveloped unique methodological mechanism for identifying socially vulnerable citizens, insufficient resources of the NGO sector that deal with the social protection field; difficulties to determine the obligations of kin in the rights determining procedures; need for operational data bases for users groups, non-existence of long-term and mid-term programs for social protection development at the municipal level and in the RS (strategies, action plans); undeveloped system of social security; non-defined concept of the extended rights to the social protection; lack of concept for prevention in social protection that would be directed to the prevention of the state of social need; non-defined unique standards and criteria for service provision.

In order to adequately respond to the needs of the social protection system in the RS, the government (Ministry of health and social protection) has drafted a proposal for the new Law on social protection whose adoption is expected soon.

3.1.5. DYNAMICS OF POVERTY

In the period from 2000 to 2008, BiH recorded a significant economic growth with the GDP growing annually by about 6%. Generators of this growth were a high level of export and domestic consumption, and investment growth spurred by a significant growth in loans and remittances and the high price of BiH products on the world market (for instance, of metals).

50 For more details see: DFID, EC Delegation to BiH, World Bank, FMLSP, MHSWRS: Publications from the Conference on social policy, Sarajevo, January 31st 2006, and Round table on social policy, Sarajevo, April 7th 2006, and Slovenia – National action plan for social inclusion NAP/Inclusion (2004 – 2006), Ljubljana, July 2004.

51 See: World Bank, From aid dependence to fiscal independency, October 2005, page 17 (local language version).

This growth of the national GDP was accompanied by a decrease of poverty⁵². Absolute poverty (the percentage of population living below the poverty line, defined as the consumption level of 205 BAM per person per month) has, between 2004 and 2007, dropped from 18 to 14%, according to estimates of WB/DEP. This represents an improvement in comparison with the first half of this decade, when there was no decrease in poverty. It is, however, important to note that different data sets were used for the period mentioned – a series of Living Standard Measurement Survey, LSMS – which were conducted every year from 2001 to 2004. As of 2004, the BiH Agency for Statistics (BHAS) relied on Household Budget Surveys in order to estimate levels of poverty. Strictly speaking, these two sets of data cannot be compared. However, it should be noted that the estimated levels of poverty for 2004 are similar in both sets, if the same poverty line is used. This Study relied more on data from the HBS. The official, relative and absolute poverty lines provided in Table 1 refer to estimates of BHAS⁵³. Methodological differences can be seen in estimates of the general poverty line (WB/DEP estimates are lower than those of the BHAS).

Regardless of recent improvements, according to the WB/DEP report, a significant percentage of the population has expenditure levels that are just slightly above the poverty threshold. Based on the 2007 HBS, it is estimated that about 20% of the population, for example, have per capita expenditure levels between 204 and 306 BAM. This represents a poverty line between 100 and 150%. This points to the fact that a large portion of the BiH population is susceptible to economic changes that could lead to a decrease of income, even by rather small amounts, and move them below the poverty line.

52 See: WB/DEP, "Protecting the Poor During the Global Crisis: 2009 Bosnia and Herzegovina Poverty Update". December 2009, p. 8-9.

53 See: BHAS, FOS, RSIS. "The BiH Household Budget Survey 2007 – Poverty and Living Conditions". Sarajevo, 2007.

Table 1:*Poverty lines and corresponding poverty rates⁵⁴*

	Data from the 2004 HBS			Data from the 2007 HBS		
	State	FBiH	RS	State	FBiH	RS
Poverty line based on the 2001 LSMS: 205 BAM per capita per month, according to 2007 prices						
Poverty rate:	17.7	18.6	16.5	14	13.3	15
Standard errors	-0.8	-1.1	-1.3	-0.6	-0.8	-0.9
Official relative poverty rate:						
	311 BAM per adult per month, prices from 2004			386 BAM per adult per month, prices from 2007		
Poverty rate:	18.3	18.8	17.8	18.2	17	20.1
Standard errors	-0.8	-1.1	-1.3	-0.7	-0.9	-1
Absolute poverty line, 2004						
Poverty rate:	17.9	18.5	17.5			
Standard errors	-0.4	-0.6	-0.7			
Absolute poverty line, 2007						
Poverty rate:				18.6	17.4	20.2
Standard errors				-0.6	-0.8	-0.9
International poverty line: 2,5 USD per capita per day, PPP from 2005						
Poverty rate/1:	2.2	2.4	2.1	1.5	1.2	2
Standard errors	-0.3	-0.4	-0.4	-0.2	-0.2	-0.4
International poverty line: 5,0 USD per capita per day, PPP (Purchasing Power Parity) from 2005						
Poverty rate/1:	16.2	16.5	15.7	11	10.7	11.5
Standard errors	-0.8	-1	-1.4	-0.5	-0.6	-0.9

Source: BHAS (2008) calculations from the World Bank, with data from the 2004 and 2007 HBS. Notes: By using the ECA POV aggregated indicator of expenditure comparable at an international level. The LSMS poverty line is estimated at 205 BAM per month in 2007 prices and 185 BAM per month in 2004 prices. The relative poverty line, according to the BHAS, is 386 BAM per month in u 2007 and 311 BAM per month in 2004, per adult.

54 WB/DEP, "Protecting the Poor During the Global Crisis: 2009 Bosnia and Herzegovina Poverty Update". "In order to track poverty over time, the WB/DEP report uses the 2001 LSMS-based poverty line in real terms – 205 BAM per month per capita in 2007 prices. Since the main goal is consistency over time, the basic approach is to use a poverty line set at an initial point and then use prices (as disaggregated as possible) to create equivalent values of that line for other points in time. As shown in Table 1.1 the 2001 LSMS based poverty line is one of several poverty lines that have been calculated for BH. The rationale for the choice of this poverty line is to ensure consistency with previous analysis, and to evaluate poverty trends. The BH Agency for Statistics reports poverty trends based on a relative poverty line, which is set relative to median consumption per adult equivalent. Consistent with practice common in Europe, the poverty line is set at 60 percent of median consumption per adult equivalent. Such a line was defined as 386 BAM per month per adult equivalent in 2007. On the basis of these lines, headcount poverty rates were estimated at 18.3 percent in 2004 and 18.2 percent in 2007. Because these relative poverty lines are set relative to a specific year's consumption distribution they are not suitable for establishing a time trend of the poverty rate. In addition, absolute poverty lines (referred to as "general poverty lines") have been calculated for the HBS 2004 and 2007. The 2004 general poverty line was set at a level very close to the 2001 LSMS-based poverty line used in this report, so trends are consistent with the ones reported here. Note also that the practice of recalculating a line for each new survey de facto prevents comparability in poverty trends. As an alternative to BH specific lines, one could use the international poverty line currently set at US\$2.50/person/day and an internationally comparable consumption aggregate (ECAPOV) which is constructed by the World Bank for ECA countries which participated in the most recent International Comparison Program (ICP 2005). Applying this measure, which is much lower than the national poverty line and thus captures trends in chronic poverty, the poverty rate declined from 2.2 to 1.5 percent, though this is not statistically significant". p. 11.

3.1.5.1. Social Policy Challenges

The basic problem of the so-called “bottleneck” social protection system in BiH is its low efficiency in terms of poverty reduction.⁵⁵

As we have seen, in 2007, BiH was spending 4% of its GDP for payments of monetary assistance of different forms that were not based on contributions. That is far more than the average among the countries in the region (1,6% of GDP).

Targeting of social transfers is somewhat more progressive and better aimed in RS than in FBiH. In Republika Srpska, a quarter (25.7%) of the poorest are beneficiaries of these transfers. In FBiH, this percentage is significantly lower. Only 14.10% of the poorest from this entity are included in financial transfers meant for the social sector.

Considering that protection of the fighting population in both entities relies on beneficiaries’ vested rights, targeting of monetary transfers towards the poor among this population is especially bad. Veterans’ compensations are regressive, especially in FBiH, where only 11.5% of the poorest receive these compensations, as oppose to 21.4% in RS. It is interesting that the biggest beneficiaries of veterans’ compensations come from the richest part of the population, 27.80% of them receiving veterans’ compensations in RS and 26.5% in FBiH.

Civil benefits, which are based on beneficiaries’ actual needs, i.e. compensations realised through centres for social work (including benefits for child protection) are socially better targeted in RS than they are in FBiH. A total of 47.7% of the poorest in RS and 25.1% in FBiH receive funds from these programmes within so-called civil benefits. Monetary benefits from the area of child protection reach 35.4% of the poorest part of the population in RS and 17.2% in FBiH.

This high level of transfers to programmes of social protection, which reach only a small number of beneficiaries to whom this kind of social assistance is necessary – the poorest parts of the population, burdens the development of the private sector and does not allow for the development of policies focused on the creation of a more favourable business environment and destimulates employment, which in turn additionally burden public budgets. In times like these, when the economy is facing the consequences of the global economic crisis, inadequate (socially insensitive) transfers from budgets can contribute to further social layering of the population of Bosnia and Herzegovina.

The effect of these transfers on poverty reduction is insufficient. If these transfers (amounting to 4% of GDP) were abolished, poverty would increase only slightly, from 1.6% to 19.2%, or by 0.6 percentage points (based on BHAS poverty estimates). On the other hand, even with a doubling of these transfers, the effects in terms of poverty reduction would be negligible.

The basic problem here lies in the fact that social transfer programmes in BiH are mainly based on beneficiaries’ “status rights”. Transfers to war veterans absorb about 1/3 of the total expenditures on non-insurance type cash benefits.

As stated in the aforementioned World Bank Report: “such a situation is fiscally unsustainable, economically inefficient and socially unfair”. BiH has to reform the non-insurance type social transfers into programmes and measures aiming at developing a social safety-net that would be: (a) less burdening to public resources, (b) more

55 See: World Bank Report, “Policy Note – Social Assistance Transfers in Bosnia and Herzegovina: Moving Toward a more Sustainable and Better Targetted Safety-Net”. 2009, p. 6-9

efficient and (c) better targeted towards the poor. More specifically, BiH authorities are recommended to consider a three-sided approach.

From the beginning of 2009, significant measures have been undertaken in FBiH, where this problem is most visible. Regulations regarding disabled civilians were amended, whereas in the context of the IMF, changes are being made to regulations regarding disabled war veterans and other categories of the fighting population. Criteria from the arrangement with the IMF were also implemented in the RS.

3.1.5.2. Estimates of the impact of crisis and future dynamics of poverty

Bearing in mind the effects of the global crisis on BiH and its public revenues, the aforementioned changes are necessary. It is important to develop a social protection system that will focus monetary transfers and services to beneficiaries' real needs, especially the mechanisms for better targeting of real needs.

It is estimated that the global economic crisis will seriously affect Bosnia and Herzegovina. A reduction of production is expected in 2010 by around 3.5 to 4%, but the size of the drop and its potential duration are difficult to predict⁵⁶. Even if the recovery of the world economy occurs, it is expected to be slow. The decrease in production is expected to be especially radical in the export sector. However, the industrial sector has taken the hardest hit. It is estimated (no data is available at present) that the industrial production in the first quarter of 2009 fell by over 20% compared to the same period of 2008.

The approach to social inclusion and mitigation of poverty with all relevant social sectors as factors of development is especially important in the situation of a global economic crisis and its impact on the situation in BiH. A clear need to reduce public spending cannot, without serious implications, be directly applied to social sectors, traditionally considered as expenditures.

Rationalisation of funds for social sectors should signify investing in reforms directed at strengthening social inclusion, active policies of social integrations through development of skills and employment, education and healthcare in order to include the beneficiaries into the economy and labour market. Therefore, it should emphasise the character of development.

General economic consequences of the crisis in BiH according to all serious assessments of independent analysts will be greater than the official estimates. Even before the "external impact of the crisis" BiH was in a serious structural crisis; in the last several years the unemployment rate ranged between 40% - 45% contribution of public expenditures in GDP is much larger than the average in the region. Transitions and especially privatisations have caused much social friction due to irregularities. High dependence on international financial aid and support has caused a "dependency syndrome". In 2008, the growth rate of GDP was cut in half compared to 2007.

The impact of the global crisis is estimated as a drop in GDP of 2.82% in 2009 and the start of the recovery phase in official documents was predicted in 2011. What is realistically expected is the start of recovering phase in 2012. What will impact this is the following:

- BiH is significantly dependent of the transfers from Diaspora estimated at 15% to 17% of GDP. According to the estimates of international institutions, their drop in 2009 was around 7%-10%, which further increases the drop of GDP (by close to 1% of GDP).

56 WB/DEP, "Protecting the Poor During the Global Crisis: 2009 Bosnia and Herzegovina Poverty Update". p. 32

- Necessary restrictions in public expenditures (especially in Federation of BiH whose 2008 budget was de facto bankrupt) will significantly reduce the general expenditures and therefore the GDP as well.
- The basic problem of BiH uncompetitive economy will not enable utilisation of exporting opportunities in the process of economy recovery of EU country.
- On all bases, social tensions will increase and directly jeopardise the functioning of institutions and thereby deepen the political instability.

Social consequences of global crisis stem from the previous. Transfers from Diaspora are a "grey social protection" because they are sent to family members as aid for daily expenses. Public expenditure restriction programs are seriously detrimental to social programs, especially for the most vulnerable groups. On the other hand, their ineffectiveness, that we mentioned, is impeding the impact on the reduction of poverty. It is possible to estimate social consequences of the crisis and the measures even with all the risks involved (that result from the arrangement with IMF, June 2009).

Direct impact of the adopted measures to date is:

- Due to changes to laws regulating the rights to allowances for civilians with disabilities that were restrictive in nature and only applied to persons with 90% and 100% disability has left around 100 000 civilians with disabilities without financial assistance (categories of 60% to 90%).
- 50,000 registered workers were laid off in the first 6 months of 2009. Workers in the "informal economy" left without employment also have to be considered. Their number is most likely much larger but is not registered.
- Reduction in financial assistance to war veterans by 10% retroactively for the entire 2009.
- Termination of financial assistance to unemployed drafted veterans starting 31.12.2009.

Quantification is, naturally, risky but we estimate that the mentioned measures have direct impact on the 150-180,000 citizens of BiH that were left without financial assistance at the start of 2010.

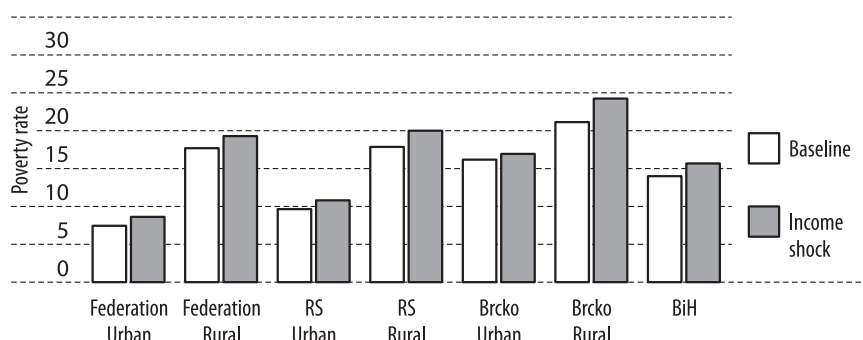
In 2010, there was an increase in unemployment which, due to lack of opportunities for employment, especially affected the youth, families with several children, as well as the elderly and pensioners (the former middle class group). Quantitative estimates for this are currently not possible.

What can be estimated is that the number of total population affected by poverty or at risk of poverty will increase by an additional 4%-6% of the population compared to the situation in 2007 (41.5% of population) resulting in a near half of the population being socially vulnerable⁵⁷.

⁵⁷ Estimate of IBHI team, Sarajevo, 2010.

Figure 2:

Predicted Poverty with a Negative Income Shock of Four Percent⁵⁸:

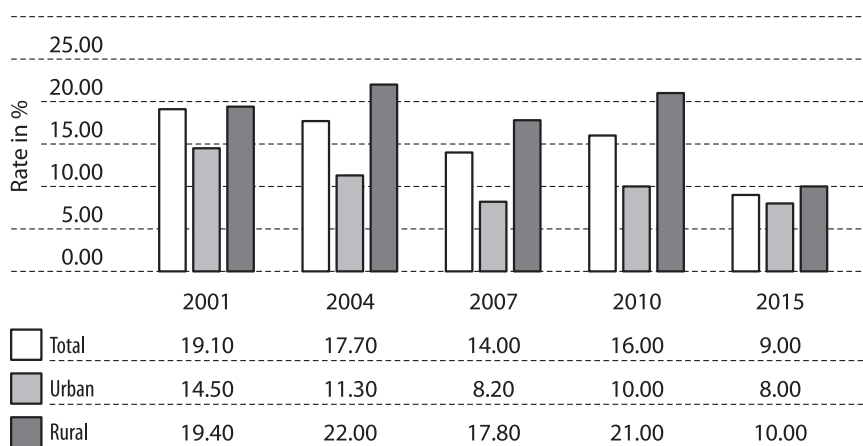


Empirical simulations of the World Bank suggest that the predicted GDP decline may lead to a rise in poverty, reversing half of the gains prior to the crisis. A 4 percent income shock will lead to a rise in the poverty rate of 2 percentage points⁵⁹.

The global economic crisis has led to a halt of progress in the reduction of poverty and, consequently, to its increase in the region of Europe and Central Asia, as well as in other regions of the world. The post-crisis increase of poverty in BiH is part of a global trend, and is relatively smaller than in other countries⁶⁰.

Considering the data available on the absolute poverty rate in BiH for 2001, 2004, and 2007, as well as estimates of the WB for 2010, the dynamics of poverty can be seen from the following graph (made on the basis of data from Table 1.). It is obvious that the poverty rate is consistently higher among the rural population.

Absolute poverty rates in BiH, % of population



58 WB/DEP, "Protecting the Poor During the Global Crisis: 2009 Bosnia and Herzegovina Poverty Update". p. 32

59 The WB estimate is complementary to the already cited estimate of the IBHI team (4-6 percent) which refers to the percentage of the population below the poverty line and at risk of poverty. The WB estimate (2 percentage points) refers only to the percentage of the population below the poverty line.

60 For example: "preliminary data shows that a large portion of the progress made in reducing poverty accomplished between 2000 and 2008 was reversed due to the global economic crisis". UNDP, etc. "Draft Report on MDGs in Europe and Central Asia". Conference in Istanbul 2010, p. 21. See also: UN. "The Millenium Development Goals Report". New York. 2010.

Along with the growth of GDP in the period between 2001 and 2007, the reduction of the rate of inequality has also contributed to the reduction of poverty. The Gini coefficient has dropped from 34.7 (2004) to 33.3 (2007), and the decline was more significant in rural than in urban areas⁶¹.

Projections for 2015 are based on the assumption that after GDP stagnation in 2010, its growth will become more dynamic in the forthcoming five years. Assessments made by the DEP in the BiH Development Strategy Draft for the mid-term period imply a growth in GDP of 5.8% in 2011 and 6.6% in 2012⁶², making it realistic to estimate an average GDP growth of 5.5% for the period of 2011-2015.

On the other hand, the implementation of the Social Inclusion Strategy, improvements in social protection, primarily in terms of better targeting of the real needs of beneficiaries, will speed up poverty reduction. Therefore, it can safely be estimated that poverty will fall to 9% of the overall population living below the general poverty threshold (WB/DEP report methodology) by 2015⁶³.

3.1.6. SOCIAL INCLUSION AND HUMAN DEVELOPMENT

As the notion of social exclusion is quite new, therefore, there are few precise definitions of social exclusion. In a broad sense, being "excluded" is taken to mean being left outside the mainstream and denied access to the social, economic and political rights afforded to others⁶⁴.

Another definition defines social exclusion in the following way "Social exclusion describes a process by which certain groups are systematically disadvantaged because they are discriminated against on the basis of their ethnicity, race, religion, sexual orientation, caste, descent, gender, age, disability, HIV-status, migrant status or where they live". Discrimination occurs in public institutions such as the legal system or education and health services, as well as social institutions like the household⁶⁵.

Moreover, in the context within a developing or transition economy the presence of social exclusion:

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

It is very difficult to draw a clear line between social exclusion and poverty, and the two phenomena might even be used interchangeably in certain instances. For example, in the context of the developing economy or economy in transition such as the economy of BiH, the existence of social exclusion causes the poverty of specific social groups leading to

61 WB/DEP, "Protecting the Poor During the Global Crisis: 2009 Bosnia and Herzegovina Poverty Update". p. 12.

62 See: "Employment Strategy in Bosnia and Herzegovina 2010-2014", document adopted by the BiH Council of Ministers, July 14, 2010, p. 6.

63 See Papić, Ž. And Fetahagić, M. "Progress Toward the Realisation of the Millenium Development Goals in Bosnia and Herzegovina, 2010. BiH Ministry of Finance and Treasury, UN Country Team in BiH. Sarajevo, July/August, 2010. p.12.

64 UNDP/IBHI. National Human Development Report 2007. Sarajevo 2007, p. 10.

65 DFID, Reducing Poverty by Tackling Social Exclusion, Sarajevo, September 2005, p. 3.

the higher poverty rates among the most excluded groups. It also reduces the production capacities and poverty rate decreases in the whole society.

It is important to clarify that social exclusion draws not only on economic and social rights, but is related to all entitlements relevant for increasing the choices of individuals to live a decent and meaningful life. The issue of social exclusion is closely connected with the Rights-Based Approach (RBA) which is focused on a common concern with equality, non-discrimination and the importance of participation that should have inclusive character. In regard to this, a social exclusion perspective is concerned with governance and citizenship rights, with the institutional dimension of exclusion and with the organizations, institutions and processes that cause or contribute to the exclusion⁶⁶.

With the aim of combating social exclusion, the European Union has set social inclusion as the core of all its policymaking process. It has come up with a definition of social exclusion as a distinct form of income poverty. Poverty is a distributional outcome, while exclusion is a related process of declining participation, solidarity and access. Exclusion might be defined as a broader notion which, for some people, includes poverty, while for the others it is a cause or a consequence of poverty. Nevertheless, the causation runs in both directions.

Opposite to the phenomena and process of social exclusion is, understandably, the social inclusion process. The notion of social inclusion is relatively new both in the European context as well as the Bosnian context. The European Union recognized and defined this problem in 1989, when the term "social exclusion" was introduced to the preamble of the European social charter and later to the amended text of the charter. On the same occasion, a new right, "right to the protection from the poverty and social exclusion" was introduced, which was a turning point and significant step forward in the battle against poverty and social exclusion.

In Bosnia and Herzegovina the issue of social exclusion was addressed for the first time in 2007, within the National Human Development Report, produced by United Nations Development Program (UNDP) and Independent Bureau for Humanitarian Issues. When the analysis of social exclusion in Bosnia and Herzegovina was published, it shocked the public by the devastating data about the social exclusion of the BiH population⁶⁷. An original new methodology for calculating social exclusion was developed and applied in this report.⁶⁸

The extent and nature of social exclusion in Bosnia and Herzegovina was analyzed in the report within the following categories:

- Post-conflict discrimination and ethnic separation
- Economic insecurity and vulnerability
- Education
- Health
- Social protection and civic participation

66 UNDP/IBHI. National Human Development Report 2007. Sarajevo 2007, p. 10.

67 Considering the multi-dimensional nature of poverty and its inter-dependency with the wider concept of social exclusion, it is also important to mention the measurement of social exclusion. In the EU, social exclusion is measured by Laeken indicators. In BiH, preparations have just started for statistical research (SILC) that would enable methodologically correct monitoring of Laeken indicators.

68 UNDP/IBHI. Human Development Report 2007. Sarajevo 2007, pages 15, 21, 23. In 2009, this report received two world-class awards for "excellence in measurement", from UNDP and OECD.

Furthermore, seven proxy indicators were used to reflect these categories:

For living standards:

- The population below the income poverty line and
- Long-term unemployment

For health:

- Those without health insurance

For education:

- Those over 15 years who did not complete primary school

For participation in society:

- Those who do not vote in elections
- Those who do not participate in organized social activities;

For access to services:

- Households without a telephone

Based on these indicators the NHDR presented a series of three social exclusion indices:

The General Social Exclusion Index (HSEI) is based on seven proxy indicators reflecting living standards, health, education, participation in society and access to services. The index suggests that 50, 32% of BiH population is socially excluded in at least one of these forms. Especially important is participation in society and its two following indicator: indicator “those who do not vote in elections” is 43, 6% and the indicator “those who do not participate in organized social activities” is 90.7% of those surveyed.

The Extreme Social Exclusion Index (HSEI-1) is a stronger form of the HSEI and is estimated at 21.85%. This signifies that approximately 22% of BiH’s population is extremely socially excluded from the most basic processes and needs.

The Long-term Social Exclusion Index (HSEI-2) differs from the others in that it measures that sector of the population in which has limited choices for improving their situation, thus being at risk of long-term excision. This index shows that 47% of the BiH population is at risk of long-term exclusion.⁶⁹

These problems are driven by a number of other factors and processes including the political division of the country. Not surprisingly, ethnic division remains one of the strongest root causes and manifestation of social exclusion in BiH. This is a complex and multiple-dimension problem. Firstly, it directly causes exclusion of minorities within majority areas. Secondly, it compromises the ability of the authorized institutions to solve exclusion, and thirdly, it has a negative and pervasive effect on social processes. It therefore diminishes the possibility for a progressive change and it keeps the peoples in BiH distant and alienated from each other. The effects of ethnic division are most evident in the returns process. As a consequence of poorly integrated returnees in their pre-war places of residence, national minorities are one of the most distinctly socially excluded groups. This is reflected not only in their limited political participation and access to service provisions, but also in terms of alienation from regular social processes in the areas where they live.

69 UNDP/IBHI. Human Development Report 2007. Sarajevo 2007, pages 30,31,33. See also: Slijepčević T. IBHI Policy Brief: Strengthening of the Role of the Civil Society in the Social Inclusion Processes, Sarajevo, 2010.

The overarching theme of inequity which is born out of other social relations is highly evident when it comes to gender which is frequently a basis for social exclusion in BiH. Gender-based discrimination and differentiation is more strongly expressed fifteen years after the war than it was during the pre-war period, because of the war itself and the explosion of nationalism. The social and political climate directly arising from these forces has reduced the possibility for changes. Compared to social dynamics in Europe, social development in BiH greatly lags behind.⁷⁰

These are not the only and most severely excluded groups. There are other groups that experience marginalization in similar ways, but their exclusion is not directly driven by the political division of the country and its causes are coming from other processes. Particularly affected groups include the Roma, the disabled, the elderly, rural dwellers and the youth. In addition to being excluded groups that face the highest risk of income poverty and unemployment, they also have much more difficulties to access public services and to take participation in political life.

Besides the most vulnerable and socially excluded groups, there is a whole series of groups not traditionally thought of as being excluded, for whom action needs to be taken in order to secure their participation in society. These groups might be referred to as the most marginalized. Their exclusion is characterized more in terms of stigmatization than deprivation. This diverse category includes groups such as the HIV/AIDS sufferers, sexual minorities and current or past drug abusers.

The risk of all these groups being excluded in at least one dimension is clearly higher if several components of social exclusion interact and influence each other. This creates preconditions for multiple deprivations such as those based on gender, location, disability and other⁷¹.

Considering the multidimensional nature of poverty and the need to analyse it from the human development perspective, it is important to note that there is a constant progress evident in BiH, in terms of human development measured by the Human Development Index. That can clearly be seen from the following table and graph⁷²:

Table : BiH Human Development Index

Year	2001	2007	2009	2015
Human Development Index - HDI	0,744	0,812	0,829	0,847

Source: for 2001 NHDR BiH 2006; 2007 HDR 2009; estimates for 2015.

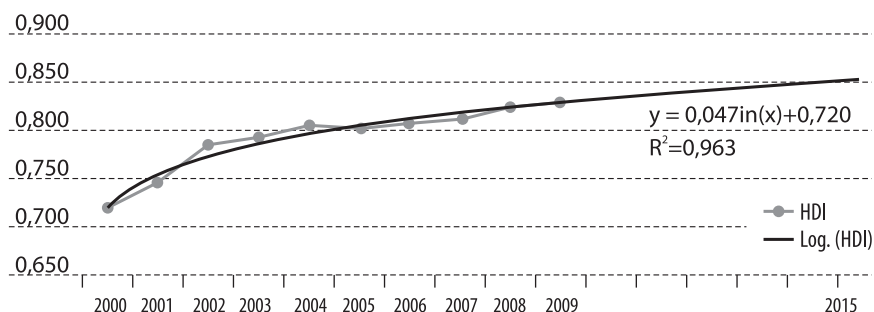
70 UNDP/IBHI. Human Development Report 2007. Sarajevo 2007, p. 15, 23.

71 DFID. Reducing Poverty by Tackling Social Exclusion. Sarajevo, 2005. p. 3.

72 Papić, Ž. Fetahagić, M. UNDP; BiH Ministry of Finance and treasury. MDG Report – BiH 2010 (First Draft). Sarajevo, September, 2010.

The HDI estimate for 2015 is based on estimated achievements of all of the MDGs listed in this report and on the estimate of the average annual GDP growth of 5.5% for the period between 2001 and 2015 (based on DEP's estimates on GDP growth for 2001 and 2012). It is important to note that in 2004 BiH entered the group of countries with a high level of HDI⁷³ (over 0.800). The table that shows the growth of the HDI in other intervals (disaggregated to HDI indices) confirms all that is stated above.

Trend of the Human Development Index – HDI



Source: for 2000 – 2004 NHDR BiH 2006; for 2005 HDR 2007/2008; for 2006 and 2007 HDR 2009; for 2008 and 2009 MDG Team 2010; for 2015 projection by longitudinal trend with a high rate of reliability.

74

	Indicator	NHDR 2003	NHDR 2004	NHDR 2008
1	Life expectancy at birth – year	74.1	74.3	74.43
2	Adult literacy rate - %	96.70	97.10	96.70
3	Combined all education level enrolment ratio - %	68.00	69.00	74.78
4	GDP per capita - PPP US \$	\$ 6,250	\$ 7,230	\$ 7,611
5	Life Expectancy Index	0.818	0.822	0.824
6	Education Index	0.871	0.877	0.894
7	GDP Index	0.690	0.714	0.723
	Human Development Index (HDI)	0.793	0.804	0.814

3.1.7. KEY VULNERABLE SOCIAL GROUPS

There is no statistical research in BiH that regularly monitor poverty and unemployment in vulnerable groups, so we are not able to determine the trends for specific decades. We rely only on available research.

73 Countries with high human development are those with HDI between 0.800 and 0.899.

74 UNDP. The Ties that Bind Us: National Human Development Report – Social Capital in BiH. Sarajevo, 2009. p.108.

Children⁷⁵

Children most prone to risk of exclusion and poverty come from households with the following characteristics: households with three or more children where the youngest child is under five; households with four or more adults; households with two or three elderly people; households headed by women; households where the head is unmarried or divorced; households headed by persons with no education or only with primary education; households with no employed members; those living in rural areas; live in Brčko District.

In the context of risk of poverty, which depends on characteristics of households, and considering the descriptive and qualitative analyses presented in this study, it is safe to say that the risk of poverty is highest for:

- Children in households headed by women,
- Children living in rural areas.

The main problem in these two types of households is that they overlap with other characteristics that increase the possibility of poverty, which especially refers to a lack of education and unemployment. Along with the existing characteristics of households, the risk of poverty and social exclusion is increased for the following specific categories of children: children without parental care, children with disabilities, Roma children and displaced children.

Poverty is one of the leading causes of poverty among children. Analyses based on the 2006 MICS3⁷⁶ clearly show that children living on poverty are a lot more exposed to the risk of deprivation in the sense of nutrition and health. Poverty is the single largest cause of deprivation in development and education for children in BiH.

At the same time, poverty is the main cause of material deprivation in children and life in households without durable assets (such as: TV, telephone, car, computer, etc.). Poor children live in worse housing conditions than children who are not poor (live in households without electricity, heating, sewage, etc.), or live in overcrowded houses. Poverty and deprivation bear extremely negative consequences on a child's development and the development of its abilities. The problem is significantly increased if we analyse the multidimensionality of child poverty, i.e. the overlapping of poverty indicators. Y. Chzhen's⁷⁷ analyses based on the 2007 APD survey and BHAS methodology have shown that: 26.2% of children in BiH are poor in the sense of expenditure (absolute poverty

75 UNICEF Report – State of the World's Children 2005 provides a definition of child poverty inspired by principles of the Convention on the Rights of a Child. It focuses on resources that children need for survival and growth: "Children living in poverty experience deprivation of the material, spiritual and emotional resources needed to survive, develop and thrive, leaving them unable to enjoy their rights, achieve their full potential or participate as full and equal members of society." An important aspect of the stated definition is "deprivation", the concretisation of the overall concept of poverty and what it results in among children. It causes deprivation in all aspects and domains of children's welfare and is always multidimensional. Most importantly, it causes the deprivation of personal development, which is hard or practically impossible to compensate for later on, regardless of how much the material situation may improve. On the other hand, exclusion is not just a consequence of poverty. By preventing the full development of children's potentials, it also causes their poverty when they become adults. Also, "deprivation" of children is a direct introduction to social exclusion as adults. In this correlation, poverty – exclusion – poverty and social exclusion, lies the root of the reproduction of poverty through generations. See: UNICEF. Global Policy Section, Division of Policy and Planning. "Global Study on Child Poverty and Disparities". 2007-2008. New York. September 2007, p. 7.

76 UNICEF, BHAS. Multiple Indicator Cluster Survey 2006. Sarajevo, 2007.

77 Chzhen, Y. Child Poverty in Bosnia and Herzegovina: Analysis of the 2007 Household Budget Survey – A Report for UNICEF. July, 2008.

line), 18.8% are poor in the sense of expenditure (relative poverty line), 13.3% of children are materially deprived, 25% are housing deprived, and 38.5% of children in BiH live in overcrowded housing.

Excluding the absolute poverty line, 57% of children is poor according to at least one of the following four indicators: relative poverty in the sense of expenditure, material deprivation, housing deprivation and overcrowded housing. Whereas over a half of all children (57%) are poor according to one indicator, a quarter (26%) is poor according to at least two indicators, 10% is poor according to three indicators, and 3% are poor according to all four indicators. There is a certain degree of overlapping of two indicators related to housing conditions: 53% of all children placed in the category of housing deprived children also live in overcrowded housing, compared to 34% of children who are not deprived. Overlapping between material and housing deprivation is even more pronounced: 34% of children placed in the category of housing deprived children are simultaneously materially deprived, in comparison to only 6% of children that are not housing deprived.

Analyses clearly show that children in households headed by women are significantly more exposed to the risk of poverty and deprivation, than children in households headed by men (23% in comparison with 18%, respectively). The most important cause of this is women's inequality in terms of incomes. Women participate in income generation by only 27%. As we can see, the gender dimension is of extreme importance for the income and economic position of households. More precisely, the gender gap in BiH in terms of incomes is very large. Women earn 146.40 BAM less than men in informal sectors, and 86.82 BAM less in formal sectors. The problem here lies in special social separation: women are paid less because men are, on average, employed in better paid positions and in better paid sectors of employment. In fact, women in BiH are facing a "glass ceiling", a situation in which they are not allowed to progress in their careers or reach better paid positions. The gender gap in incomes generates more poverty and deprivation among children living in households headed by women⁷⁸.

Examples of good practice can be seen in activities of UNICEF, BiH and entity governments aimed at the improvement of child protection and social inclusion at the local level in 44 BiH municipalities between 2003 and 2010. These activities are based on the Human Rights-Based Approach and methodology (HRBAP), and are implemented in full partnership with local stakeholders (municipalities, centres for social work and other public institutions, NGOs, etc.), that have, through municipal management boards, prepared Two-Year Action Plans for Child Protection that were officially adopted in all municipalities, whereas "project" MMBs gradually became official municipality committees.

The overall number of beneficiaries of all components of this projects by 2010 was 38,008 (33,108 of which were children; 1,678 professionals in education and child protection and 3,222 parents). These activities will continue in 2011. This creates institutional and planning prerequisites for the development of the multi-sectoral approach and "child-friendly communities".

Poverty measurement based on spending and on a per capita basis shows that households with more than two children belong to the poorest category of BiH's population. According to the Laeken Indicators, i.e. poverty measured on the basis of income and per

78 See: Chzhen, Y. Child Poverty in Bosnia and Herzegovina: Analysis of the 2007 Household Budget Survey – A Report for UNICEF. July, 2008.

adult equivalent, children face the same risk of falling below the poverty line as adults. Taking into consideration that one approach emphasizes poverty in households with children, while the other approach reduces it to the minimum, it would be reasonable to accept a compromise finding which indicates that households with children face a higher risk of falling below the poverty line.

Data compiled on the basis of household expenditure show that the risk of falling below the poverty line in the case of households with children actually increased during the period 2001-2004, which creates justified concerns. Furthermore, deterioration of children's material situation very often results in a reduced birth rate because potential parents consider that they will not be able to support and afford a decent livelihood to their child and therefore decide not to have them. In addition, children who have grown up in poverty invariably become poor as adults, i.e. remain in the cycle of so-called 'inherited' poverty.

3.1.8. YOUTH BETWEEN 15 AND 25

The youth in Bosnia and Herzegovina is among the categories that are most socially excluded. A survey of the perception on the future in BiH and analysis of the responses show quite a negative attitude and a gloomy picture that the youth has about their life in the country. The survey was conducted among young people (15-25) who are still in education, those who have left education, people aged 25-65, and those over 65 years of age.

The following statistical data show disillusionment and feeling of hopelessness about the future that prevails among the youth and adults: this feeling is almost three and a half times higher among those who are no longer in full-time education, 22.4% higher than among young students or pupils (6.0%), and closer to the mindset of people aged 25-65 (27.6% of cases) and the over 65's (33.4%). Moreover, the position of young people is reflected in the fact that those who have not been enrolled in any educational institution have the lowest level of health insurance, while those who are in school have the highest level.

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

The youth's opinion about the educational system is no better either. Young people who are not in full-time education evaluated the educational system as poor in 22.3% of cases, a figure which is 1.5 times higher than the young people who are still in education (12.8%). In other words, every fifth young male or female in BiH who is not enrolled in education believes that the educational system is bad. An important difference between the young who are in education and those who are not pertains to their income. While in other countries it is a common practice, in BiH a small number of students work during their high school or university education. Most of the students are unemployed and have no income of their own and so they depend on their parents for material support. As a result, children in poor categories do not have access to education, which in long term leads to the inherited poverty cycle. Even if they do have access to education, it is not secure and it might be discontinued if their parents were to fall below the poverty line⁷⁹.

79 UNDP/IBHI. Human Development Report 2007. Sarajevo 2007, p. 36-37.

3.1.9. THE ELDERLY

The Laeken Indicators show that the elderly are a category which is at the highest risk of falling below the poverty line, at least when it comes to income-measured poverty. The right to receive a pension, which most of retired persons are entitled to, reduces the risk of poverty to a significant degree. This particularly pertains to female pensioners. Households with two members, where at least one person is older than 65 years and without dependent children, are poor in 36.1% of cases⁸⁰. A total of 28.8% of single-member households with a person aged 65 or more is poor. In other words, every third elderly person in BiH can be considered poor⁸¹.

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

The fact that in BiH every second person aged 65 or above often, or very often, finds that all sorts of activities are difficult for them and that most of the services are inaccessible to them, is the best illustration of the level of current exclusion of elderly people in BiH society. An additionally aggravating circumstance for this category is that women aged 65 and above have the highest illiteracy rate in BiH.

Within the context of poverty and social exclusion, the key problem for the elderly population remains the existing BiH pension system. Not taking into account pensioners with above-average pensions, the pension system in BiH undoubtedly generates poverty and is part of the social welfare system that is most directly affected by the low official employment and high inactivity rate. This in turns reduces pension contributions.

While prior to 1991, there were three workers per each pensioner, today this ratio is decreased to 1:1.9. Furthermore, the pension system in BiH includes just 81% of persons older than 64 years, whereas all other European countries have a significantly higher percentage of pensioners, which is reasonable considering their pension systems. The problem of pension insurance in BiH is that less than 45% of financial resources are spent on pensions for people older than 64, which means that inadequate retirement provision has been made for pensioners over 64 years of age.

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

The reform of the pension system is an important element towards reaching better social inclusion of the elderly. Difficulties within the current BiH pension system reflect the extremely poor state of employment, inadequate public expenses allocations and

80 EPPU-PIMO. Preliminary Report on the Condition of Poverty in BiH for the Period 2001-2004. Sarajevo, 2005.

81 BHAS. Labour force survey. Release no. 27. July 2006, Sarajevo

inability of the country to modify the pension system in line with the prevailing social and economic conditions and needs. In the Citizens Platform of GROZD, some of the following measures were proposed for the government to take place by the end of 2008:

- Pensions for those who receive a minimum guaranteed pension should be at least 60% of the average income (2004 rate), or a minimum of BAM 250 per month increased in line with annual average cost of living increases, and should not be less than 45% of the average salary at state and Entity level
- The average growth of pensions should provide equal improvement for all pensioners in such a way that the growth of average pensions by 2010 should provide an average pension which is close to 75% of the average monthly salary
- Total public income for pension insurance should be 10.5% of GDP, which would mean a minimum increase of BAM 234 million in public pension financing, to be increased according to the growth of GDP.
- To improve the material status of pensioners, it is important to ensure growth in employment, not only through active employment policies, but also through the following:
- Creating conditions for a single pension policy in BiH providing equal rates for all
- Harmonizing a law on pension contributions to provide a single rate for contributions which would alleviate the current difficulties in this regard in the labour market and may help increase the overall employment rate
- Establishing special measures to encourage the employment of the elderly (aged 64 and over) to ensure greater participation of the population in the labour force.

Moreover, inclusive social policies in BiH should have a special emphasis on the elderly because of the growing trend of poverty within this group. Equally, the whole society has a duty to secure social inclusion to the elderly. In order to assist elderly people to participate actively in society and lead dignified lives as senior citizens, the society must establish the following:

- An elderly-friendly physical and social environment;
- Expanded access to public services;
- Reinforcement of participation in the local communities;
- A change of social attitudes towards senior citizens;
- A movement towards inter-generational solidarity⁸².

3.1.10. PERSONS WITH DISABILITIES

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

- The number of people with disabilities who feel hopeless often or very often with regards to their thoughts about the future (46.4%) is almost double than of people without disabilities (24.9%).
- The percentage of people with disabilities who feel depressed often or very often (47.8%) is almost three times larger than those without disabilities (17.3%).

82 UNDP/IBHI. Human Development Report 2007. Sarajevo 2007, page 35. See also: GROZD Citizens Platform for Elections 2006, May 2006.

- People with disabilities evaluate the quality of social life on a scale from 1 to 7 lower than people without disabilities..
- People with disabilities evaluate the quality of their free time on a scale from 1 to 7 lower than people without disabilities.
- People with disabilities evaluate their overall life on a scale from 1 to 7 lower than people without disabilities.

Equally, the disabled are practically excluded from education⁸³. A survey shows that 0.7% of the disabled population received some type of education, while the percentage for those without disabilities was ten times higher (9.6%). A much higher percentage (46.2%) of the disabled therefore evaluated the opportunities for acquiring skills as poor compared to those without disabilities (37.3%).

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

In terms of income the picture was equally bleak. The number of people with disabilities who earn an income amounts only a half of those without disabilities who earn an income (16.7% and 33.5% respectively). Additionally, if we exclude those who are unable to work, pensioners and soldiers, we find that among those with disabilities there are far more housewives (31.4%) compared to people without disabilities (21.6%), while the number of students and pupils is much lower (1% compared to 11.2%). Not surprisingly, people with disabilities evaluated their satisfaction at work on a scale from 1 to 7 lower than people without disabilities⁸⁴.

Overall, people with disabilities, as it is generally the case in all the countries, are more vulnerable to poverty and social exclusion. The analysis made by the World Bank for BiH, showed that having a disability or special needs, increases the likelihood of becoming poor by 18%. In other words, the likelihood of facing poverty for a person with special needs is one-fifth greater than for those without disabilities.⁸⁵

3.1.11. DISPLACED PERSONS

Until March 31st, 2010 the total number of returnees from abroad (refugees) was 447,623. The number of returnees (internally displaced persons) was 579,163. Therefore, the total number of returnees to BiH was 1,026,786⁸⁶. In spite of these, undoubtedly positive, results, the problem still remains significant; there is still a total of 113,191 displaced persons in BiH.

Returnees, especially members of national minorities, have to face a lot of obstacles while struggling for their human and citizens' rights, such as access to employment, health care and education, all of which influences the sustainability of return. The most vulnerable categories among returnees, internally displaced persons and refugees are constantly

83 See also: DEP, IBHI. New Approaches to Disability – Inclusive Education. Sarajevo and Banja Luka, 2009

84 See also: DEP, IBHI. New Approaches to Disability - Process of Employment and Professional Rehabilitation. Sarajevo and Banja Luka, 2009.

85 UNDP/IBHI. Human Development Report 2007. Sarajevo, 2007, pages 38-39.

See also: IBHI. Review of the Social Cultural, Institutional, Historical and Political Setting. Sarajevo, 2006.

See also: DEP, IBHI. New Approaches to Disability – Standards, Capacities, Models and Mechanisms for Strengthening of Persons with Disabilities in Bosnia and Herzegovina. Sarajevo and Banja Luka, 2009.

86 UNHCR. "Statistic package". March 31st, 2010.

marginalised, and currently there are no effective protection systems that would ensure the fulfilment of their basic social needs. In spite of a certain amount of progress, there is still no official support to local integration of internally displaced persons and refugees from Croatia who are not in a position to return. The global economic crisis has additionally reduced opportunities for employment of returnees and internally displaced persons, who are already among the most vulnerable members of society. Bureaucratic and legislative inconsistencies at different levels of administration in the country additionally complicate access to economic and social rights of the returnees and internally displaced persons. Some 7,000 of the total 113,000 of internally displaced persons in BiH still live in collective centres, often in astonishing living conditions, 15 years after the signing of the Dayton Peace Accord.

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

In theory, this type of situation arises from the so-called 'pseudo social policies' which target the least severe cases in a certain category of the poor. For example, the social welfare system helps persons who are closest to the poverty line so that they can easily rise above the line, while the situation among the poorest remains unchanged as they are the most expensive category to be addressed under this kind of system. Considering the high poverty rate, material poverty seems to be the main characteristic of the exclusion of displaced persons, although material poverty is a consequence, and not the cause of social exclusion in this category, due to the fact that they have changed their place of living and have lost their pre-war family and friend connections which are important in terms of finding employment in the BiH labour market.⁸⁷

3.1.12. THE ROMA

The Roma population has, almost traditionally, been excluded in all societies. On the one hand, their social inclusion was prevented due to racial discrimination, and on the other by objective consequences of the previous, self-imposed confinement of the Roma within their own Roma communities. As described previously, the particular aspects of ethnic relations in Bosnia and Herzegovina have additionally complicated the position of the Roma.

The real extent of social exclusion among the Roma population is presented in the results of the UNDP household survey conducted in October 2004, and carried out on Roma, displaced and majority people living in close proximity. The survey confirmed the defeating position of the Roma citizens in BiH in different aspects. Illiteracy is large because most Roma children do not attend any schools. 76% of the Roma children have never attended or have not completed primary education. Around 18%, or every fifth Roma, completed primary school, and only 7% completed a three-year secondary school course. Two in five Roma never went to school at all. At the time the survey was conducted, 16% of Roma aged six or over attended a school or was in training, which is around a half of the percentage of the majority peoples who live in close proximity to Roma (25%), or

87 UNDP/IBHI. Human Development Report 2007. Sarajevo 2007, page 41. EPPU-PIMU. Preliminarni izvještaj o stanju siromaštva u BiH. Sarajevo, 2005.

of refugees and displaced persons (25%). Five percent of the Roma respondents aged between 6 and 22 years who were not attending any school at the time of the survey, stated that high education costs were the main reason for that, which was twice as many as in case of the majority peoples living in close proximity to Roma (38%), or of refugees and displaced persons (39%).

When it comes to healthcare, the survey revealed that Roma with health problems visit doctors one-third less often than the other surveyed groups. The percentage of non-immunized Roma (41%) is five to six times higher than the percentage of the majority peoples who live in close proximity to Roma, or of those refugees and displaced persons who are not immunized.

For the most part, Roma children have not been immunized because they do not have healthcare cards, i.e. because their health insurance is not regulated. Refugees and displaced persons are in a similar situation. Every fourth respondent of Roma ethnicity stated that they were deprived of medical services because they did not possess adequate documents, which is five to six times higher than in case of other two surveyed groups. Data indicates that the Roma who did have access to medical institutions within hospitals were treated equally as the other two surveyed groups.

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

BiH has come a step closer to the EU by joining other countries of South-East and Central Europe in the implementation of the international project "Decade of Roma Inclusion 2005 – 2015", with the aim to improve the position of the Roma population. By signing the admission declaration, BiH has finally expressed political maturity and readiness to to resolve the problems of the Roma in BiH, reduce discrimination against them and influence the improvement of their socioeconomic status. Therefore, in 2008, BiH has designed the Action plan for Addressing Roma Issues in the field of employment, housing and health care. The Action Plan is undergoing implementation, and as a part of it, some municipalities have established databases in their CSWs with information about the Roma population, and initiated activities in order to provide housing to the Roma.

3.2. GENDER ASPECTS OF SOCIAL EXCLUSION

Both social exclusion and gender inequality occur as the result of social and cultural processes. The common characteristics of social exclusion based on gender include invisibility, poverty, stigmatization, discrimination and less favourable position in society⁸⁸. Socially excluded groups are invisible in official statistics, as is the case of reports by BiH statistical institutions.

Detailed reports on educational levels and the age of the labour force in individual sectors, as well as income levels, do not show a break-down by gender. In recent years

88 Buvinic, M and Mazza, J. Gender and Social Policy Inclusion: Perspectives from Latin America and the Caribbean. Gender and Inclusion in Social Policy. Conference "new Frontiers of Social Policy" in Arusha. 2005.

efforts have been made to improve the visibility of men and women through research and qualitative studies⁸⁹. However, important data on the position of women among the poor is still not available, as all other surveys dealing with standard of living, incomes and budgets monitor the situation by household and not by individual⁹⁰.

Typically, excluded groups are represented in the overall number of the poor. Their poverty is more often long-term rather than temporary. Data on the poor in BiH show a decline in the number of the poor⁹¹, but poverty levels among women, especially elderly and single women, have not decreased.

Difference in power between men and women is the essence of stigmatization⁹². This phenomenon arises from social exclusion and creates additional space for discrimination along with poverty and deprivation. Gender-based discrimination is most evident in the labour market and the choice of jobs that are stigmatized such as prostitution⁹³ and gender-based violence which is directed against women and children five times more often than against men. The same phenomenon is present in employment and education, although it is less emphasized⁹⁴.

Socially excluded groups suffer cumulatively unfavourable positions as they possess two or more of the above characteristics which leads to multiple exclusion. For example, women with disabilities are more severely excluded from society than other women or men with disabilities, as they are excluded both as women and persons with disabilities.⁹⁵

3.3. DRIVERS AND CAUSES OF SOCIAL EXCLUSION IN BIH

During the past fifteen years since the end of the war, BiH has been facing a major increase in the number of vulnerable and socially-excluded people. A number of individuals and particular groups exist on the margins, or are completely excluded from normal community life.

The phenomenon of social exclusion can be looked at both as objective and subjective exclusion, and analyzed from at least two perspectives. Social exclusion primarily occurs as a consequence of a lack of social care for and/or deliberate marginalization or segregation of individuals or groups within a community. This phenomenon is best explained as a particular form of stratification within a society where individuals and groups of the poor, unemployed, uneducated, physically and mentally challenged, or groups and individuals belonging to a racial, linguistic, religious, gender or other group are undervalued, deprived of their rights and/or segregated. It is not a rare case that societies neglect the increase of the unemployment rate, the number of poor or uneducated and do not take adequate action to solve their problems.⁹⁶

However, some social communities have been purposefully marginalized and segregated, and they have also isolated themselves from the rest of society. The most obvious

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

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

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

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

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

94 CEDAW Report, 2003.

95 Human Development Report 2007, UNDP and IBHI, Sarajevo 2007, p. 43.

96 See: Sljepčević T. IBHI Policy Brief: Strengthening of the Role of the Civil Society in the Social Inclusion Processes, Sarajevo, 2010.

example is the Roma population although there are members of other religious, ethnic, or linguistic group who also belong to this category. This kind of exclusion occurs through stigmatization – the majority of society shows, in different ways and through various pressures, that the members of a minority population are undesirable or less worthy citizens.

HIV positive persons, lesbians and gay men, drug addicts and similar minority groups face high social exclusion which is very rarely spoken of. This clearly reflects non-acceptance of the 'different' and forms an image of a closed community. This results in isolation of the above-mentioned groups within their small communities and non-ending continuation of social exclusion. Interest and engagement by the government and public in the social inclusion of these groups is insufficient to make any substantial changes. Yet the activities of a certain number of NGOs have shown that this kind of engagement is possible and that it can bring positive developments.

Social exclusion can also be a consequence of personal abstinence from possible involvement in the social streams or engagement in the immediate or wider community. If this is the case then it usually occurs in the form of protest caused by broken social links between an individual and society. Social exclusion as a result of marginalization by society combined with personal abstinence from or lack of interest in participation in social activities, can vary up to different degrees of intensity and enhance each other.

For example, young people often choose to abstain from any decision-making about themselves since they experienced numerous situations where their voice was not heard, and concluded from that experience that they could not make any difference. The same situation is with the employed who are poorly paid for their work, as their justified requests or even strikes are paid little attention to.⁹⁷

97 UNDP/IBHI. Human Development Report 2007. Sarajevo 2007, p. 43, 44. See: Slijepčević T. IBHI Policy Brief: Strengthening of the Role of the Civil Society in the Social Inclusion Processes, Sarajevo, 2010.

4. CIVIL SOCIETY IN BIH

Generally speaking, civil society is an attempt to generate new capacities for real and comprehensive involvement of citizens into social processes and their participation in decision-making, together with the classic form of parliamentary democracy, functioning government and state institutions. More specifically, it includes democratically elected, transparent and responsible government and the rule of law; free access to information and independent media; joining of citizens into different types of non-governmental organisations in order to achieve social goals, local self-governance etc.

Civil society is thus a matrix and a synthesis of numerous forms and ways of organized action. In BiH, the terms “civil society” and “non-governmental organizations” are very often used interchangeably or the notion of civil society is reduced to its very important, but nevertheless small part, NGOs. NGOs are just a part of the civil society, which also includes foundations, professional associations, religious organizations, labour unions, charities, media and others. Furthermore, without the aforementioned democratic environment (transparent and responsible government, rule of law, strong independent media and strong self-governance), the influence of citizens through NGOs is not only very limited but develops, indirectly, as a parallelism to public institutions. At present, the gap between NGOs and government and public institutions is considerably smaller than it was in the nineties when the term “nongovernmental” was often understood as “anti-governmental.” Under the presumed conditions of a realistic civil society, government and NGOs have joint direction and field of cooperation with the aim of fulfilling the interests of citizens.⁹⁸

4.1. THE NGO SECTOR IN BIH: HISTORY OF DEVELOPMENT

4.1.1. REGIONAL OVERVIEW - CENTRAL AND EASTERN EUROPE

In order to better understand the environment and background in which the civil society sector in Bosnia and Herzegovina developed, this chapter will first give a brief overview of the inception and growth of the civil society in a broader context- Central and Eastern Europe.

Namely, the development of the non-profit sector in Central and Eastern Europe dates back to the period of World War II. For example, there were foundations and voluntary associations in Hungary as soon as in the ninetieth century. In 1932 there were more than 14.000 voluntary associations with more than 3 million members.⁹⁹ World War II and beginning of communist rule at the end of the last century completely stopped development of this non-profit sector as one of the most independent in the whole region.

A newly-established communist regime largely limited any kind of individual action and individual participation in private and autonomous groups, considering this kind of organization suspicious and not in line with the dominant ideological framework. Therefore,

98 Papić Ž. Civil Society and Social Inclusion-Towards Development With a Human Face. In: IBHI. Civil Society In Strengthening Social Inclusion. Sarajevo, 2007, page 133. Šero F. The Role of Civil Society in Social Inclusion. IN: IBHI. Civil Society In Strengthening Social Inclusion. Sarajevo, 2007, p. 144.

99 See also: Memić-Porča. E. Suradnja vladinog i nevladinog sektora na području socijalnih usluga u BiH, Master Thesis. Faculty of Political Sciences, Sarajevo, 2009, p. 29-33.

the great majority of foundations, associations and spontaneous civilian initiatives were forbidden in the 1950s. Those that survived were nationalized and the leadership was taken over by members of the existing nomenclature. This censored civil society was led by so-called “social organizations” such as youth organizations, peace councils and adult education associations that were financed by the government and that were closely linked to the party and its organizations. Passive opponents and dissidents worked within officially sanctioned organizations (clubs for environment protection, scouts and literal associations) or they formed illegal organizations in order to keep a part of their cultural, intellectual and political autonomy and integrity. The *Solidarnost* movement in Poland served as inspiration for the creation of an entire independent sector of autonomous institutions, which, in the 1980s, grew up into a “parallel society”. In former Czechoslovakia, strict communist regime lasted until 1989 without allowing any possibilities for non-compliance with the regime or self-organization. Due to this fact, the structures of civil society were developing more slowly than in other countries of the region.

The movements of democratic opposition in Czechoslovakia, Hungary and Poland were trying to re-establish civil values and social actions in local communities. Rebirth of civil society caused a wave of independent organizations, initiatives and movements that will be the initiators of civil revolutions in 1989. Those democratic movements, as Hungarian philosopher, István Bibó¹⁰⁰, called them “little circles of freedom”, were emphasizing the importance of creation and they were able to deal with the past. Feudal and communist past created a centralized state bureaucracy that was completely inflexible and did not respond to the needs of citizens and communities. Newly founded organizations were characterized with their specific functions. They represented an active approach to various and complex needs in the society. Their task was to motivate citizens in all aspects, instead of remaining dependant on the state and its benefits. These organizations promoted pluralism, diversity in the society, worked to improve protection and strengthen cultural, ethnic, religious and linguistic identities. Compared to state institutions, these organizations were a much more independent and flexible alternative. Civil society became a mechanism that forced the government and market to become more transparent and open to the citizens.

On the other side, the government could not secure vital, collective interests such as healthy environment, civil rights and social protection to all citizens. Therefore, the private and governmental sector always needed to be supplemented with the so-called third sector of non-governmental, non-profit organizations in order to secure balanced social development. In the context of Central and Eastern Europe, non-profit organizations have been a significant alternative or partner to the state (government) in securing mutual welfare.

4.1.2. OVERVIEW OF THE DEVELOPMENT OF BIH CIVIL SOCIETY

Development of the civil society in Bosnia and Herzegovina took a somewhat different path and it can be divided into four periods:

1. The period prior to 1992 was marked as a socialist era of the country in which civil society organizations were quite active. The dominant types of organizations were labour unions, sports associations, youth associations and others. In this period national humanitarian organizations such as Merhamet, Caritas, Dobrotvor and La Benevolencija

100 HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

started being reopened. Some of these organizations were a part of bigger international organizations and all of them had an important influence on life in general. Volunteering was widespread, since living standards enabled citizens to take part in voluntary activities. Organized voluntary activities took place within local communities and youth and labour actions.¹⁰¹ A significant number of citizens were involved in the work of organizations focused on humanitarian issues, among which the primary one was Red Cross. Philanthropy was traditionally exercised in the society of BiH which reflected in the work of these organizations. Individual material and non-material donations were distributed to socially vulnerable people, institutions such as institutions for elderly persons, disabled children, orphans, religious organizations and others.¹⁰² There were also organizations, such as trade unions, that have a century-old tradition of activity in this region. In the socialist period, the work of different citizen organizations was quite well-developed, acting in different areas of public, societal, and political life.

However, the state was not interested in the work, status and development of the non-governmental sector. The sector functioned through different organizations and citizens' associations, and the state was involved by financing the NGO sector, supervising its work and coordinating it through the Socialist Union.

Available data indicate that, for example, in 1989 there were approximately 5,000 citizens' organizations in BiH. However, these organizations were considered to be "an urban and elitist phenomenon, just like state policy mainly concentrated in the capital."

In the late 1980s, the economic crisis bore an impact on the weakening of control of the regime, and the creation of space for action of new civil initiatives. These initiatives were related to, for example, conditions of study, development of independent media, human rights, and environmental protection. In the early 1990s, in addition to these, there were also, for example, anti-war demonstrations, as a reaction to the onset of war in neighbouring Croatia and announcements of war in BiH. Analysis of NGO development in early 1990s indicates their poor definition and the lack of a clear role for NGOs in BiH. As there was no experience in methods or content of work, NGOs first established themselves as charity and humanitarian organizations, and only later appeared with various other interests, contents, methods, and nature of ideas and activities.

2. The second period was the period during the war, between 1992 and 1995. The first local non-governmental organizations appeared in 1993 and they were placed in the urban centres, primarily Sarajevo and Tuzla. These organizations actually were not a result of the local initiatives, but they were a part of the international organizations' projects and donations. At that time, a large number of different international organizations came to the country, primarily humanitarian, dealing with humanitarian assistance for the population and social and health care. Out of 123 countries across the world which had recognized BiH, 34 took part in humanitarian cooperation with BiH, through non-governmental organizations. Germany had the largest number of active organizations (54), followed by the US (47 active organizations), Great Britain (41), Italy (26), and France (24). NGOs assumed almost entirely all the forms of humanitarian work and became an important factor in overcoming the difficult situation.

Non-governmental organizations that started their work in this period were under the direct impact of international organizations and donors that financially assisted the

101 IBHI. Voluntary Work and Voluntary Giving (Case study: NGO Sector of BiH), Sarajevo, 1999.

102 See also: Memić-Porča. E. Suradnja vladinog i nevladinog sektora na području socijalnih usluga u BiH, Master Thesis. Faculty of Political Sciences, Sarajevo, 2009, p. 29-33.

creation of the NGO sector as well as capacity building. Considerable contribution to the development of BiH non-governmental organizations came from the European Community Humanitarian Office, as well as many states, mainly Canada, France, and Germany, who initiated financial donations for local NGOs through their respective embassies. In 1996 and 1997, these countries were joined by the US. The number of NGOs started to grow considerably after 1995 and the signing of the Dayton Peace Agreement, which ended the war in BiH. According to research by DFID, IBHI and BSAL¹⁰³, most of the international NGOs (43%) were first registered in the period 1996-2000, whereas most of the local organizations were first registered in the period 2001-2004 (40%).

The number of local NGOs started growing precisely as a result of partnership with the international organizations. The development of the NGO sector in this period is closely linked to international organizations also because they wanted to leave a trace of their projects and formed local organizations. In addition to this, local staff of international organizations initiated establishment of many local NGOs.¹⁰⁴ International donors were of the opinion that local NGOs were equally capable and professional as international ones to continue their work, which would later turn out not to be true. This was partially because huge amounts were invested in capacity building of NGOs in a quite short period of time and their quick professionalization turned out unsuccessful, mostly due to equalization between smaller NGOs in local communities and bigger NGOs that grew into state level NGOs. It was estimated that both types of organizations were at the same level of professional, administrative and technical development which proved not to be the case.¹⁰⁵

3. The third period is the period of economic, social and political transition. This period brought new challenges for non-governmental organizations as they needed to replace their previous humanitarian programs with programs for reconstruction, rehabilitation and production. This new program orientation opened great possibilities for receiving funding from international funds, which consequently caused decrease of voluntary engagements that existed before. Many NGOs also became a resource of new employment opportunities, as NGOs were not only granted funding for their program activities, but also for administrative and technical expenditures as well. Increased access to international funds also weakened the relation between NGOs and local authorities.¹⁰⁶

4. The fourth period of the development of civil society in Bosnia and Herzegovina is the period of transition from international donations to local resources. As presented in the following table¹⁰⁷, since the end of 1998 international funds have decreased and NGOs have had to find new ways to sustain their activities.

103 DFID, IBHI and BSAL. Qualitative Study 3: Employment, Provision of Social Services and the NGO Sector – Status and Perspectives for BiH; Analysis and policy implications. Sarajevo, 2005.

104 IBHI. Tranzicija socijalne zaštite u BiH, Sarajevo, 2002. p. 24.

105 See also: IBHI. Study: Local non-governmental organizations in Bosnia and Herzegovina: problems, analysis and recommendations. Sarajevo, October 1998.

106 Memić-Porča, E. Ibid. pages 29-33. See also: Sali-Terzić Sevima, Civil Society. In: International Support Policies to SEE Countries-Lessons (not) Learned in BiH, Open Society Fund BiH, Sarajevo 2001, p. 138-156.

See also See: Marina Ottaway, Thomas Carothers, Editors: Funding Virtue: Civil Society Aid and Democracy Promotion, Carnegie Endowment for International Peace, Washington D.C., 2000.

107 ICVA Directory, Sarajevo. 1996-2005.

No.	YEAR	NUMBER OF INGOs IN BOSNIA AND HERZEGOVINA /1996 – 2005/
1	1996/1997	220
2	1997/1998	212
3	1998/1999	185
4	1999/2000	136
5	2000/2001	173
6	2002/2003	86
7	2004/2005	65

Some organizations found ways to raise funds, some of them returned to the voluntary services and some tried to initiate charities. These organizations that were dependant on international donors and that could not sustain their work decreased the number of their services and beneficiaries and some of them were completely closed. Voluntary work in most cases was not a solution due to poor living standards and high unemployment. Local donors would support NGOs, but that was usually one-term support, with no continuity and very often limited by unclear taxation regulations.¹⁰⁸

5. It can also be said that, with the beginning of the new millennium, a new phase of development of the NGO sector in this region started. This period of approaching the European Union is characterized by new financing opportunities in the form of pre-accession funds, but also by inevitable cooperation between the government and non-governmental sector as a precondition for obtaining financial aid from different EU funds.

6. When compared to other countries that underwent or that are undergoing transition, the NGO sector in BiH is not well developed. More precisely, the quantitative indicators which will be presented in the following chapters do not provide us with the required quality (NGO capacity, influence to the development of the civil society). There are many reasons for such a situation, while the most important are the lack of stable financial resources and dependence on foreign donors, which creates unhealthy competition between NGOs and weakens their mutual cooperation and coordination. Insufficient infrastructure, inadequate legal framework and overall attitude of the government towards the NGO sector make the current situation even more difficult.¹⁰⁹

The development, achievements and lacks of the country's NGO sector are best presented and understood through the following three levels:¹¹⁰

- *Micro* level
- *Meso* level
- *Macro* level

Analyses of the *micro* level show some undoubtful success of the NGO sector in BiH, especially in social protection and support to vulnerable groups. Thanks to great

¹⁰⁸ IBHI. Voluntary Work and Voluntary Giving (Case study: NGO Sector of BiH), Sarajevo, 1999.

¹⁰⁹ Sali-Terzić Sevima, Civil Society. In: International Support Policies to SEE Countries-Lessons (not) Learned in BiH, Open Society Fund BiH, Sarajevo 2001, pages 138-156. National Human Development Report, UNDP and IBHI, Sarajevo, 2007, p. 134-145.

¹¹⁰ See also: Fadil Šero M. Sc., Milan Mrđa. A Review of today's picture and an achieved level of development of nongovernmental sector in B-H. In: Centre the Civil Society Promotion. Civil Society and Local Democracy. Sarajevo 2001.

financial support from international donors, NGOs increased in number which had additional importance considering that the whole sector was destroyed during the war. Furthermore, in the context of a war-devastated economy, the spread of NGOs was a new opportunity for employment and gaining of new knowledge and skills. It should also be noted that the form of today's NGOs did not exist before the war and that it developed due to international help, initiatives and guidance. Understandably, interests of donors and financial aid they were providing NGOs with were the decisive factors for shaping the form and work of the NGO sector. However, in spite of a huge number of NGOs, needs of citizens and different groups very often were not responded to as their primary concern was to satisfy needs and requests of donors. The fact that NGOs were greatly dependent on international financial aid and that their work and existence was conditioned by this support, made the influence and contributions of NGOs, and civil society in general, questionable, not well targeted and insecure even at the *micro* level.

Speaking of the *meso* level, where NGOs should have helped in building and strengthening of the civil society, it can be said that NGOs, primarily those focused on human rights, have had influence on governments and their politics, although there is a question whether they really represented the citizens, their needs and attitudes or if they merely represented the employees of those NGOs. Among those organizations that managed to balance their work between the donors and their beneficiaries, and to more or less satisfy both, were organizations for human rights, women rights protection and youth organizations, although to different degrees of success. Most of them, being dependant on donated aid and working from one project to another, had to satisfy donor's priorities and requirements, which made them more and more distant from the contacts with the real beneficiaries. NGOs were generally very often distant from their primary target groups; they did not reflect their interests and concerns, but needs and interests of the donors. On their end, international donors and community were using NGOs in BiH to show that they were actually doing what citizens wanted and needed, since citizens were represented through NGOs. In this way legitimacy and credibility of NGOs became questionable, which made serious difficulties to NGOs.¹¹¹

When it comes to the *macro* level, the influence and effectiveness of international aid is even more complex to explain and requires more detailed analysis. Namely, Bosnia and Herzegovina were the centre of the international community's attention for a long time, which ensured significant financial resources for the country. All the international donors, starting from global international agencies such as UNDP, UNHCR, UNICEF, World Bank, European Commission and regional development agencies, bilateral agencies such as SIDA and USAID, prioritised development of civil society in their respective missions.

Financial aid was coming through international foundations, such as "The Open Society Institute," which donated a lot of aid through the "Open Society Fund, BiH", which is registered as a local foundation. A study by ICVA¹¹² shows that in the period 2001-2002, financial support for the work of the NGO sector was provided by seventeen donor organizations, 22 international institutions and bilateral governmental organizations, 11 embassies in BiH, and 34 international non-governmental organizations.

Bigger and smaller international NGOs (CARE International, OXFAM, IRC and others), which operated in BiH, also implemented numerous projects with the aim of building

111 Sali-Terzić Sevima. Civil Society. In: International Support Policies to SEE Countries-Lessons (not) Learned in BiH, Open Society Fund BiH, Sarajevo 2001, p. 138-156.

112 ICVA. Research: Relations Between the NGO Sector and others Involved in Development. In: ICVA. Pogledi na NVO sektor u BiH. Sarajevo, 2002.

and strengthening the BiH civil society, mostly NGOs, while other similar organizations, that existed before the war, had to adapt their work to the post-war environment and conditions, otherwise they stopped their work. These organizations included different associations that dated back to the socialist period, such as youth organizations, pensioners, sports, cultural, professional and other types of organizations. All these associations were of crucial importance for the development of a democratic civil society, but the international community did not recognize their importance, potential and influence within the civil society and the wider social community in BiH. This is one of the reasons why NGOs flourished in terms of number, but civil society did not.

On the other hand, as already mentioned, those organizations were very often established in accordance with interests of the donors and not interest of the citizens for which they were established. Examples of numerous NGOs which dealt with psycho-social problems during the war, and reconstruction following the signing of the Dayton Peace Agreement, show that the problem of NGOs in BiH was, and still is to some extent, the adaptation of their work and re-orientation in relation to donors, rather than to the needs of their beneficiaries. In view of the influential role of the international community and donors on the development of this sector, NGOs were often perceived as an extended arm of international organizations, rather than the axis of civil society.

Another example is the fact that a great number of organizations which were focused on women's rights and human rights in general started appearing during the war and immediately after the war. The number of organizations which in 1998 stated they were dealing with human rights is surprising, as there were, for example, only two organizations registered in FBiH as working on these issues. According to some sources, in 2004 almost one-third of the registered NGOs were dealing with human rights either directly or indirectly, although very few were dealing with promotion and right awareness education for the respect for human rights (most organizations were providing information and education for certain target groups). Data is similar for 2005: research by DFID, IBHI and BSAL¹¹³ showed that more than 25% of surveyed NGOs believed that their organization had some kind of advocacy role, although it seemed that many organizations did not even understand the actual meaning of the term.¹¹⁴

In time, these organizations started perceiving each other as competition as they all needed to secure funding from more or less the same donors. This caused the lack of trust between the organizations hiding information on what and how each organization did, who was financing it and other. On the other hand there was no much coordination and cooperation among the donors themselves regarding their priorities and activities. Usually, a couple of international organizations were focused on the same issues and were investing huge amounts in the same field. After the Dayton Peace Agreement was signed and after numerous international organizations started working in BiH there were attempt to coordinate their actions, but usually the only achievement on this matter was the establishment of the coordinating bodies.¹¹⁵ Many of the coordinating bodies and groups were not formed as a result of the initiative of the respective sector, but as a part of the international organizations' projects.¹¹⁶

113 DFID, IBHI and BSAL. Qualitative Study 3: Employment, Provision of Social Services and and the NGO Sector – Status and Perspectives for BiH; Analysis and policy implications. Sarajevo, 2005.

114 Sali-Terzić Sevima. Civil Society. In: International Support Policies to SEE Countries-Lessons (not) Learned in BiH, Open Society Fund BiH, Sarajevo 2001, p. 138-156.

115 Ibid.

116 Ibid.

Additionally, international donors have entirely focused on the NGO sector when selecting civil society representatives to support, with an emphasis on the size and distribution of groups, indicating a mutual link between the number of (formal) organizations and the size of civil society. Western strategies of civil society development (particularly the US) were so focused on “overpowering” the nationalist power in BiH, that they never focused on the development of civic representation – as the case was in other post-socialist countries of Central and Eastern Europe, where the aim was to prevent the return of communism. This became a superficially understood and practiced political correctness of the nationalists in BiH, the international community, and the NGOs themselves (though for different reasons), thus only silencing, rather than resolving the mutual conflict, while pushing the BiH context into the Western model of liberal multi-culturalism. Because of the over-emphasis on inter-ethnic cooperation and inter-ethnic activities, it became difficult to see if a given organization accept multi-ethnicity only publicly, in order to secure funds for its work, or it accepts it because of its own beliefs.

4.1.3. LESSONS LEARNED

There is no doubt that international aid was of an immense help and that it was granted generously and with the best intentions. It is thanks to this aid that many parts of the BiH society have reached the development level as it is today. The international aid aimed at the empowerment of the civil society, mostly NGOs, contributed greatly to the development of infrastructure, education, and adoption of new practices, skills and knowledge and to the overall strengthening of the civil sector. However, after Bosnia and Herzegovina stopped being the very focus of the international attention which was shifted to some other crises-stricken regions, the NGO sector faced stagnation phase of its development. The above mentioned training on the organization, management and other fields that NGOs were provided with, did not prepare NGOs to plan and continue their work when international donors reduce their aid or stop providing any. Some organizations managed to create strategies for self-sustainable continuation work, although they still need help for further developments. What makes the situation more complicated is that the local authorities still do not have enough interest in the NGO sector and do not support its work up to the satisfactory extent. The crucial part that is missing is the understanding of the governments that ultimate goal of cooperation and partnership with the NGO sector is satisfaction of the citizens’ needs and interests. On the other hand, many NGOs also do not see the government as their partner, but rather as a new source of financing.¹¹⁷

As already mentioned, the NGO sector in BiH faces different problems, but the common and biggest problem is securing relatively stable resources of financing. Many of the newly formed NGOs were strongly supported by the international donors at the beginning of their work and some of them were even established in order to implement donors’ and international community’s priorities in BiH. However, the financial and technical support was reduced shortly after the initial phases of NGOs’ work, before NGOs could even work on and develop self-sustainable projects and activities. Initially, a huge human potential has been engaged, great financial resources have been invested, but only certain success was achieved, which was followed by the reduction or complete withdrawal of the donated resources with the risk that so far achievements stagnate and completely fail in the end. Such a situation requires reformulation of the politics of the international aid provision, but with the inputs of the targeted group, precisely the NGO sector. This would

117 Sali-Terzić Sevima. Civil Society. In: International Support Policies to SEE Countries-Lessons (not) Learned in BiH, Open Society Fund BiH, Sarajevo 2001, p. 138-156.

not result in disappearance of the local organizations after the aid is reduced or waived, but in their restructuring and adjustments to the new conditions. On its end, NGOs must communicate better among themselves and formulate development strategies of the NGO sector, as one segment of the civil society, but not of the civil society as a whole. In order to achieve the concept of civil society has to be made with much more attention and analysis, than it was done before. This requires partnership and equal participation of the international donors, organizations, agencies and local authorities.

Taking into consideration what was said above, it is obvious that international politics, especially in the context of EU integrations, for providing aid for civil society development need to be changed and adjusted to BiH specificities. Furthermore, the lessons learned from the international aid provision to BiH, find their direct application in the new era of civil society in which new resources of funding and new partners to the NGO sector become local governments and the European Union. If adopted, these lessons will improve expectations and satisfactions of both donors and beneficiaries in the upcoming period. The priority changes would be the following:

First of all it is necessary that the aid providers, whether international, European or local, understand and adopt a comprehensive meaning of the term “civil society” instead of equalizing the whole civil society with NGOs only. This approach proved to be unsuitable in BiH and other countries, because it resulted in the formation of the “NGO elite” instead of a fully developed civil society. This “elite”, inevitably, lost its integrity with the citizens over time. Thorough understanding of the civil society structure will greatly help to better planning and directing of the financial resources. In this regards, they also need to decide on the priorities and most effective methods to be used for development and empowerment of the civil society which must be done with active participation of the civil society representatives.

In this regard, it is necessary to plan and develop programs that will enable CSOs to be independent and self-sustainable, instead of making them dependent on the donors’ aid and support, which was one of the contra-effects of the international aid. This requires that NGOs are informed and trained not just to find new resources of funding, but how to generate funds as well.

Programs and resources for CSOs’ development need to be integrated in the general strategy of BiH’s social development and policies of integration with the EU, coordinated and planned together with other programs in order to produce long-term and valid results. As long as BiH keeps on receiving international support, this requires creating an exact strategy of the aid provision that would not result mostly in establishment of numerous NGOs but that would implement programs and projects that would contribute to the development at *meso* and *macro* level as well. Such a developed strategy needs to be translated into programs and projects, taking into consideration that donors responded to the need of the local organizations, and not vice versa. Moreover, all the actors relevant for achieving the goals need to be involved in this process, and not just those that have already established good relations with the donors. The international donors, on their end, need to revise their bureaucratic procedure, methods and conditions for funding and to possibly better adapt them to the aid recipients. The financial resources allocated for the civil society development should not be spent for the salaries, accommodation and travel expenses of the foreign experts, but the existing human capital in a country should be utilized as much as possible. Complete transparency in grant allocation and implementation procedures and accessibility to the all relevant reports to both aid provider and aid recipient is all the reports must also be ensured.

4.2. CURRENT SITUATION AND THE EU PERSPECTIVE

The NGO sector is quantitatively well-developed. It has a significant size, financial weight and has developed a significant diversity. However, it can not be claimed that the sector is completely developed, since it still lacks greater influence and a certain maturity, regardless of its acquired mass and implemented activities. Civil Society Organizations are mostly focused on the delivery of social services while in the areas such as political action and policy formulation, their role is still of a minor importance¹¹⁸.

NGOs have exercised small influence on politics, accountability and transparency of the governing authorities than they have in the area of service provision. Indeed, excluding political parties and their associated groupings, the special-interest groups and organizations are relatively few in number. The positive side is that recently there have been more NGOs that indirectly work on presenting alternative political ideas and solutions to the governing structures. Their work was mostly composed of the initiation and organization of public debates on important social issues such as economic reforms and development, educational reforms, tolerance, gender equality, the status of youth in BiH society, participation of women in politics, perspectives of multi-ethnicity in BiH and European integration, etc. A significant and positive aspect of their work is that they have been involved in the enactment of various laws and participated in practical activities, monitoring and implementation of the adopted laws, at least up to a certain extent. This is particularly related to the activities of youth organizations, women's organizations and those organizations focused on human rights. However, the activities of these groups very often have a form of protest, and tend to focus on negative campaigning which might have an undesired effect. If they tried to come up with positive and workable solutions instead of focusing just on the negative side, the results would probably be better. The influence of NGOs on the formulation of different policies is still not as strong and influential as it should be, and it is of a weak quality.

Thus, although many of the civic undertakings and initiatives have opened up new spaces for a greater political participation by citizens, the civil sector has been paying more attention to the criticism of nationalistic ideologies and politics than to finding out alternative solutions for problems and promoting their implementation¹¹⁹.

The role and capacity of the civil society will inevitably have to change, especially in the context of the EU integrations. Through several documents and declarations, the

118 Goran Žeravčić and Edin Bišćević stated in their study (Analysis of the Civil Sector Situation in BiH; In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009, p.145): "The Ability of civil sector to participate in creating public policies is almost negligible. There are two main reasons behind this. The first one is the almost complete absence of think tanks in Bosnia and Herzegovina. Except for the Independent Bureau for Humanitarian Issues (IBHI), no institution within the civil society in Bosnia and Herzegovina has demonstrated its ability to continually monitor and analyse the effects of certain public policies in Bosnia and Herzegovina. All other attempts at monitoring and analysing the effects of public policies in Bosnia and Herzegovina were only project attempts terminating together with such projects".

119 A 2007 UNDP survey (See: UNDP: Pulse of the Citizenry. Sarajevo, 2007, p. 21-22.) indicated a "virtual breakdown of social trust" in BiH. Only around 7.2% of the citizens surveyed believed others can be trusted.. Only two in 10 expected fair treatment from others. Optimism is relatively weak, and there is a sense of inertia. The relationship between citizens and the political world is dominated by low interest and disengagement. The most immediate implication is that citizens refrain from any kind public associational activities in the belief that the political world is too distant to be influenced by citizens and that they cannot exert any pressure or effect any change. Likewise, owing to the low level of trust between different groups, the ethnic divide deepens, as all citizens associate more within their own homogenous communities. In so doing, they associate less along civic lines and more along nationalistic ones (See: UNDP. National Human Development Report 2009 – The Ties that Bind: Social Capital in Bosnia and Herzegovina. Sarajevo, 2009.).

European Union offered to the countries of Southeast Europe a very clear perspective of integration into the EU structures. The specific objective of the European Union is to provide assistance to countries of the Western Balkans, in order to achieve full stability of institutions that guarantee the development of democracy, rule of law, protection of human rights, respect and protection of minorities, existence and functioning of market economy, as well as the capacity to successfully deal with competition pressure implied by the competitive market game in the European Union.

Prior to joining the EU, each country – candidate for full-fledged membership must not only accept the values and standards of the European Union at the political level, but it must also adjust its economy, institutions and legal system to the EU standards, which, in case of most countries in Southeast Europe, are substantially higher than their respective national standards. Therefore, the question of accession of Southeast European countries to the EU becomes, in fact, a question of their ability to respond to political, economic and legal standards set by the European Union, i.e. their ability to implement all the necessary reforms that would place them in a position to be able to comply with all the obligations arising from full-fledged EU membership.¹²⁰

Preparing institutions and building their capacities for implementation of all necessary reforms is an extremely complex and politically sensitive process. In that sense, for the European Union the civil society is a very desirable independent source of information and advice, as well as a “watchdog” instrument, especially in areas in which reforms are most sensitive from a political standpoint. Furthermore, the experience of East European countries demonstrated that, in order to implement reforms in a relatively short period of time, the support of independent civil society was crucial in the process of their accession to the EU. This refers not only to the role of civil society in distribution of public assets to final beneficiaries but, first and foremost, to more significant participation of the civil sector in defining reform policies and strategies.¹²¹

In its communiqué entitled “Civil Society Dialogue between the EU and Candidates Countries” from 29 June 2005, the European Commission clearly emphasized that all future engagements by the EU must be supported by a strong, comprehensive and sustained dialogue between societies from EU candidate countries and EU member countries, and that civil society must play a very important role in overcoming problems of information distribution, in better mutual understanding and integration, as well as in harmonising people, their cultures, policies and economic systems. Civil society encompasses the overall public space between family and state, in which citizens endeavour to accomplish their interests by self-organisation, without mediation of the state. Given its character (self-organisation and volunteerism), civil society disposes of several mechanisms by which it can achieve certain goals/results, in a much faster, more efficient and cheaper way, which are important for any country (distribution of information – public awareness campaigns, informal education programs, determining citizens’ needs, analysis and monitoring of effects of certain laws and public policies, various social services, etc.).

Sustained dialogue between governmental and nongovernmental sectors in Bosnia and Herzegovina should provide answers to all pending issues. Its primary purpose would be to help the governmental sector recognise its interest and define ways to use mechanisms, which civil society has at its disposal, in order to accelerate the resolution of certain social

120 Žeravčić, G and Bišćević, E. Analysis of the Civil Sector Situation in BiH; In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

121 Ibid.

problems. This, in fact, means that it is necessary to establish a legal, institutional and fiscal framework required for development of such dialogue and cooperation in the interest of BH society and country as a whole, which would at the same time ensure self-sustainability of civil society.¹²²

The civil sector in Bosnia and Herzegovina played an exceptionally important role, both during the war when it distributed international humanitarian aid to final beneficiaries and after the war when it gave an important contribution in key political and social processes, such as the return of refugees and displaced persons, political stabilisation and integration, reconciliation, human rights protection, social inclusion. However, the changed political situation, both within BiH and its immediate and wider environment, places entirely different challenges before the civil society in Bosnia and Herzegovina. Instead of distributing humanitarian aid or providing assistance for return of refugees and displaced persons, new political circumstances require a stronger engagement of civil society organisations in adjusting and harmonising BiH standards with standards applied in the European Union with regard to citizen participation in defining public policies, monitoring and analysing the effects of public policies, fight against corruption and meeting requirements that Bosnia and Herzegovina must fulfil in order to become a full-fledged member of the European Union. The new challenges that civil society is faced with require a completely different form of organisation and functioning of civil society, but also defining a completely different relationship towards the public/state and private sector. Building partnership with the state through civil, political and social dialogue requires the establishment of an appropriate legal, institutional and fiscal framework, as well as strengthening technical and professional capacities of civil society.¹²³

4.3. LEGAL ORGANISATION OF THE NGO SECTOR IN BIH

The legal position of NGOs in Bosnia and Herzegovina should be observed in light of the Constitution of Bosnia and Herzegovina, Article 1, which states that Bosnia and Herzegovina and both its entities have the constitutional obligation to ensure “the highest level of internationally acknowledged human rights and fundamental freedoms”. Article 2. of the aforementioned Constitution determined the international standard that “rights and freedoms foreseen in the European Convention for the protection of human rights and fundamental freedoms and its protocols apply directly to Bosnia and Herzegovina” (with priority “over all other laws”). Among these freedoms is the freedom and right of all citizens of Bosnia and Herzegovina to free association¹²⁴.

There are several laws and regulations in Bosnia and Herzegovina, at different levels of authority, that regulate the processes of foundation, organisation and activities of different types of organisations that are considered to be non-governmental. The following laws are in power in B&H: the B&H Law on Associations and Foundations, the FB&H Law on Associations and Foundations, the RS Law on Associations and Foundations and the Brčko District Law on Associations and Foundations¹²⁵. These laws, although passed on different levels of government, provide very similar solutions.

122 Žeravčić, G and Bišćević, E. Analysis of the Civil Sector Situation in BiH; In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

123 Ibid.

124 Halepović, D. IBHI Legal Analysis: BiH, F BiH and RS institutions and relevant laws related to Social Policy Governance. IBHI Sarajevo, 2009.

125 Ibid.

In Brčko District and Republic of Srpska, the registration body in charge is the first-instance court with local jurisdictions over the organisation's head office. In FBiH, registers are managed and organisations registered with the Federal Ministry of Justice for the entire territory of FBiH, or on the cantonal level, within cantonal ministries of justice or governance for the territory of a canton. The BiH Ministry of Justice performs registrations of NGOs that wish to act across BiH territory (regardless of the location of their head office), or to represent the interests of Bosnia and Herzegovina in front of international organisations or world-wide alliances as part of their goals and actions¹²⁶.

It can be deduced that the territorial span of an organisation's activities, or the area of its work, directly determines the regulations according to which it will be founded and perform its activities. However, all other regulations related to the activities of these organisations are determined by the principle of local jurisdiction, i.e. the location of the organisation's head office. This means that organisations which wish to act in the entire territory of Bosnia and Herzegovina must be registered in accordance with the Law on Associations and Foundations and enlisted in the official Register with the BiH Ministry of Justice, but the application of other regulations depends on the location of their head offices. This means that an organisation whose head office is located in Republic of Srpska will uphold other laws from the entity's jurisdiction, just like an organisation from FBiH must uphold federal regulations and, additionally, cantonal laws as *lex specialis*¹²⁷.

Despite the fact that it provides a solid basis for establishment and operations of civil society organisations, it seems that such an unsustainable legal situation, in which the institutional and legal framework of a country is "dispersed" into four different administrative, territorial and political units, does not represent an entirely favourable legislative environment for stimulating their development, i.e. stimulating the development of civil society in general.

By establishing state structure and developing the legal system in accordance with the Dayton Peace Accord, changes were also made in legal regulations, especially in the Federation of BiH. This was the main reason for most non-governmental organisations (which were founded after the war, in accordance with the 1994 Law) having to harmonise their actions with the Law on Humanitarian Organisations, which was passed in 1998, and register with the FBiH Ministry of Refugees and Displaced Persons (formerly, the Ministry of Work, Social Policy and Refugees, which split into the FBiH Ministry of Work and Social Policy and the aforementioned Ministry). In Republic of Srpska, the court remained in charge of the registration, regardless of the changes in the law regulations.

In 2002, legislators in FBiH established relevant registers for associations and foundations with the FBiH Ministry of Justice. Foreign organisations and missions had the obligation to submit requests for permission of project implementation to the FBiH Ministry of Refugees and Displaced Persons in charge (the Law on Humanitarian Organisations was abolished, except for a few articles on the aforementioned permits for projects and supervision over their implementations)¹²⁸.

With the development of the civil sector and strengthening of local NGOs' capacities, initiatives were started for the passing of a state-level law. Main reasons justifying this were: a far more favourable position of donors and partners, equal status of organisations and their networking, especially in regard to programmes dealing with the return of

126 Halepović, D. IBHI Legal Analysis: BiH, F BiH and RS institutions and relevant laws related to Social Policy Governance. Sarajevo, 2009.

127 Ibid.

128 Ibid.

displaced persons and refugees and the respect for human rights. However, although the BiH Law on Associations and Foundations was adopted in 2001 (BiH Official Gazette No. 32/01, 42/03, 63/08), enough room was still left for the existence of entity laws (Republic of Srpska adopted its law in 2001, FBiH in 2002) and, naturally, in accordance with the Constitutional position, a separate Brčko District law¹²⁹.

This made the region regulated in a similar way as other regions, with 4 (four) laws, which are alike, but still have certain differences. The development of further reforms in this area will be in direct relation with the constitutional reforms and, on the same basis, reforms of the legal system, sharing its fate. Humanitarian organisations are those that are founded with the foremost goal of aiding individuals and groups who are in need a sort of aid that they are capable of providing.

From the aforementioned specifications, it is clear that the platform for NGOs in the social sector is rather broadly set, making it optional whether the aid will be given directly to individuals and groups in the named areas, or to organisations meant to improve the overall situation in these areas. Therefore, we have organisations that have specialised for the provision of specific social services, and those who use other means of work to strengthen the capacities of different subjects within the social sector, thus indirectly improving the situation and the position of individuals and groups in social protection or in general, and lead to the improvement in the situation of this area. The broadest option of activities within the development of the civil society, as well as within human rights, also leads to a better status of all categories in social protection.

The position of non-governmental organisations within the social sector should also be viewed in regard to legislature. Considering that social protection is within the jurisdiction of entities, and in FBiH jurisdiction is further divided among cantons, the diversity of regulations and jurisdictions caused significant diversity in practice¹³⁰. This is especially the case with specific benefits and amounts determined by cantonal provisions, which depend directly on the individual canton's economic strength or weakness.

In 2006, the Council of Ministers of Bosnia and Herzegovina adopted the *Uniform Rules for Drafting Legislation in the Institutions of Bosnia and Herzegovina* which clearly envisage the participation of NGO sector in the process of drafting fundamental legal documents of this country, and which were later also adopted by the Parliamentary Assembly of BH, as well as the *Rules for Consultation in Drafting Legislation*, which regulate procedures for consultations with general public and organisations, and which are applied by ministries and other institutions in Bosnia and Herzegovina when drafting legislation. According to the Rules, in one of the phases of the legislative process (consultation phase), based on the text of the preliminary draft document, the team responsible for drafting regulations should also consult with private persons introduced by the registered citizens' associations. However, practice has shown that even these rules have not been applied, in the context of announcing a formal public invitation for consultations in the legislative process – these invitations merely satisfied the legal form, but there was no genuine intent to give a possibility to civil sector organisations to participate meaningfully in defining legislative solutions¹³¹.

129 Halepović, D. IBHI Legal Analysis: Legal System and Non-Governmental Organizations in the Social Sector and Possible Improvements for Strengthening of the NGO Sector and Civil Society. Sarajevo, 2009.

130 Ibid.

131 Žeravčić, G and Bišćević, E. Analysis of the Civil Sector Situation in BiH; In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

The Council of Ministers of Bosnia and Herzegovina (CoM) also adopted a *Cooperation Agreement between the Council of Ministers and Nongovernmental Sector in Bosnia and Herzegovina* (Agreement). The Agreement (April 2007) highlighted an evident and urgent need for NGOs and the state government to establish a viable and efficient institutional framework for cooperation, and constructive and productive dialogue. From a strictly legal viewpoint, the Agreement represents an important part of a mosaic in assembling a special “legal agenda” for cooperation between governmental and NGO sectors. Despite that, to this day not a lot has been done with regard to implementation of the Agreement, similar to the aforementioned *Uniform Rules*. More specifically, the Council of Ministers did not do much in terms of fulfilling its obligations envisaged by the Agreement. The only important thing that was done in that regard is the establishment of an *Office for Cooperation with the Nongovernmental Sector*, within the organisational structure of the Ministry of Justice of Bosnia and Herzegovina (April 2008).

In numerous countries in CEE/SEE (Poland, Croatia, Czech Republic, Slovakia, Hungary, Montenegro) a government office is an initial key mechanism for the establishment of NGO-government partnership. The office normally functions as an organisational unit of the government. It represents a focal point for cooperation of the government and civil society and in general has a broadly defined mandate. The establishment of the office is not to suspend mechanisms of cooperation already in place between line ministries and NGOs. Quite the contrary, the office should serve to promote the quality and scope of ministry-NGO cooperation, although in practice the government office may serve as a pretext to ministries not to cooperate directly with NGOs. Up until now, this seems to have been the case in BiH and the aforementioned *Office for Cooperation with the Nongovernmental Sector*. So far, it has not fulfilled any other task apart from satisfying the interests of donors and the EU.

It can be deduced from the above that there are a lot of options regarding different forms of participation and partnership between the non-governmental and governmental sector in the area of social protection, which might increase the span of problems resolution and save the budget funds for those categories in which it is not possible to resolve the problem without institutional support, while, at the same time, applying the solidarity principle to harmonise the position beneficiaries across BiH territory. A portion of non-governmental organisations also has the task of working on raising awareness of all citizens regarding issues of the social sector, but also of the beneficiaries themselves, which is also an empty space which will be necessary to fill in the future.

In Bosnia and Herzegovina, there is most certainly a great need for adoption of a single and uniform model of classification of organisations operating within the framework of civil society. Civil society organisations are established with different motives and reasons, and for different purposes. The absence of harmonisation and uniformity in terms of legislative solutions, which is a consequence of existence of four different legal frameworks, results in unharmonised criteria for awarding specific status and/or benefits to civil society organisations.

Namely, it seems necessary to clearly separate the two basic categories of civil society organisations, diametrically opposite in terms of their nature and type of activity. In that sense it would be useful to clearly define “organisations working for the general good” (Public Benefit Organisations), i.e. organisations that promote social values envisaged by the Constitution of Bosnia and Herzegovina, Entity Constitutions and the Statute of Brčko District, as opposed to organisations whose primary objective is to fulfil the needs of its

members (Mutual Benefit Organisations)¹³². The first ones often assume tasks and duties under the competencies of central or local levels of government. The indicated distinction should certainly be uniformly registered through legal frameworks of the State, Entities and the District, given the fact that in the current situation, in terms of defining Public Benefit Organisations, there is no terminological synchrony in laws on associations and foundations at all levels of government in Bosnia and Herzegovina. In the region, only Hungary has a separate law which defines public benefit status: the Act on Public Benefit Organizations adopted in 1997. This law pioneered a special scheme under which there are two main categories of public benefit organisations: “ordinary” and “prominent” ones. For each of these categories there are different benefits and requirements related to income-generating activities, auditing, reporting and other aspects of transparency. Prominent PBOs include those which have been authorised to fulfil certain public duties for which the state or local governments would otherwise be responsible, and receive higher tax benefits than ordinary PBOs. Although only an estimated 6-8 per cent of Hungarian non-profits have prominent status, they represent good examples of NGO-government partnership.

The generic concept of Public Benefit Organisations is descriptive, given that laws in Bosnia and Herzegovina use other terms as well, such as, for example, “public interest organisations”. Such a situation clearly requires defining a single, uniform term, but also a precise description of its content. In addition, it is necessary to define the privileges that such organisations would have, as well as who would acknowledge and validate their status. When speaking about harmonisation of criteria for awarding unique status to Public Benefit Organisations, different approaches on the issue are evident in BH legislation – different institutions in specific administrative-territorial units award (acknowledge) this status. Perhaps the best solution would be to establish a special institution or body, based on the model of Charity Commission in the United Kingdom, which is also illustrated as a good example in the *Reminder for Drafting Legislation in the Field of Civil Society* of the International Centre for Non-Profit Law¹³³. However, taking into account all the levels of government in Bosnia and Herzegovina, it seems very complicated to introduce a uniform solution for the whole of Bosnia and Herzegovina, so, for the time being, it would be advisable to seek identical or similar solutions at all levels of government in Bosnia and Herzegovina.

Since it is difficult to expect the adoption of a single law on associations and foundations, to be applied across the country while simultaneously rendering ineffective Entity and Brčko District regulations, given the existing administrative and legal structure and current constitutional division of competencies, primarily between the State and its Entities, it is necessary to internally harmonise existing legislation with regard to awarding status to Public Benefit Organisations.

In order to establish a system with uniform and clear criteria, which would be used as the basis for awarding status to Public Benefit Organisations (according to their legal form and scope of activity), it is necessary to clearly define, in a uniform way, the concept of Public Benefit Organisations in laws on associations and foundations at all levels, and to prescribe specific conditions that each organisation must fulfil in order to acquire such a

132 See: HTSPE Ltd. And Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009. p. 16-19.

133 Ibid.

status. Such a legislative project, which is not too demanding, would entirely eliminate the possibility of unequal treatment of non-profit organisations with various legal forms and/or scope of activities, as well as legal uncertainty, since each organisation could know in advance whether it fulfils the conditions for acquiring this privileged status or not.

Both state and entity laws allow non-governmental organizations to be directly involved in related economic activities (i.e. those which are necessary for the fulfilment of their basic statutory aims)¹³⁴. They may be involved in unrelated economic activities only through separate commercial units.

According to current state Law on Associations and Foundations, they may generate income from membership fees (citizen associations only), and provision of goods and services¹³⁵. Framework laws secure protection from possible abuse arising from economic activities of NGOs: income generated through such economic activities may be used only for their basic statutory (non-profit) aims and, just like any other income or property of NGOs, is subject to restrictions prohibiting its distribution¹³⁶. The state-level Law on Associations and Foundations provides a set of criteria based on which there is a distinction of organizations for public benefit and organizations for joint/private benefit, and allows for more favourable tax treatment of the former, although the acquisition of such a status is still rare¹³⁷.

134 ICLN. Recommendations from the Round Table on Tax Treatment of NGOs in BiH. In ICVA. Pogledi na NVO Sektor u BiH. 2002. ICVA: 60-66.

135 CPCD. NGO Sector in BiH. 2001: p. 3.

136 I.e. an organization cannot distribute or use it for personal gain of individuals linked with the organization itself. (ibid.)

137 Ibid.

5. NGO SECTOR IN BIH: SIZE AND STRUCTURE OF ACTIVITIES

Depending on the sources consulted, the data on numbers, areas and scope of work of associations, foundations, and citizen groups are sometimes contradictory, and mainly refer to nongovernmental organizations (the NGO 'sector') and/or include other organizations under that term which may only be registered pursuant to the already mentioned laws in BiH (e.g. professional associations, cultural or recreation societies, etc.).

The 2004 research conducted by IBHI/BSAL and DFID¹³⁸, showed that there were 9,095 organizations in BiH according to the NACE classification¹³⁹ and records of statistics bureaus of both entities and the Brčko District. Further verification of the data gathered during the study showed that almost a half of the registered organizations were no longer active¹⁴⁰, while it was estimated that the number of active 'non-governmental' organizations in BiH was 4,629¹⁴¹. Although, according to some other sources, (USAID) the actual number of operational NGOs is much lower.

Table:

Numbers of Non Governmental Organisations in NACE Classification done by the Statistical Institutes of BiH, RS and Brčko District¹⁴².

NACE CODE	NACE DESCRIPTION	FBIH	RS*	BIH
85.3	Social Work Activities (with and without accommodation) not undertaken by government or private sector	961	93	1054
91.11	Business and Employers organisations	157	25	182
91.12	Professional organisations	220	179	399
91.20	Trade Unions	1270	25	1295
91.31	Religious organisations	138	10	148
91.32	Political organisations	722	39	761
91.33	Other Membership organisations. This includes: - Activities of organisations directly affiliated to a political party furthering a public cause or issue by means of public education, political influence, fund raising etc - Special interest groups such as touring clubs and automobile associations and consumer associations - Associations for the purpose of social acquaintanceship such as rotary clubs, lodges etc - Associations of youth, young persons associations, student associations, clubs and fraternities etc - Associations for the pursuit of a cultural or recreational activity or hobby (other than sports or games) - Associations for protection of animals	2039	1381	3420
92.62	Other Sporting Activities	1151	685	1836
TOTAL		6658	2437	9095

* Includes 121 organisations registered in Brčko.

138 The state and entity level Statistics Agencies Document 3: Report on a telephone survey of NGOs, in IBHI/BSAL and DFID, 2005.

139 Statistical classification of economic activities in the European Community.

140 Document 2: Economic theory and background, in IBHI/BSAL and DFID, 2005: p. 23.

141 Document 3: Report on a telephone survey of NGOs, in IBHI/BSAL and DFID, 2005: p. 6.

142 IBHI. Integrity in Reconstruction: Corruption, Effectiveness and Sustainability in Post-War Countries. Sarajevo, 2007. p. 58.

In 2008, the number of registered NGOs in BiH increased significantly to 12,189¹⁴³. That is to say, the total number of registrations in all public registries is 12,189. However, this does not mean that there are 12,189 associations in Bosnia and Herzegovina. Due to existence of four laws on associations and foundations, and absence of a single registry of associations for entire Bosnia and Herzegovina, there is a real possibility that many associations have double registrations (for example on cantonal and entity level).

According to research of DFID, IBHI and BSAL in 2004¹⁴⁴, the total estimated income of the NGO sector in BiH at the time created 4.5% of GDP while consumption of the NGO sector amounted to 2.4% of GDP. Now we come to a very interesting comparison. Participation of the NGO sector in BiH's GDP in 2004 was close to 1/5 of the participation of BiH industry in GDP (industry participated in 18% and it is not far from the participation of agriculture in the GDP, which was 40%). Therefore, the economic power and significance of the NGO sector are enormous.

The number of full time employees in the NGO sector was 26,668 (also taking into account the number of part time employees), i.e. 2.3% of the active labour force. If we add to this the number of full time volunteers – which was estimated at 63,129, or 5.36% of active labour citizens - we can get the following picture: 7.66% of active labour citizens worked in the NGO sector, either for a salary or voluntarily. Income in the GDP just from volunteers was 3.2%. In accordance with international standards, these numbers are very high. Analyses of employment (for salary or voluntarily) in 24 countries, indicate that the average is 7.30%, from 20.6% in Netherlands to 0.6% in Mexico.

For the sake of comparison, in 2004 there were 43,405 citizens in BiH employed in the sector of transport and communication.

At the time, NGOs in BiH provided services to 29% of citizens in BiH. This also illustrates the transfer of donors' money to the beneficiaries. This is in connection with the information that 60% of NGOs operated at a local community level which was very close to the situation in Great Britain where 70% of NGOs operates at a local community level in the same year.

Growth of the NGO sector should be seen as a positive trend, since it indicates higher level of social awareness and interest of citizens to get involved in community dialogue and decision-making through NGOs. However, the role and importance of the non-governmental sector is still underestimated, especially when it comes to the social services sector.

Based on the scarce available information, the civil sector can be described as mostly dominated by sport associations, followed by associations of different interest groups (such as associations of persons with disabilities, employers, pensioners, citizens, etc.), while just a couple of them deal with employee rights, civil society promotion and development, peace initiatives etc. Only small number of active associations (NGOs) can be considered professional organizations representing a critical mass of the NGO sector.

It is difficult to estimate whether this indicates a growth or decline of this form of association, due to a lack of earlier studies of the entire NGO population. The entire NGO

143 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

144 Document 3: Report on a telephone survey of NGOs, in IBHI/BSAL and DFID, 2005.

population is almost impossible to estimate: some research indicates that the available registration lists with competent state authorities have not been updated¹⁴⁵.

In BiH and in the world, the terms "civil society groups and organizations" and "NGOs" are used as if they have the same meaning¹⁴⁶, which makes the distinction between them unclear¹⁴⁷. At the same time, although the term 'non-governmental organization' is widely adopted, it does not exist as such in the process of registration with relevant bodies in BiH.

Non-governmental organizations may be registered either as a 'citizen association' or as a 'foundation'. Within citizen associations, there is no division to those associations/organizations established for the purpose of satisfying interests of a limited number of its members (professional associations, trade unions, sports clubs) and those establishes for the needs of beneficiaries (organizations with humanitarian social, educational programs) or those which contribute in some way, through projects and activities, to the development of either their local community, or the society as a whole. The latter, often called development organizations, mainly include donor funds for implementation of their projects and activities, unlike the former¹⁴⁸.

Other than the mentioned IBHI research¹⁴⁹, most of other available documents treat the NGO sector in BiH as representative of the entire civil society. Data on the increase of the number of organizations are interpreted in that light. Thus, for example, available data indicates that 16% of NGOs established new organizations, of which 73% are other NGOs, and 7% are business organizations¹⁵⁰. The differentiation between the NGO sector and the wider term and practice of civil society requires further attention of professionals.

In early 2000, the 'non-governmental' sector, as the most frequently cited segment of civil society, [was] still non-profit, rather weak, with insufficient respect or understanding of its significance and role. It is unregulated, not only in terms of legal norms, but also in terms of structure and organization, which [nonetheless] gives it the strength for independence, wealth of action and versatile ideas¹⁵¹.

The total number of associations established to work exclusively in the interest of their members is 71.80% in comparison to associations acting in the general public interest, which participate with only 28.20% in the total number of associations.¹⁵²

145 Kotlo. Uloga nevladinih organizacija u izgradnji povjerenja i dobre vladavine u Mostaru. (The Role of NGOs in Building Confidence and Good Governance in Mostar). 2005.

146 Kaldor. Civil Society and Accountability. Journal of Human Development. 4(1): 5-27. 2003.

147 UNDP. Human Development Report – Millennium Development Goals – BiH. 2003.

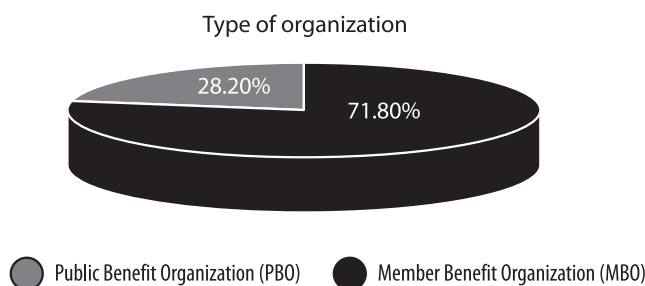
148 ICVA. Analysis: Number and Type of Registered "Citizens Associations". In: ICVA Directory of Humanitarian and Development Agencies in BiH. Sarajevo, 2005.

149 IBHI/BSAL and DFID, 2005; ICVA, 2005.

150 Document 3: Report on a telephone survey of NGOs, in DFID, IBHI and BSAL, 2005.

151 Fočo, S. Nevladin sektor: Stanje danas i perspektive. (NGO Sector – Current Situation and Perspectives. In: ICVA Pogledi na NVO sektor u BiH. 2002: p. 8.

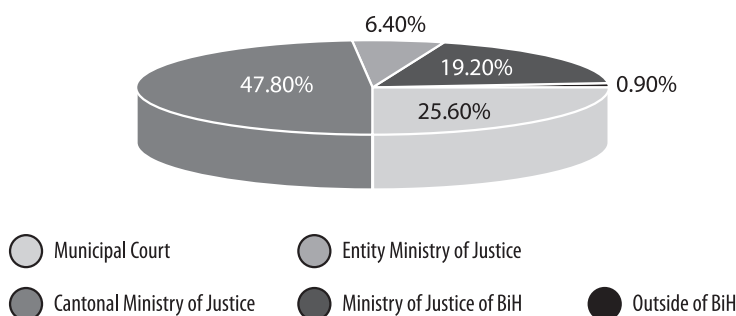
152 In 2009 HTSPE Ltd. and Kronauer Consulting conducted an extensive research on the civil society and published the analysis entitled Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo. Since this is one of the most recent and most comprehensive researches on the civil society in BiH it will be extensively used and quoted in this study.



Majority of associations in Bosnia and Herzegovina were registered after democratic changes in 1991, while only 9.40% of associations were registered prior to 1991. Associations dominant among pre-war associations are hunting and mountaineering clubs, volunteer fire departments, cultural and artistic societies and Red Cross organisations.

Associations primarily operate at local/cantonal level, and in most cases they are also registered at the same level. Only 19.20% of associations are registered at the level of BiH, by the Ministry of Justice, with smallest number registered at entity level (6.40%) and the majority (47, 80%) registered at cantonal level.¹⁵⁴

Where is your Association registered?



The majority of active associations are registered in smaller towns with population up to 100,000 residents (51.10%), while the smallest number is registered in rural areas with less than 1,000 residents (7.70%). Of the total number of active associations in Bosnia and Herzegovina, 15.90% are working in Sarajevo, the capital of Bosnia and Herzegovina.¹⁵⁶

Furthermore, civil society in Bosnia and Herzegovina is dominated by smaller associations (with a maximum of 10 employees or 100 active members / volunteers), comprising 85.4% of associations in Bosnia and Herzegovina. Larger associations (14.6%) are those that have more than ten employees or 100 members / volunteers.

153 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

154 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI. Sarajevo, 2009, p. 37-48. Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009, p. 80-84.

155 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009,

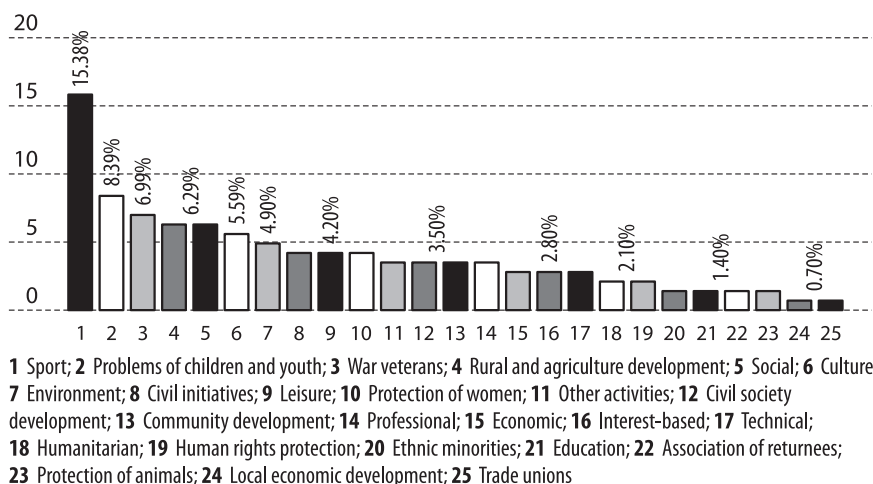
156 Ibid. p. 91.

Research has shown that 40% of NGOs believe that they have no competition in those municipalities, i.e. that there are no other NGOs or public agencies providing the same service¹⁵⁷. This is open to the following interpretations: that certain services or support for the population would not exist if those organizations were not there to provide them¹⁵⁸, that NGOs are not sufficiently informed about services provided by other (governmental and non-governmental) organizations, or that organizations are forced to describe their work in this way in order to fight for their own survival.

The most common areas of interest of associations are education, local community actions, counselling, lobbying and advocacy work. The smallest number is active in public policy monitoring and operations of state institutions.¹⁵⁹

Structure of surveyed associations based on priority type of activities

160



Other than the area of activity linked directly with consequences of the war, there are few, if any, differences in the fields of work of the NGO sector in BiH, in comparison with developed countries¹⁶¹. Key areas of activity of NGOs include: culture and recreation, economic and social services, and civic services and advocacy¹⁶². According to current research, the situation was similar some ten years ago (e.g. in 1997) - 35-40% of all organizations were involved in human rights, social issues and culture, sports activities and organization of free-time activities for specific groups of population, although the time the dominant activities were reconstruction, repatriation, distribution of humanitarian aid, and other activities related to overcoming the war-time destruction¹⁶³. Similar data for 2002 came from research among youth organizations. Most of them state they work on education

157 Document 1: Reader's manual and summary of conclusions and recommendations, in IBHI/BSAL and DFID, 2005.

158 Ibid.

159 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI. Sarajevo, 2009, p. 37-48.

160 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009,

161 Document 7: Opinions by practitioners in FBiH, u IBHI/BSAL and DFID, 2005

162 Document 1: Reader's manual and summary of conclusions and recommendations, in IBHI/BSAL and DFID, 2005.

163 CIP, in IBHI, 1998: 28. At the same time, specific key activities, such as mine clearance, have continuously not been covered enough (IBHI, 1998).

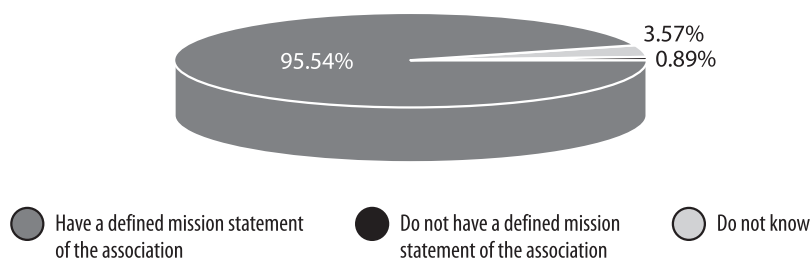
(72.8%), culture and arts (64.9%), human rights (58.5%) and health (55.8%)¹⁶⁴. In late 1990s, NGOs dealing with economic development and work support began to appear, as did the first NGO networks¹⁶⁵.

NGOs also allowed for the appearance of the first alternative political and other views, different from those promoted by the ruling political elites¹⁶⁶. These organizations assumed certain duties which should normally be performed by state institutions, such as activities related to refugee return, legal aid services, etc¹⁶⁷. It should be noted that NGOs are the ones insisting that elected politicians should be accountable to the citizens for the duties assigned to them, and they play an important role in creating an appropriate democratic climate for elections in BiH. These organizations also organized numerous public debates on election law during all the stages of its adoption, and influenced the final adoption of the text of this document. Moreover, since 1998, a coalition of NGOs has been organizing and monitoring the voting process, and the election process as a whole.

In a survey conducted by Kronauer Consulting in 2009, within the "Analysis of the Civil Sector Situation in Bosnia and Herzegovina" almost all of the associations stated they have a defined and written Mission Statement.

Does your association have a defined and written MISSION statement?

168



Furthermore, the existence a strategic plan was stated only by 41.96% organizations that participated in this research. Nevertheless, the fact that associations are registered has no significant effect on development of their qualities. Only slightly more than 2% of associations registered after 1992 have and adopted Strategic Plan, in contrast to associations registered prior to 1992, which is a negligible percentage in terms of drawing any kind of conclusion from the above.¹⁶⁹

One surprising fact is that about half of the associations in Bosnia and Herzegovina have their primary orientation and scope of work almost entirely dependent on desires and interests of their donors. Only 22.70% of surveyed organisations consider that donors do not have an effect on their main mission and scope of activity.

164 OIA. Special Report on the Development of Youth Policy in BiH – part 3: Youth Sector in Bosnia and Herzegovina + Directory of of Youth NGOs in BiH. www.oiabih.info, 2003.

165 Document 7: Opinions by practitioners in FBiH, in IBHI/BSAL and DFID, 2005.

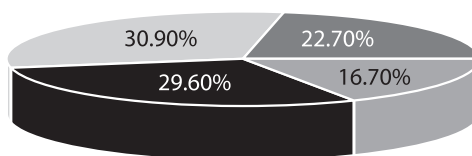
166 Ibid, p. 6.

167 Document 7: Opinions by practitioners in FBiH, in IBHI/BSAL and DFID, 2005: 6; which may be interpreted as development of a parallel system, as opposed to the possibility of lobbying for the state to take its own commitments.

168 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009,

169 Ibid, p. 92.

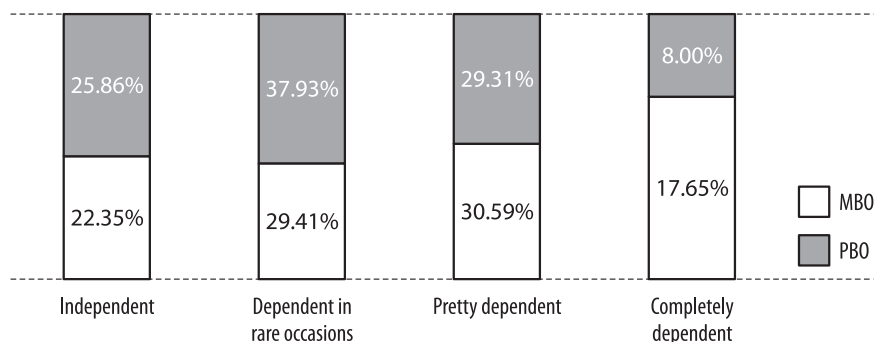
Is the main focus and the scope of your association independent of the donor orientation? ¹⁷⁰



Independent
 Dependent in rare occasions
 Pretty dependent
 Completely dependent

When it comes to orientation and scope of activity, Member Benefit Organisations (MBO) demonstrated a somewhat greater dependence on donors than Public Benefit Organisations (PBO).

Is the main focus and the scope of your association independent of the donor orientation? ¹⁷¹



The most frequent activities of associations in Bosnia and Herzegovina are education, activities in local communities, advising and lobbying, while the least represented activities are oversight of public policies and work of state institutions and mediation. None of the surveyed associations indicated that they deal with corruption or transition justice.¹⁷²

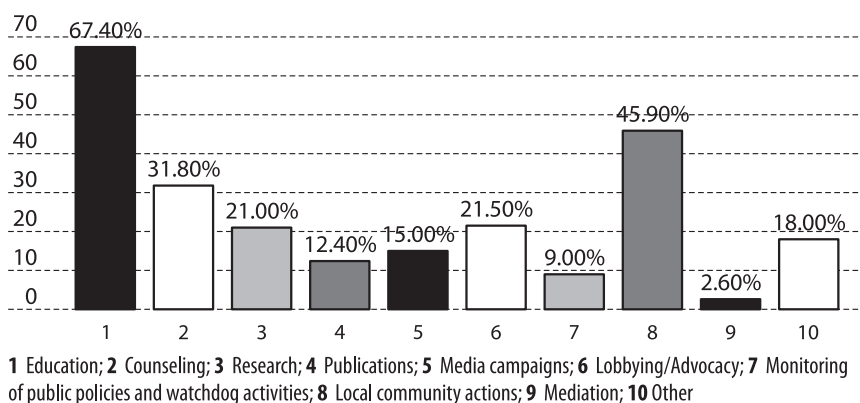
¹⁷⁰ Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009, p. 92.

¹⁷¹ Ibid.

¹⁷² Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI. Sarajevo, 2009, p. 37-48. Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009, p. 95.

What types of activities are mostly conducted in your association?

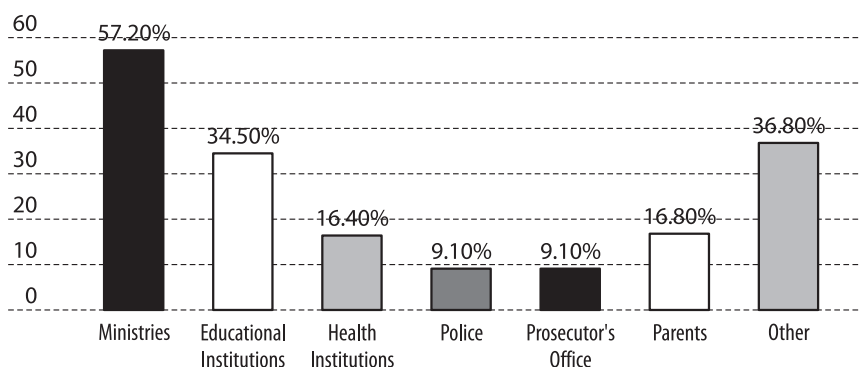
173



Ministries and educational institutions were most frequently mentioned as target groups, followed by health institutions and parents, and far less by police and prosecutor's offices. There are practically no ministries (from cantonal, through entity to state level) that have not been targeted at least by one project as part of a target group. The situation is similar with educational institutions, which are almost identically represented as target groups in associations' projects.

In a broader sense, who are the TARGET GROUPS of your projects?

174



The prevailing model in Bosnia and Herzegovina is the so-called model of general practice associations. Specifically, 49.4% of associations identified all citizens of BH, i.e. the general public, final beneficiaries of their projects.¹⁷⁵

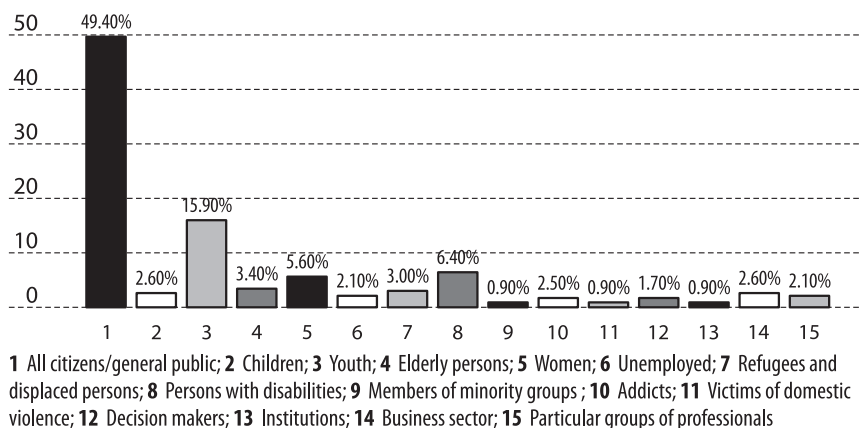
173 Žeravčić, G. & Bišević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

174 Ibid.

175 Ibid, p. 95-97.

Who are FINAL/DIRECT beneficiaries of your services?

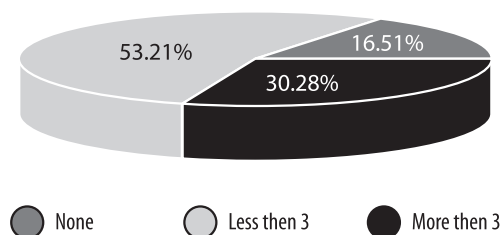
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Analysis of project activities indicates that many surveyed associations (16.51%) did not submit proposals for a single project to donors during 2008, 53.21% of associations submitted proposals for less than three projects, while only 30.28% of surveyed associations submitted proposals for more than three projects during 2008.

How many project proposals did you apply for in 2008?

177



The majority among associations that did not submit a single project proposal to donors in the previous year are sport associations, followed by associations dealing with problems of youth and children, and rural development issues. However, at the same time, among the most active associations (those that submitted more than three project proposals) the majority are, again, associations dealing with problems of youth and children, civil initiatives and civil society development. The average number of submitted project proposals per association is 4.8. Of all project proposals submitted to donors, only 16.51% were approved while 30.28% are still pending.¹⁷⁸ This means that only 0.8 projects were approved per association. The majority of associations that had projects approved by donors had more than three projects approved.

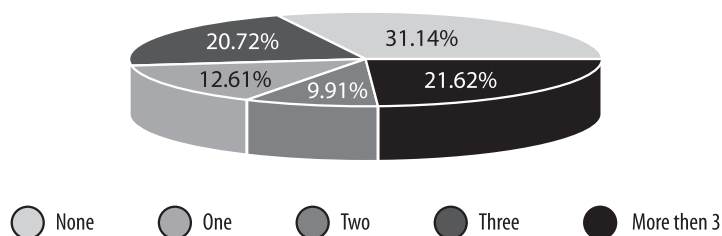
176 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

177 Ibid.

178 Ibid, p. 98-101.

How many projects have been approved?

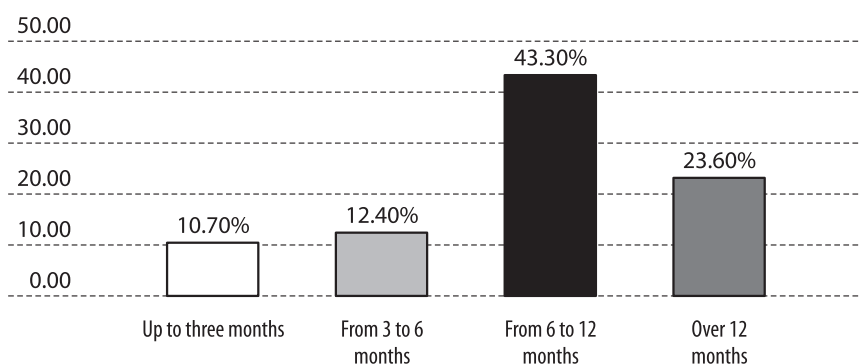
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This indicates the existence of certain differentiation between associations in Bosnia and Herzegovina, since a small group of associations are slowly becoming prominent as they have entirely built their technical, professional and managerial capacities necessary for preparation and implementation of projects. It is somewhat worrying that for 31.14% of associations that submitted project proposals to donors in 2008, not a single project was approved, while only 24.48% of surveyed associations had projects financed from European Union funds.

What is an average duration of the projects implemented by your association?

180



Besides the complaints on complicated application procedure, many associations indicated problems pertaining to the lack of transparency and subjectively oriented selection of projects, lack of information on possibilities to apply, short deadlines for preparing applications and lack of cooperativeness by donors. Almost 20% of organizations emphasized the lack of funding for high-quality preparation of projects and co-financing as the most common problem. This was emphasized even by associations that have technical capacities and experience in working with projects financed by the European Commission. In their opinion, if something does not change in that regard, it will represent a serious obstacle for associations from Bosnia and Herzegovina to apply for IPA programs and community programs requesting co-financing in the amount ranging from 10% to 20%.¹⁸¹

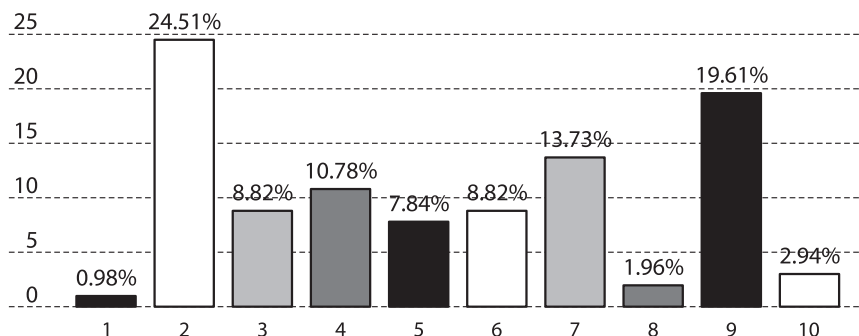
179 Žeravčić, G. & Bišević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009. p. 98-101.

180 Ibid.

181 Ibid.

What are the most frequent problems encountered when applying for projects?

182



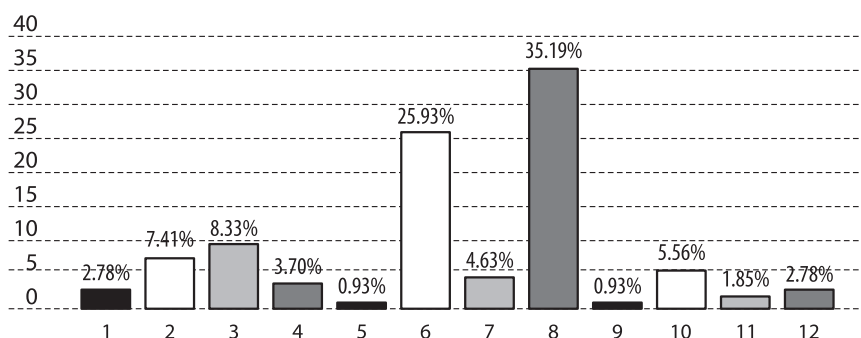
1 Long decision-making process; 2 Complicated procedures for applying; 3 Non transparent and subjective-oriented selection; 4 Short timescales; 5 Lack of information about opportunities for applying; 6 Under-educated stuff for prepare applications; 7 No cooperation from donors; 8 Small number of vacancies; 9 Problems relating to funding for the preparation of applications and co-financing projects; 10 Different need on the ground in relation to the priorities of donors

On the other hand, 8% of associations in Bosnia and Herzegovina highlighted inadequately educated staff for preparation of projects as a problem.

As the most common problem faced in the implementation of projects, the highest percentage of associations (35.19%) indicated problems with funding. This problem is connected to the practice of municipalities and cantonal ministries to approve only partial financing for the proposed project. This puts associations in a situation to start project activities with allocated funds, and after some time they start facing the problem of lack of funding to finalize the project. In case of European Union projects, this pertains to the already mentioned problem of ensuring co-financing. There were some cases when associations were forced to take loans in order to comply with this contractual obligation.

What are the most frequent problems encountered in your work related to project implementation?

183



1 Long period from selection to having approved funds operational; 2 Poor relations with the target group; 3 Lack of adequate equipment; 4 Poor communication with partners; 5 Excessive administrative division of BiH; 6 Lack of cooperation by competent authorities; 7 Insufficiently qualified staff; 8 Problems related to financing; 9 Poor support of the media; 10 Problems related to the legislation; 11 Harmonisation of domestic and international business system; 12 Great donor's demands

182 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

183 Ibid.

In addition to financial problems, every fourth association indicated the lack of cooperativeness on behalf of competent state institutions as one of the problems it faced.

5.1. MEMBERSHIP IN ASSOCIATIONS AND VOLUNTEER WORK

Citizen participation is reflected through membership or voluntary work. Until the adoption of laws in the early 2000s, it was necessary to bring together 30 members of legal age to register a nongovernmental organization¹⁸⁴. Article 2 of the 2001 Law on Associations and Foundations in BiH allows for an association to be initiated by three or more natural or legal persons. Pursuant to the same Law, associations and foundations should have an assembly as the principal governing body, comprising total membership of the organization, with an option to initiate a governing board¹⁸⁵.

There is a long tradition of voluntary work in BiH, particularly in local communities, and through activities of religious organizations and institutions. More recently, in relation to NGO work, there are contradictory results related to the number of organizations which have volunteers - from 55% to 84%¹⁸⁶. Part of the explanation is related to the fact that some of the research was only conducted among developmental or humanitarian organizations.

Despite its social significance, charity work has not been recognized in BiH as a legal category. The only recognized category of "volunteers" are "*stagieres*" - interns whose work is regulated by laws on employment. At the same time, as an internship is the precondition for taking the state certification exam (e.g. in law or medicine), interns cannot be considered volunteers.

According to recent research by DFID, IBHI and BSAL¹⁸⁷, total membership in the non-governmental sector is 1,755,258, whereas organizations have an average of 2,256 members (men and women). According to this, approximately one half of the BiH population are members of the NGO sector, although this is more likely an indication of the fact that some individuals are members of several organizations.

Data for 2001¹⁸⁸ showed that 83% of all organizations had 3 - 350 volunteers. In a 1997 research¹⁸⁹, it was stated that organizations had an average of 37 volunteers, whereas in 2004 the average was 44 volunteers per organization. Volunteers have potential added benefits, such as gaining work-related experience and training¹⁹⁰. In the 2002 research¹⁹¹, 72.3% of the volunteers approached organizations themselves, in order to become part of their activities.

The low level of membership is a first indicator that levels of civic participation are weak in BiH. Overall, UNDP¹⁹² found that fewer than one in five people in BiH say that they are members of an association, team and/or club. Of this group, an even lower number, 10.5%, said they were active members. Analysis of the data shows that members of a political party or sports and leisure groups together form the majority of those who

184 E.g. Article 9 of the Law on Citizen Association in FBiH, Official Gazette FBiH No. 6/95.

185 Article 16, Law on Associations and Foundations, Official Gazette BiH, 32/01

186 Document 3: Report on a telephone survey of NGOs, in DFID, IBHI and BSAL, 2005.

187 Ibid.

188 CPCD, 2001.

189 CIP, in IBHI, 1998: p. 46.

190 Document 2: Economic theory and background, IBHI/BSAL and DFID, 2005.

191 UNV. Volunteering in Bosnia and Herzegovina. 2002.

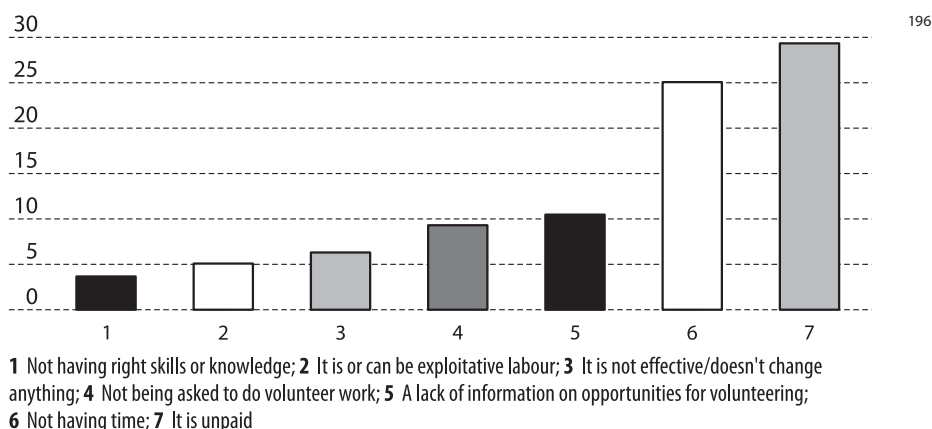
192 UNDP. The Ties that Bind: Human Development Report 2009: Social Capital in BiH. Sarajevo, 2009.

are associational members. Civic organisations such as interest groups, unions, lobby networks and religious organisations all attract much smaller numbers of members. Also, residents of urban areas, in particular in the two largest cities in the country, are one third more likely to be members of an association than residents elsewhere in the country¹⁹³.

Gender also impacts significantly on associational membership. Almost twice as many men are members of associations than women, a finding suggesting that the opportunities for membership are restricted for women. While more research would be needed in order to identify the exact causes of this imbalance, it may perhaps stem from the large number of associations in which men are more likely to participate, such as certain kinds of sports associations, which probably outnumber those available for women¹⁹⁴.

The level of formal and organised volunteering in BiH is even lower than that of associational membership. UNDP¹⁹⁵ found that less than one in 20 respondents said that they had volunteered in the last year: only 4.5% of the sample stated that they had done formal or organised voluntary work during the previous 12 months. Furthermore, formal and organised voluntarism in BiH is hindered by the fact that there are few legal or institutional mechanisms in place to define, regulate and support those who wish to be involved in the formal voluntary sector.

Part of the same UNDP survey was also an analysis of the reasons why there is so little volunteer work in BiH. Here are the results:



Some examples of current practice may be the basis for regulation of voluntary work at the level of BiH. One such example was seen in the initiative for alternative military service. Such initiatives have generated considerable interest among the target population, the youth - according to official data of the Commission for Alternative/Civilian Service, in the period from March 3rd to July 12th, they received 556 applications for alternative service. In late July 2005, there were more than 3,000 conscientious objectors in FBiH who had the possibility to enter alternative service in one of 72 non-governmental organizations who signed an agreement on alternative service.

193 UNDP. The Ties that Bind: Human Development Report 2009: Social Capital in BiH. Sarajevo, 2009. p. 62.

194 Additional research on gender and leisure time might also suggest reasons for lower associational membership among women. See: UNDP. The Ties that Bind: Human Development Report 2009: Social Capital in BiH. Sarajevo, 2009. p. 63.

195 UNDP. The Ties that Bind: Human Development Report 2009: Social Capital in BiH. Sarajevo, 2009. p. 65.

196 Ibid, p. 68.

In most NGOs, governing boards or assemblies, as the highest governing bodies prescribed by law, are merely names required for entry into registration forms during the process of establishing an NGO, whereas their real function, which should be to manage the organization, is neglected¹⁹⁷. According to this research, the average level of membership participation in decision-making is only about 45%. Difficulties in recruiting new members and volunteers are noted as one of the key difficulties of the NGO sector in the second half of 1990s¹⁹⁸. Data from research in the early 2000s offers possible explanations for these difficulties. In the 2002 research¹⁹⁹, almost one-half of organizations surveyed did not have a clear policy of including volunteers in their work. Membership is often purely formal and is no real driving force that would decide on the method and direction of work of the organization²⁰⁰. From the "outside", some organizations appear to be closed to membership²⁰¹.

Donor emphasis on multi-culturalism, which is seen as one of the features of the NGO sector, may have distanced some NGOs from the real opinions and views of local communities²⁰². In the early 2000s, youth organizations engaged less than 5% of the total number of youth in BiH²⁰³. Membership is also affected by the so-called phenomenon of "waiting for someone else to take care of our problems", and the lack of public perception and understanding of the role of NGOs in a democratic society²⁰⁴.

5.2. COOPERATION BETWEEN ASSOCIATIONS - NETWORKING

There are a few NGO networks in BiH among which the NGO Council is the oldest network of the NGOs in Bosnia and Herzegovina. It was founded in 1996, and today it gathers 101 NGOs, out of which 67 are local NGOs, 13 are international NGOs while 21 organizations have the observer status. The NGO council is a network of the local and international NGOs that support stabilization and development of Bosnia and Herzegovina. Since its inception, it has been focused on representing the interests of the NGO sector and strengthening its development. The NGO Council promotes equality and transparency for all of its members and encourages them to fully employ their capacities and expertise. The NGO Council's members see themselves as leaders that with their joint efforts spread and promote human rights, advocate the systematic changes in BiH society and promote standards within the NGO sector.

The NGO Council recognizes the importance of the cooperation with the institutions of BiH with the aim of more effective work, as well as important role of the government in regulating the activities of the NGO sector. All of the NGO Council's members are devoted to long-term capacity strengthening and sustainability of the NGO sector. The NGO Council is envisioned as a compact representative body and recognizable network of the NGOs in BiH, engaged in a dialogue with all the levels of the government and active in the process of the European integrations. The focus of the NGO Council is representing of

197 Document 3: Report on a telephone survey of NGOs, in IBHI/BSAL and DFID, 2005. p. 11.

198 IBHI, 1998: p. 30.

199 UNV. Volunteering in Bosnia and Herzegovina. 2002.

200 Research conducted recently by IBHI/BSAL and DFID (2005) indicated that many organizations seem to make no distinction between beneficiaries of services of the organization, volunteers, and members. Results indicate that 21% of the subject could not discern the term "member" from the term "volunteer".

201 Helms, 2003.

202 Ibid.

203 OIA, 2003.

204 Document 6: Opinions by practitioners in RS, in IBHI/BSAL and DFID, 2005: p. 17.

the interests of the NGO sector with clearly defined activities in cooperation with other networks, civil society organizations and government. The key documents for the work of the NGO Council are Guidelines and Strategic plan for 2008-2010.²⁰⁵

An NGO conference, that brought together a great number of NGOs, was held in December 2004, which adopted the following documents²⁰⁶:

- Agreement on Cooperation between the BiH Council of Ministers and the Non Governmental sector in BiH,
- Quality Service Standards between the Government and the Non-Governmental Sector in BiH,
- Code of Conduct of the Non-Governmental Sector in BiH,
- Strategic Lines of Development of the Non-Governmental Sector in BiH.

This process was led by the NGO Coalition "Joint Work, Joint Success". The Coalition has been developing since early 2001²⁰⁷, with the aim of creating conditions for sustainable development, and drafting a development strategy for the NGO sector in BiH. In 2004, the Coalition had 300 members from across BiH, organized through 15 regional reference groups.

A network of NGOs was also established in BiH, through coordination of work of the regional reference groups, linking the work of NGOs in both entities. Adoption of institutional cooperation between the government and NGOs proved to be a priority issue for its future, for the following reasons²⁰⁸:

- resolving issues of their status in BiH legislation, in compliance with policies of member states of the Council of Europe, and establishing specific cooperation from the local community to the level of the state, thus allowing greater NGO impact on public policy design;
- establishing an NGO cooperation office within the BiH Council of Ministers.

A Resource Centre was planned to be established at the level of BiH as an institution serving the purpose of NGO development and providing resources for regular communication and coordination of NGO activities.

The youth NGOs also organized their respective measures. The Youth Council of Republika Srpska (OSRS) was established in May 2002, bringing together 13 local Youth Councils. OSRS has successfully completed an advocacy campaign for the introduction of a youth observer mission at the National Assembly of RS, and advocated and took part in drafting of the Law on Youth Organization in RS. OSRS is defined as the highest level of youth organization in RS and is the partner of RS Government in designing and implementing youth policies²⁰⁹.

205 See also <http://www.nvovijece.ba>. Guidelines are available at: <http://www.nvovijece.ba/images/stories/Downloads/Smjernice%20-%20prijedlog%20May%202010.pdf>; Strategic plan is available at: <http://www.nvovijece.ba/images/stories/Downloads/Strateski%20plan%20BiH%20NVO%20Vijeca%202008%20-%202010.pdf>

206 CSPC. Konferencija nevladinih organizacija BiH 2004: Dokumenti. 2004.

207 NGO Coalition "Joint Work, Joint Success". History of the Coalition. Sarajevo, 2004.

208 Document 9: Importance of the BiH NGO Conference: Inter-entity cooperation in BiH, in IBHI/BSAL and DFID, 2005:1.

209 OIA. Special Report on the Development of Youth Policy in BiH – Part 3: Youth Sector in BiH + Directory of Youth NGOs in BiH. Sarajevo, 2003.

The Law came into force in November 2004 and is the most important document in the area of youth policy in RS as well as in BiH. The Law Defines key notions in the area of youth policy that are to be included in the short-term and mid-term strategy for solving youth problems in different walks of life. OSRS is planning to enter the governing committee, to be established for the purpose of adopting, implementing, and monitoring youth policy documents. The document titled "RS Youth Policy" is in the final stage of drafting. OSRS representatives have taken part in the preparation of this document within different working groups, and were the leaders (coordinators) of some of them.

The BiH Youth Parliament was organized by the Youth Information Agency (OIA)²¹⁰. This body is not an official institution or a formal network, but rather a group of individual representatives of youth organizations from across BiH, aimed at creating possibilities of dialogue of youth representatives with key decision-makers in governmental and international organizations.

The first meeting of the Youth Parliament was held on 11 June 2002, at the Parliamentary Assembly of BiH, with participation of 30 youth representatives from across BiH and 12 representatives of the Parliamentary Assembly. The meeting initiated the "Resolution on Youth in BiH", which the House of Representatives adopted on 16 July 2002. Subsequent meetings of the Youth Parliament were held in July 2002 and February 2003. At the second meeting, the Youth Parliament initiated the establishment of a Youth Policy Working Group. There are in FBiH individual examples of establishment of youth committees or youth advisers, within the City Councils (Sarajevo, Tuzla), or the establishment of a position of youth officer.

In 2005, a network entitled GROZD, the Citizens Platform, was founded with the aim of the active involvement of the citizens in the pre-election activities and political processes. It started its activities in cooperation with the donors such as IRI, the Dutch embassy, OSCE and others. The core of the organization was comprised of the Centre for the Promotion of Civil Society (CPCD), Centre of Civil Initiatives (CCI), ALDI and Transparency International (TI). GROZD was later joined by 200 CSOs and it had been widely active in the pre-election period, trying to cooperate and open a dialogue with the political parties on one hand, and to stimulate citizens to vote and thus contribute to the democratic changes, on the other.²¹¹

In 2009 the Centre for the Promotion of the Civil Society that founded **"Network Plus" worked on the proper implementation of the** Agreement between the government and NGO sector in BiH. Prior to founding of the network more than 20 consultations with the NGO sector were organized in which more than 200 CSOs took part and the need for forming a unique network that would contribute to strengthening of the NGOs' influence, through the already signed **Agreement on Cooperation between the Council of Ministers of BiH and the Non-Governmental Sector**²¹², was emphasized. The aim of this network was the promotion and further implementation of the Agreement as a new democratic practice in the relations between government, civil society and business sector. **"Network Plus" was to offer a new democratic** forum that would enable CSOs to have better participation and influence on the stream and content of the new democratic reforms of the BiH society.

210 OIA. Special Report on the Development of Youth Policy in BiH – Part 3: Youth Sector in BiH + Directory of Youth NGOs in BiH. Sarajevo, 2003. p. 5.

211 For more detail see http://www.acips.ba/bos/uploads/publikacije/Civilno_drusvo_i_izbori_2006.pdf

212 Available at http://www.civilnodrustvo.ba/files/docs/Agreement_on_cooperation.pdf

Furthermore, it was to show that the NGO sector is not just an initiator of the temporary advocacy activities and campaigns, but a sector whose continuous work with citizens and familiarity with their problems enables it to be an equal partner of the political sphere. Therefore, it needs to participate in creation and implementation of all the policies concerning citizens and their interests, NGOs and NGO networks. NGO sector has to have influence and take part in economic, political and social decisions. **“Network Plus” should be a new model of** intersectoral dialogue and cooperation that will guarantee the corrective role of the NGO sector. In this sense the realization of the **Agreement on Cooperation between the Council of Ministers of BH and the Non-Governmental Sector** is the primary task of the network. The key documents of **“Network Plus”** are the Founding Charter²¹³ and Statute²¹⁴ of the Network.

Another network, the Igman Initiative is of a regional character and it is comprised of more than 140 non-governmental organizations from Serbia, Montenegro, BiH, and Croatia. It was founded by the Centre for Regionalism (Novi Sad, Serbia), the Forum of the Democratic Alternative BiH (Sarajevo, BiH) and the Civic Committee for Human Rights (Zagreb, Croatia). The Igman Initiative was established with financial support from Freedom House.

It works toward renewing cooperation and normalizing inter-state relations within the Dayton Triangle. Igman Initiative’s mission is to promote and facilitate local and regional dialogue in the fields of politics, economy and culture as well as confidence building and advocacy of democratic values. It also tends to monitor and apply positive pressure on the Dayton Triangle governments and enhance their relations with the ultimate aim to foster initiatives in South-eastern Europe to help this region become again a zone of peace, cooperation and tolerance. In the broadest sense it tries to create a space in which people can openly express opinions, feel comfortable responding to one another and act on behalf of their communities.²¹⁵

Žeračević and Biščević found in their Analysis²¹⁶ that the most frequent form of cooperation between associations in Bosnia and Herzegovina is joint project implementation (59.9%) and joint requests to donors (38.8%), which is understandable given the fact that the majority of associations in Bosnia and Herzegovina are financed on the basis of their project activities, while 49.1% of associations highlighted cooperation between NGO networks as a form of cooperation and 35.8% identified coalition.

213 Available at http://www.civilnodrustvo.ba/files/docs/Povelja_o_osnivanju_Mreze.pdf

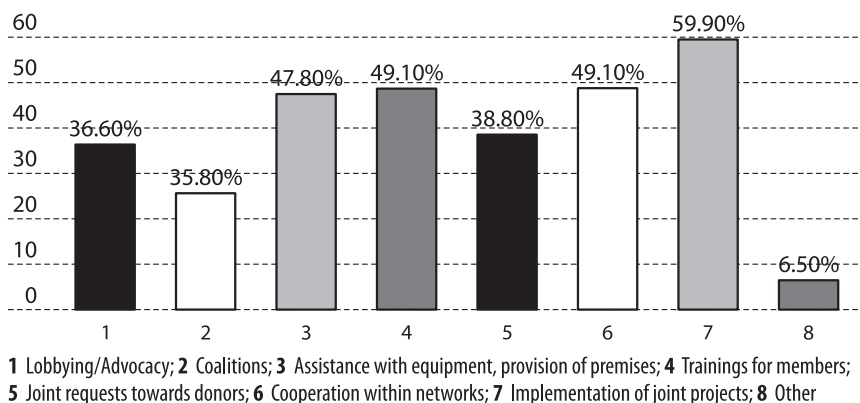
214 Available at <http://www.civilnodrustvo.ba/files/docs/STATUT.pdf>

215 See also <http://www.igman-initiative.org>

216 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

In what way have you cooperated with other associations?

217

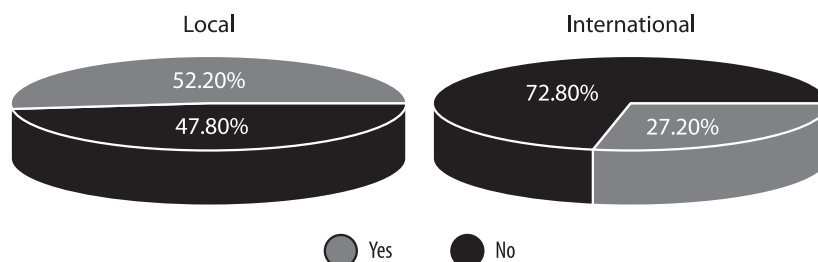


This information corresponds with the fact that 53.30% of associations are members of some networks. Associations that stated that the form of cooperation with other associations is based, among other things, on trainings for staff members (49.1%, and here we can also include the 6.5% of associations that chose "other", because they can be classified into this category based on their answer), mainly work on economic, vocational, and hobbyist issues, issues pertaining to economic development and civil initiatives, as well as sport and human rights (rights of women, children and human rights in general).

Public representation and lobbying were highlighted by 36.6% of associations, and they are mainly associations dealing with social issues, protection of women, civil initiatives and children's rights. Furthermore, 47.8% of associations indicated assistance in equipment and offering business premises for use as a form of cooperation. These associations mainly come from the rank of associations working on youth issues, protection of women, and social issues.²¹⁸

Is your association member of a network?

219



Shared interests and joint requests presented to donors were highlighted as the most common reasons for membership in some of the association networks, while the lack of information represents the main reason why other associations are not members of any of

217 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

218 Ibid.

219 Ibid.

the networks, i.e. they do not know that such networks even exist. It is very worrying that there is absolutely no possibility to participate in creating public policies or monitoring effects, certain government measures or laws, as motives for association networking.

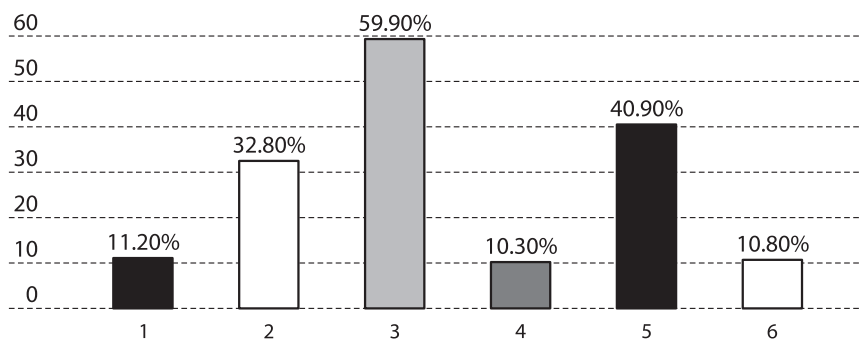
These indicators concur with the fact that 81.9% of associations evaluated cooperation within the civil sector as undeveloped (with importance of $p=0.05$), while 96.02% of associations estimated the influence of networks as minor, i.e. without influence (reliability of .089). These facts lead to a conclusion that money (joint requests to donors) still represents the dominant motive for cooperation between associations in Bosnia and Herzegovina.

Associations that cooperated to largest extent with other associations from Bosnia and Herzegovina in the implementation of project activities are from the ranks of sport, cultural-artistic associations and associations working on civil initiative issues, humanitarian issues and civil society development. The majority of associations that established cooperation with international associations are associations that provide services, deal with youth issues and rights and protection of women. These associations demonstrate a high degree of insight and understanding, i.e. they are very well informed. Comparative analysis indicates that these associations have the highest number of employees, especially those with two-year/higher education, and they also demonstrate a high level of technical capacities.²²⁰

5.3. COOPERATION WITH STATE AUTHORITIES

The relationship of the state towards civil society can be best judged by a relatively high degree of dissatisfaction among surveyed associations in relation to the state (including local self-governance). Specifically, almost two in three associations believe that the state is not interested in civil society, i.e. in 32.8% of cases they think that the state perceives associations as rivals.

How would you rate the relationship between state and non-governmental sector? 221



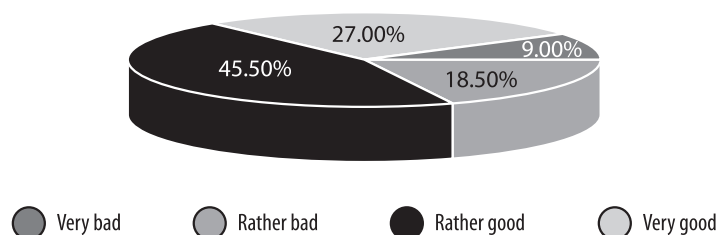
1 State recognizes the non-governmental sector as partners (also used their services, knowledge, experience, etc.);
 2 State sees the association as opponents; 3 State constant indifference and misjudge the importance of the NGO sector;
 4 State financial supports NGO sector; 5 State supports the NGO sector because of pressure from outside (eg the European Union); 6 I can not judge

220 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

221 Ibid.

Associations that recognised the state as a partner (they have a positive attitude towards the state) are mainly associations that established cooperation with the state in the past (11.2%), and this includes sport, cultural-artistic, hobbyist associations, as well as associations working on youth issues and civil initiatives, including pensioners' associations, fire companies and associations dealing with veterans' issues. There are 32.8% of associations that cooperated with state institutions at the national level, while 76.3% of associations cooperated with institutions at the local level. Only 10.8% of associations in Bosnia and Herzegovina have not established any kind of cooperation with state institutions so far, which is a very encouraging piece of information. When it comes to forms of cooperation with state institutions, for 42.7% of surveyed associations this cooperation was based on exchange of experiences and information. Furthermore, 50.4% of associations worked jointly on projects with state institutions, 11.6% of associations were hired by state institutions as consultants, for 44.4% of associations state institutions functioned as donors, while in 10.8% of cases the state was a contracting party for services provided by associations.²²²

How would you rate the cooperation of your local government with your association? ²²³



Associations that believe that local self-governance is obstructing their work, in other words associations that feel cooperation is inadequate, are mainly those that work on refugee issues (especially minority returnees, after conducting a comparative geographical analysis), followed by unions, vocational and interest associations. Most frequently highlighted method used by municipalities to prevent associations from doing their work is their refusal to finance projects, failure to provide support for their initiatives, and failure to acknowledge and appreciate representatives of associations. Comparative analysis indicated that complaints by returnee associations are directed to smaller municipalities, places of minority return, and that among such municipalities there is not a single one that received a complaint by more than one association about them preventing the work of associations. Complaints for preventing the work of associations (to largest degree by unions, vocational and interest associations) were most frequently addressed to municipalities of Banja Luka, Sarajevo, Tuzla and Teslić.

The associations highlighted the following as preconditions to improve their relation with the state: the state needs to perceive civil society associations as equal partners in accomplishing common objectives (those of general interest for citizens of Bosnia and Herzegovina), increase of financial allocations for the NGO sector and increase transparency in associations' work, and conducting activities they were originally registered for.²²⁴

²²² Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009, p. 126-128.

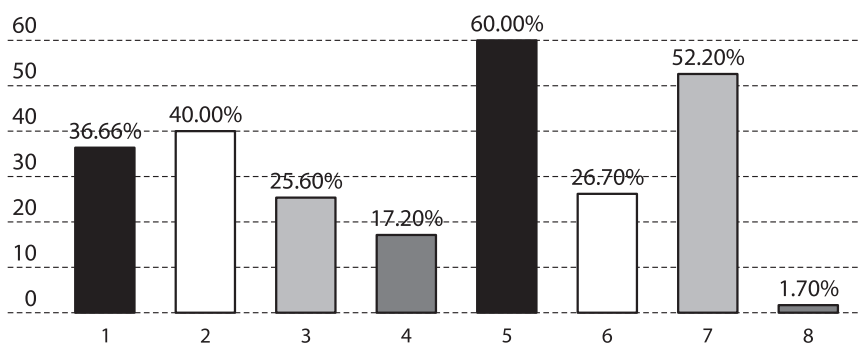
²²³ Ibid.

²²⁴ Ibid.

Regarding the State and entities' role and contribution to creating a better environment for development of sustainable civil society in Bosnia and Herzegovina, most associations highlighted the need to increase funding/funds intended for financing projects implemented by associations (60%) that is to ensure a solid institutional framework for support to civil society development in Bosnia and Herzegovina (52.20%).

What the State should do to create a more conducive environment for the development of civil society in Bosnia and Herzegovina?

225



1 Provide greater tax benefits to NGOs; 2 Provide greater tax breaks to companies that support the association; 3 Deduct from the benefits paid to employees of associations; 4 Increase tax breaks to citizens who financially support the work of NGOs; 5 Provide greater resources/funds for the financing of NGO projects; 6 Improve the legal framework in which NGOs operate (update and supplement the existing and adopting new laws that relate to the work of NGOs); 7 To ensure a good quality institutional framework for supporting the civil society; 8 Other

Answers to this question indicated very clearly that the majority of the civil sector in Bosnia and Herzegovina dominantly sees its future development through regulations of the relationship with the state, in terms of securing funds for their work. The state is perceived as the entity that should assume responsibility for financing, organising and networking between associations. Only 1.7% of surveyed associations used offered their own solution as to how the state could contribute to creating a better atmosphere for civil society development. Even those answers only confirmed our previous conclusion (securing premises for their work, establishing funds for associations).

5.4. COOPERATION WITH THE PRIVATE SECTOR

Majority (61.0%) of surveyed associations cooperate with the private sector in Bosnia and Herzegovina, and a comparative analysis indicates that the dominant profiles among such associations are sport associations, associations providing various services (safe houses, agricultural development, interest and hobbyist associations), associations working on youth issues, as well as associations working on local economic development and civil initiatives.

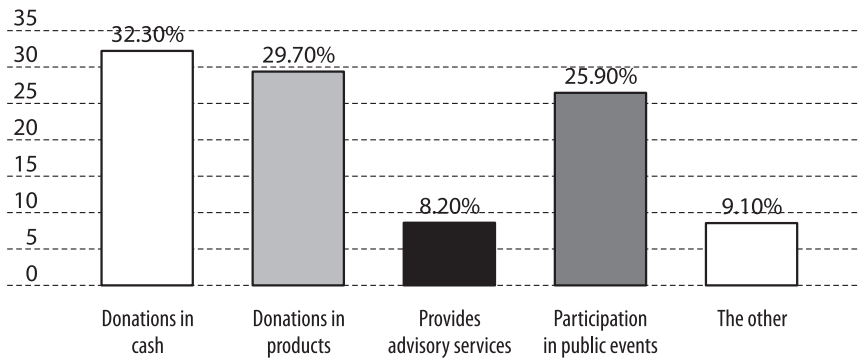
Reasons for lack of cooperation indicated by associations are lack of information and indifference of the business sector for the work of these associations (such as ethnic minorities' issues). Personal acquaintances and common interests were highlighted as the most frequent ways of establishing cooperation with the private sector. Private sector

225 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

supports the civil sector mainly financially and materially, while under the “other” category many associations indicated employment of association members and providing services (transportation for example).

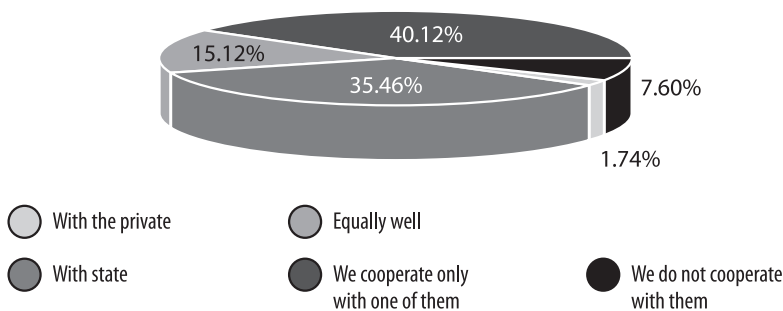
On which way the business sector usually helps your NGO?

226



Do you have better cooperation with the private or with state enterprises?

227



Majority of associations that participated in the survey did not implement any activities in connection to European integrations.

Profiles of dominant associations that had activities related to European integration are civil initiatives and civil society development, human rights protection, local economic development and economic associations (46.15%).²²⁸

226 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009,

227 Ibid.

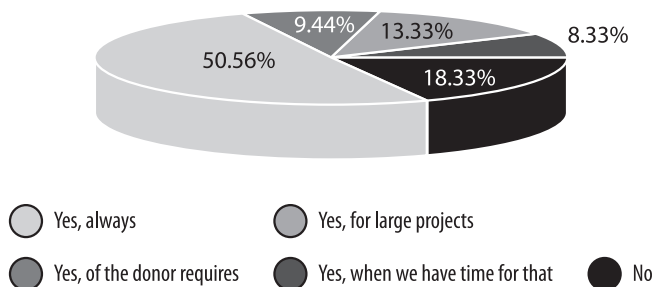
228 Ibid.

5.5. COMMUNITY INVOLVEMENT

There is a significant difference between associations that always analyse the needs of final beneficiaries, as their findings are used as the basis for project drafting (50.56%), and associations that never do that (18.33%).

Do you test needs of users when you preparing the project proposal (spending some form of research)?

229



When asked about the method of involving beneficiaries into the associations' work:

- 56.7% stated that they analyse the needs of beneficiaries (especially associations dealing with protection of women, social issues, local community development and youth issues);
- 40% consult beneficiaries when planning their activities (same profiles as indicated earlier);
- 41.7% hire beneficiaries as volunteers (civil initiatives, cultural-artistic associations and associations working with veterans);
- 43.89% of associations accept beneficiaries into the membership of association (sport, social and cultural-artistic associations);
- 43.33% of associations conduct evaluations, i.e. estimate the satisfaction of beneficiaries (associations dealing with human rights in general and environmental protection).

Majority of associations review the quality and success of implementation of project activities occasionally, and the most common method is internal evaluation (within association itself).²³⁰

6.2. TYPES OF ASSOCIATIONS IN BIH²³¹

6.2.1. SPIN-OFF²³² ASSOCIATIONS

These associations are established upon an initiative of key international political factors or donors, as an instrument for implementing their projects or as an exit strategy form of major international organisations. Initially, the main task of these associations was

229 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009.

230 Ibid.

231 Ibid.

232 Spin off – formed by divestiture, becoming independent from the main organisation.

to act as local channels for the distribution of humanitarian and political support to the return process and democratisation of the country²³³. Thanking to the long-lasting ample technical and financial support of their mentors, these associations have in the meantime built considerable technical capacities, so that today they represent almost the only associations in Bosnia and Herzegovina that are technically capable of administering important and serious projects. A weakness of these associations is that too few of them have managed to develop management capacities (adequate managing boards that would take actual ownership over strategic directions of the association's activities) and social legitimacy within the local community.

Although they are in a privileged position with regard to other associations and are financially independent from local funds, these associations have not managed to establish a necessary level of cooperation (dialogue) with local authorities and have not realised their social legitimacy. After their political mentors began to reduce financial support, only a few of these associations have managed to develop a clear profile and certain socially useful services and thus survive in competitive circumstances.

6.2.2. "TRADITIONAL" ASSOCIATIONS²³⁴

This category includes associations that inherited their root from the communist period. As was the case in this period, local self-governance units still have the main say in their organisation, funding and networking. The continued support to these associations on the part of local self-governance units, regardless of changes in social relations generally, still follows a tradition that no political option dares to change. Major problem these associations face is a lack of financial resources, and that the best way of funding their activities are resources coming directly from public/government budgets. These associations are mostly represented by sports societies, local cultural and art societies, local radio amateur associations, scouts and local humanitarian organisations. They are most frequently networked into unions, and their organisation is fully in accordance with the government structure of the state (from municipal, cantonal and entity to state unions). Over 60% of the resources distributed from municipal budgets to associations are allocated to this category of associations, with no objectives or evaluation of the effects of these resources. Local self-governance units justify such distribution of resources from municipal budgets by the need for promoting the local community through sports, culture and humanitarian activities.

6.2.3. GONGO²³⁵ ASSOCIATIONS

This category of associations includes those established for the purpose of providing civil support to certain political options, and to meet particular interests of those social groups representing a potential body electorate for a certain political option. Most associations in this group are associations having emerged from the recent war, various youth associations directly linked with certain political parties, associations gathering displaced persons, refugees, returnees and victims of war. Activities of these associations at lower levels mostly consist only of distribution of implemented rights and of humanitarian aid

233 Bežovan, G. *Civilno društvo u Hrvatskoj*. Zagreb: Jesenski i Turk, 2007.

234 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. *Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina*. Sarajevo, 2009

235 GONGO stands for the English acronym Government sponsored Non-governmental organizations. (<http://en.wikipedia.org/wiki/GONGO>; page visited September 15th, 2010).

to association membership. At higher organisation levels, activities of these associations consist of public communication with government institutions through the media and press releases. Not infrequently these associations hold institutions of government some sort of political hostage, racketeering their political sponsors particularly during election campaign periods. There are a number of examples when, under the pressure of these associations, laws were adopted to the benefit of the membership of these associations, without any expert analyses of law implementation funds availability having been made with regard to these laws. A weakness of these associations is that they have no clear vision of their membership self-help, but direct all their activities towards negotiating with the state about the exercise of certain rights of their membership. A strong point of these associations is that they are well networked and can count on the support of a huge number of virtual members not participating in their work but interested in exercising certain rights granted by law.

6.2.4. GRASSROOTS ASSOCIATIONS

Grassroots associations are small local associations that are direct interpreters and representatives of the interests of various politically-marginalised social categories, which mostly operate at the local level²³⁶. This category includes a number of various associations, from returnee and refugee associations, associations gathering persons with disabilities or special needs, to local youth initiatives, agricultural cooperatives and associations established for the purpose of promotion of agriculture and rural development, different local development initiatives, etc²³⁷. In short, this is a whole range of different associations having emerged as an expression of the need of the common man to find responses to certain social challenges. A characteristic of these associations is that they have unquestionable and very strong social legitimacy in their communities, and that they are recognised as grassroots initiatives in these terms. On the other hand, these associations do not have adequate technical capacities to actively participate in defining public policies and to apply for funds of the international community. Unfortunately, their major weakness is poor networking, as well as a lack of understanding of mechanism of influencing public policies. They are ideal for surveying citizens' needs, or needs of different social categories, but also for evaluating the effects of certain public policies.

6.2.5. INTEREST AND PROFESSIONAL ASSOCIATIONS

Interest and professional associations are probably the most independent part of the civil society in Bosnia and Herzegovina. They are equally independent from both domestic institutions of government and international mentors and sponsors. This is so thanks to the fact that these associations are based on membership financing the work of associations through the membership fee alone, as well as the fact that associations have clearly defined missions and goals. A major drawback of these associations is the fact that they are exclusively focused on the interests of their own membership, while general interest and general social benefit are completely neglected.

236 The Global Development Research Center. <http://www.gdrc.org/ngo/wb-define.html>. Page visited: August 24th, 2010).

237 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009

6.2.6. SERVICE-ORIENTED ASSOCIATIONS

From the aspect of the state and society, these associations are probably the most interesting category of associations in Bosnia and Herzegovina. It comprises a comparatively small number of associations (mainly emerging from spin off associations) that have managed to become association for providing certain social services. This implies specific social services which, without these associations, would have to be provided by the state and/or public services. These are primarily non-institutionalised forms of social prevention, support and protection (particularly with respect to women and children) and different forms of psychosocial help. The protection of children, fight against trafficking in people, fight against domestic violence, care of the old and infirm, free legal assistance, different forms of psychosocial help are only some of the services provided by these associations. However, neither Bosnia and Herzegovina as the state nor the entities have recognised the importance of these associations that primarily work to the general benefit and welfare of the society.²³⁸ On the other hand, there we find a range of different associations with a certain degree of social legitimacy but without the required technical or professional capacities that would enable them to participate as a relevant factor in defining public policies.

238 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009., p. 140-145.

6. FUNDING OF THE NGO SECTOR FROM INTERNATIONAL AND LOCAL SOURCES

In the years immediately after the war, local NGOs were mostly funded by international donors. However, with the beginning of the 21st century, participation of local budgets started to increase. Although civil society organizations receive certain financial support from the local resources for their activities, these amounts are not sufficient to secure the sustainability of the NGO sector. This is especially worrying as the financial support of the international community has been reduced and local budgets funding have to be compromised due to the global economic crisis. In this situation, the civil society, especially the NGO non-profitable sector faces a serious challenge of continuing their work. Even the alternative options of securing funding, primarily through establishment of partnership with public and private sector and through individual donations (philanthropy) have been much reduced lately. However, success in identifying local sources of funding will greatly depend on further legal, fiscal and tax reform and on economic growth in general.

Although it has already been noted that an organisation's sustainability cannot be built on financial resources alone, a solid financial base is a necessary condition of sustainability. All organisations, however small and however much based on volunteer services and other forms of community action, need resources to buy and run basic equipment such as, computers and telephones, to pay for regular expenses incurred, such as legal costs, rent, travel, to access and distribute information and to pay for materials, expert services and resources for projects and programmes. Financial security for each organisation will be dependent not just on the amounts of funding available, but also on its predictability, reliability, duration and the conditions under which is given or generated.

Predictability and reliability refer to the extent to which that sources of funding remain available and may be accessed again with confidence in the long-term. It is only within a stable funding framework that organisations can plan effectively for future programming and organisational development. The duration of any individual source of funding affects the short or mid-term security of the organisations; the longer the duration, the greater organisation's security. Longer funding cycles, whether for organisational costs or single projects, also allow the organisation to plan more effectively and allow more time for other fundraising from other sources. The conditions placed upon any funding received affect the organisation's immediate efficiency and effectiveness. Most funding is given for a specific purpose with restrictions placed on its use. For example, many grants from international donors demand stringent narrative and financial reporting procedures that may make heavy demands on staff time and skills. Also, provision is often not allowed for regular running costs, such as rent, heating or remuneration.

At the same time, a general rule for financial sustainability is that financial resources should be accessed from a wide spread of sources, so that over dependence on single sources and vulnerability to changing funding priorities and economic circumstances are reduced.

The non-profit sector in BiH emerged and developed with intensive and initially widely accessible foreign aid, made available from INGOs in BiH, international bilateral aid, often administered from embassies located in Sarajevo, multilateral aid from organisations such as the EU and UN departments and international foundations situated abroad. As already observed, foreign donor funds have already fallen sharply over the last years and this

trend will continue in the foreseeable future. The long-term future of all CBOs and NGOs in BiH will, therefore, ultimately depend on their ability to locate and generate a spread of local sources of income. This is particularly so for CBOs in rural BiH, as their generally small size and community focus will make them unattractive to the remaining sources of foreign aid in the long run.

Further, new demands placed on donors by emerging political and economic crises in other parts of the world will make international aid to BiH increasingly unpredictable. All organisations that remain totally dependent of international sources have so far failed to apply their technical abilities to developing significant local sources of funding and should be considered financially vulnerable in the long run. The elite group of well-funded NGOs in rural BiH illustrate the continued dependence of the sector as a whole on international donors. International funding is the single most common source of finance for CSOs and NGOs in BiH, with most organisations benefiting from some kind of direct foreign donor support²³⁹.

Although in practice it is unlikely that a CSO can generate all its required funds on its own, successful self-financing allows a CSO a degree of control over its resources that has the potential to render them predictable, reliable, long lasting and consistent with the organisation's purpose. This can be a valuable tool to offset the negative influences of other sources of funding, such as from international agencies or government, that are susceptible to changes in policy, are often of short duration and often come with strings attached. On the other hand, self-financing is subject to legal and environmental limitations.

According to the present NGO laws in BiH, a registered NGO may undertake profit-making activities that are shown to be in accordance with the organisation's legally stated social purposes and that the profits are to be used for funding of other non-profit making activities. In practice, this means that NGOs may generate a non-taxable surplus from the sale of their services and collection of membership fees, which can be accounted for as expenses, including running costs, equipment, salaries and representation, for advancement of their stated social purpose. Where an organisation wishes to generate income from activities apparently not connected with its purpose, it must register a separate legal entity, which is then subject to all the usual taxes that apply to profitable concerns.

Over-dependence on international sources is most acute amongst larger, more developed, "elite" groups with high levels of activities and high running costs. These organisations are particularly financially vulnerable, as they have not developed adequate strategies for replacing international funding with locally raised sources of income.

At present all forms of locally available finance are under exploited, often owing to overly pessimistic assessments of what is possible in the present conditions of economic hardship in BiH. Encouragingly, a significant number of organisations are beginning to develop successful strategies for developing a variety of local sources of income and the evidence is clear that people are willing to support activities from which they may gain personally in non-financial ways or which serve an important community need. A recent development is the emergence of a small number of Bosnian grant-giving foundations

239 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009

that are establishing endowment funds that will enable them to disburse funds according to long-term strategic assessments of CBO needs. One such example can be seen in the activities of the Social Inclusion Social Inclusion Foundation in Bosnia and Herzegovina in BiH, which are based on the principle of matching of local and international funds, as a step closer to reducing dependence on international funds.

6.1. FINANCIAL STABILITY – SOURCES OF FUNDING

At present, possible sources of local funding in BiH include: self-financing schemes that include charging for services, membership fees and carrying out commercial activities, government grants and donations (from all levels), business sponsorship and donations, support from a small number of BiH foundations and NGOs and donations from the wider community. Although evidence from other countries suggests the that non-profit sectors are initially reliant on a base of international support and later develop through accessing a wide variety of local funding sources²⁴⁰, expanding the local funding base in BiH is at present fraught with difficulties, including legal restrictions, low government capacity, misunderstanding of the non-profit sector and general economic weakness and poverty.

Ranked sources of income²⁴¹:

	Sources of income	% of total mentions
1	Membership fees	27%
2	Government donations	21%
3	International donations	21%
4	Domestic donations	18%
5	Contracted services	9%
6	Municipal funds	2%
7	Other	2%

The income of associations in Bosnia and Herzegovina, as illustrated in the graph attached below, is generated by various activities. The majority of associations (67.2%) are financed on the basis of projects (both financed from local budgets and from international donations), while volunteer work dominates in 34.5% of associations, which corresponds with earlier information that 53.7% of associations do not have employees at all. It is evident that 41.8% of surveyed associations collect membership fees, and it is very interesting that a high percentage of associations are financed through citizen's voluntary contributions (26.2%), self-financing activities (23.7%) and gifts (12.1%).

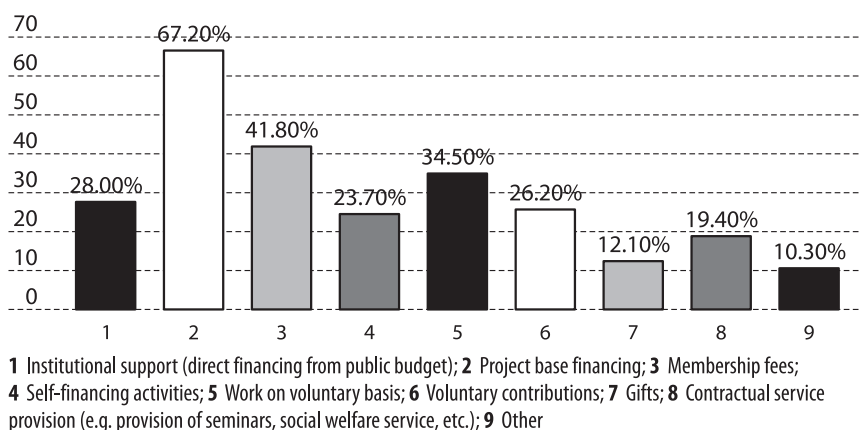
Although majority of associations obtain funding through project activities, it is worrying that 75.8% of associations do not have a donor strategy at all, while 60.45% of associations did not secure funds for 2009.

240 Dadalos: Association for Peace Education Work. Serving the Community: An Assessment of Civil Society in Rural BiH. Sarajevo, 2003.

241 Papić, Ž. Ninković, R. Čar, O. Integrity in Reconstruction: Corruption, Effectiveness and Sustainability in Post-War Countries. IBHI: Sarajevo, 2007. p. 59.

What are the sources of financing of your association in the 2008 fiscal year?

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In addition to the above information, many surveyed associations (48.0%) evaluated the financial situation in associations as satisfactory, while 51.1% of them evaluated the financial situation as quite bad or very bad. Only 0.9% of associations evaluated their respective financial situations as excellent.

When it comes to sources of financing, the highest percentage of associations are financed by local/regional administration, i.e. 49.44% of them, which confirms the results of research conducted in 2008 both by Kronauer Consulting²⁴³ and Independent Bureau for Humanitarian Issues. Majority of associations whose principal source of financing is local/regional administration are local sport associations, local cultural-artistic associations, associations from the last war, some humanitarian associations, associations dealing with local economic development, civil initiatives and social associations – 62.56% (furthermore, these associations belong to the group of those that have secured funding for 2009), and it is interesting to note that these associations in most cases hire more than five volunteers.

The second most available sources of financing are membership fees (36.67%). Associations that obtain funding via membership fees are most frequently associations from the ranks of interest, vocational associations, sport associations and associations from the last war.

Associations that obtain funding through international donor organisations (35.56%) are associations whose scope of activity pertains to civil initiatives, humanitarian, social and economic associations, women's associations and associations working on youth issues.

Self-financing associations i.e. 36.11% of associations (this also refers to associations that indicated "other" as their financing source, because self financing activities is what they actually indicated in that part, such as providing services etc.) are mainly associations dealing with environmental issues, protection of animals, and problems of children as well as educational, sport and hobbyist associations.

242 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009. p. 116.

243 Žeravčić, G. Analysis of Institutional Cooperation between the Governmental and Nongovernmental Sectors in Bosnia and Herzegovina. Kronauer Consulting: Sarajevo, 2009.

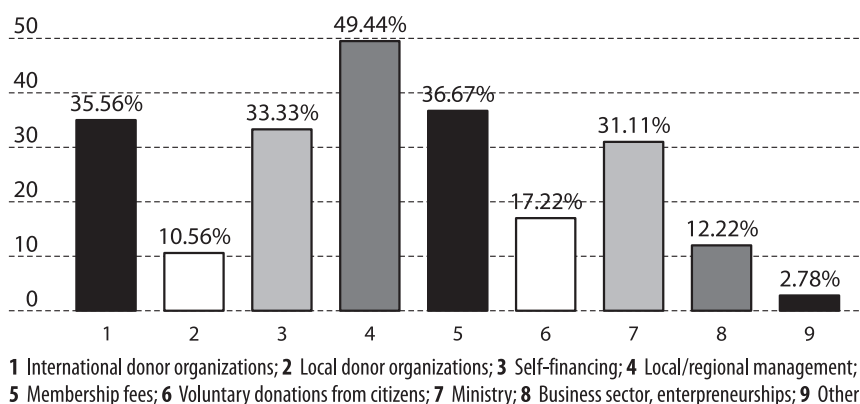
Associations that identified ministries as one of their financing sources (31.11%) come from the rank of associations dealing with civil initiative issues, local economic development, rights of women and youth, as well as sport, cultural-artistic and humanitarian associations. In 69.1% of cases these associations identified ministries as sources of financing. Dominant among ministries that provide financial support for associations are ministries for culture, sport and social issues, at state, entity and cantonal levels (79.9%). Furthermore, 17.22% of associations indicated voluntary contributions by citizens as one of their financing sources, and a comparative analysis based on profiles of associations shows that the majority of these are associations working on protection of women, rural and agricultural development, associations from the last war, social, cultural and hobbyist associations.

The business sector financially supports 12.22% of associations, whose work plans are based on sport activities, youth and children's issues, women's rights, civil initiative, as well as vocational and social associations. Domestic donor organisations finance 10.56% of associations, and in most cases associations they finance deal with youth issues, civil initiatives, cultural and sport associations.

Comparative analysis in the last three years indicated a trend of reduction of financing sources from international funds, and at the same time a notable increase of financing sources such as membership fees, self-financing activities and voluntary contributions by citizens for 9.7%.

Who is financing your association in the current fiscal year?

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When it comes to estimates of the growth/reduction of revenues in the last three years, 36,4% of associations reported a revenue increase, while a comparative analysis indicates that, for most part, the profile of these associations is primarily based on cultural and sport activities, as well as activities concerning civil initiatives and issues of youth and war veterans. This trend may be directly linked to the increase of funds used to finance associations from local public funds. Associations whose revenues remained the same in the last three years are those that work on protection of women, economic, hobbyist, interest, humanitarian and social associations, as well as associations dealing with human rights issues and local community development (65.91%). Associations whose revenues decreased are mainly associations that deal with education and ethnic minorities (17.24%).

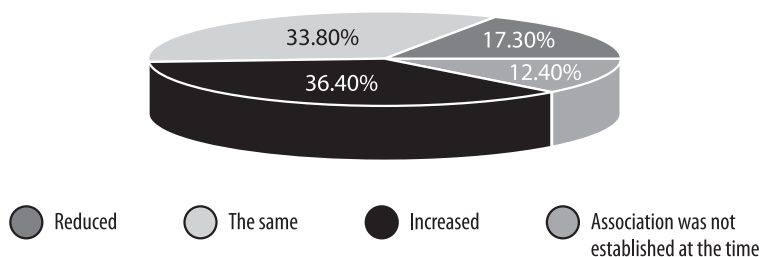
244 Žeravčić, G. & Bišćević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009. p. 119.

Framework revenues in 2008 were:

- less than 3.000 BAM for 19% of surveyed associations,
- from 3.000 to 30.000 BAM for 39.3% of associations,
- from 30.000 to 100.000 BAM for 13.5% of associations,
- from 100.000 to 500.000 BAM for 19.02% of associations,
- from 500.000 to 1.000.000 BAM for 6.12% associations,
- over 1.000.000 BAM for 3.06% of associations.

What is the status of your income in the last three years?

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Information pertaining to financial auditing and financial transparency is very interesting. Specifically, 71.1% of associations did not conduct financial audits at the level of projects, and 81.1% of associations did not conduct audits at the level of association.

It is very interesting to note the analysis of types of associations that conduct, or do not conduct, financial audits of association/projects. Žeravčić and Biščević indicated that, when it comes to financial auditing of association's operations, unions, humanitarian associations and associations dealing with human rights protection proved to be the most diligent. When it comes to financial auditing of projects, most diligent are associations for civil society promotion, humanitarian associations, associations for local economic development and associations dealing with human rights protection.

In this case, too, a direct link may be established with sources of financing. Associations that are predominantly financed from budgets of local public funds – funds of municipalities, ministries (such as sport, cultural associations and associations from the last war) are less prone to conducting financial audits of their operations and projects they implement. On the other hand, associations that are predominantly financed from international funds or membership fees (unions, associations for civil society promotion, humanitarian associations, associations for local economic development and associations dealing with human rights protection) show far more tendency for conducting financial audits, especially on projects financed by the international community. In 65.6% of cases, associations highlighted annual assemblies as the most frequent method for publicising financial reports, and the next indicated method (30%) is to provide these reports on request. Other, less represented methods are through the media, websites and printed reports.

Projecting the future, the perception of international donors as the best eventual source of financing in the future was notably reduced, which corresponds with the realistic picture of decrease of international donor financing sources in the last three years. Associations

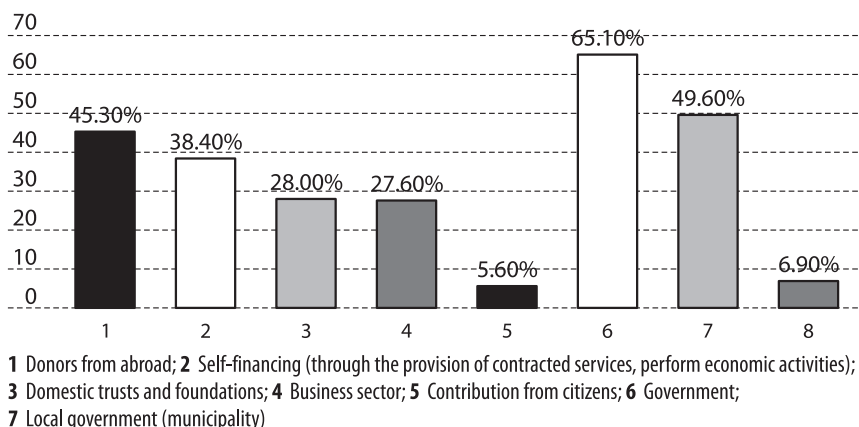
245 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009. p. 120.

recognised the state, that is the ministries (65.1%) and local regional administration (49.6%) as the most important future sources of financing for civil society organisations. This information indicates a certain extent of concurrence with the opinion of the civil sector that the state and local self-governance institutions have modest funds for financing associations (64.33% of them).

It is interesting that 21.7% of associations stated that donors distribute funds selectively, i.e. to larger associations and those that have greater influence on donors' policies (including also the state and local self-governance). Associations that offered such opinions are from the ranks of associations dealing with veterans' issues, ethnic minorities, social protection, animal protection, local community and agricultural development.

Self-financing as one of the financing options for the future (38.4%) was highlighted by associations that provide services, which also indicated this form of financing as their present source, while the business sector and domestic foundations and trusts in addition to these associations recognised associations dealing with social issues, ethnic minority issues and veterans of the last war. It is highly indicative that only 5.6% of associations see philanthropy, i.e. contributions by citizens, as a potential financing source for their activities.

Based on your opinion what would be the best way of financing of NGOs in the future? ²⁴⁶



6.2. GOVERNMENT SUPPORT

In 2007, IBHI carried out a survey of government allocations for civil associations/nongovernmental organisations (CAs/NGOs). In order to monitor trends in government allocations for the non-governmental sector, IBHI repeated the survey in 2008²⁴⁷. The results will be shown here as the last available information regarding government allocations for the NGO sector in BiH.

As the target population of the 2008 survey, 249 government institutions were selected (out of 280 institutions). The sample comprised of ministries and institutions at the level of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina (FBiH), Republika Srpska (RS),

²⁴⁶ Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009. p. 123.

²⁴⁷ IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008, Sarajevo, 2009.

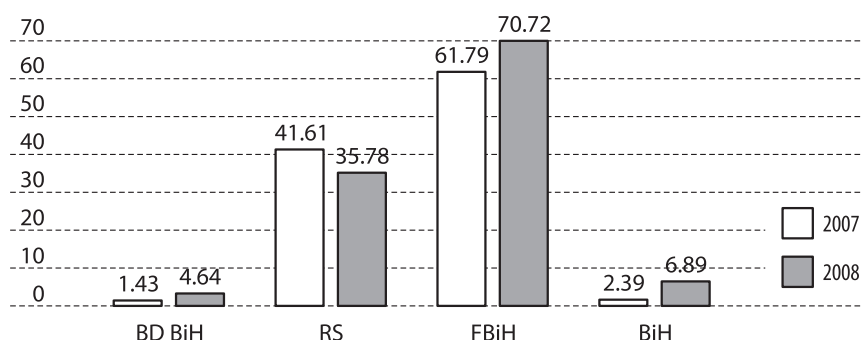
departments of the Government of the Brčko District of BiH (BD BiH), cantonal ministries, and municipalities in the FBiH and RS. The criterion for the selection of ministries was their field of jurisdiction and the assumption that they allocate funds for the non-governmental sector. Representativeness of allocation estimates has been achieved at the state level, entity level, at the overall cantonal level and for municipalities, at the entity level. The final response rate was 87.6%, enabling analysis of results at the population level.

The total planned funds of the surveyed institutions for the non-governmental sector in 2008 amounted to **118,033,391.43 BAM** (0.55 % of the GDP for 2007)²⁴⁸. In relation to 2007, government institutions that participated in the survey planned to allocate 10,814,075.38 BAM more for NGOs.

In 2008, the total planned allocations of institutions surveyed in the FBiH amounted to **70,719,117.29 BAM** and in the RS to **35,778,359.39 BAM**. In the FBiH 8,928,727.00 BAM more was planned in comparison with 2007, while in the RS 5,833,566.37 BAM less was planned for allocations to the nongovernmental sector within the interviewed institutions. The negative difference in the RS is suspect, since the RS Ministry for Family, Youth and Sports, which in 2007 allocated significant funds to the non-governmental sector, did not participate in the survey in 2008. According to the Budget of the RS Government for 2008, the RS Ministry for Family, Youth and Sports planned to allocate about 6,500,000.00 BAM to CAs/NGOs²⁴⁹. Thus, at the RS Government level, about 666,400.00 BAM more was planned for financing CAs/NGOs in 2008, as compared to 2007. This needs to be taken into account when reviewing the results for RS Ministries presented in this publication.

Graph 1. Total planned allocations of surveyed government institutions, 2007 and 2008 (absolute amounts in million BAM)

250



Note: The amount for the RS in 2008 does not include data of the RS Ministry for Family, Youth and Sports.

Table 1²⁵¹ presents the planned allocations for the non-governmental sector from the interviewed institutions in relation to the 2008 budgets of the BiH, FBiH, RS and BD BiH Governments.

248 The preliminary GDP estimate for 2007 amounts to 21,641 million BAM. Data from the Agency for Statistics of BiH, Table: Basic Indicators – Annual Level, <www.bhas.ba> [accessed 01/05/10].

249 RS Government, RS Ministry of Finance. Budžet Republike Srpske za 2008. godinu (The Budget of Republika Srpska for 2008), <www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mf/Budzet/Budzet_RS_za_2008_godinu_latina.pdf> [accessed 10/06/10].

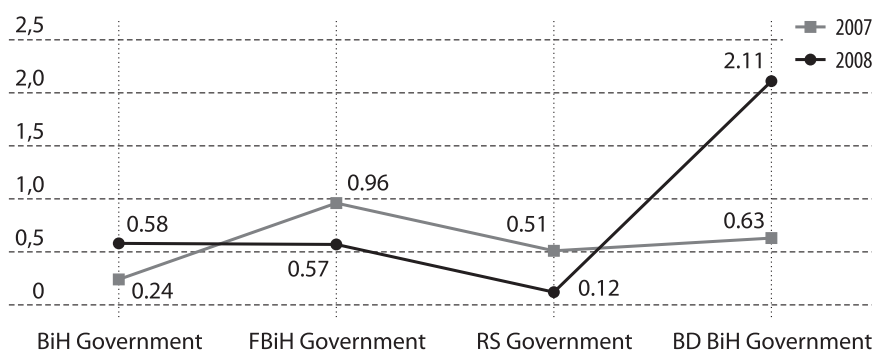
250 IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008. Sarajevo, 2009. p. 29.

251 Ibid, p. 29.

Table 1. Total planned allocations of surveyed institutions of the Governments of BiH, FBiH, RS and BD BiH, 2008 (absolute values in BAM and percentage values)

Government level	Planned funds for 2008	Budget for 2008	Percentage of planned funds in relation to the total Government budgets
BiH Government	6.894.802	1.186.357.560 ⁸	0.58%
FBiH Government	10.421.330	1.833.614.878 ⁹	0.57%
RS Government	1.794.698	1.500.000.000 ¹⁰	0.12%
BD BiH Government	4.641.113	219.639.107 ¹¹	2.11%

Graph 2. Planned allocations of surveyed institutions of the Governments of BiH, FBiH, RS and BD BiH for the non-governmental sector in relation to the Government budgets, 2007 and 2008 (percentage values)



Note: The percentage for the BD BiH Government for 2008 is significantly higher due to the greater number of institutions interviewed. The 2008 data for the RS Government does not include data of the RS Ministry for Family, Youth and Sports.

A decrease in FBiH Government allocations in relation to the 2008 Government budget is evident, whereas allocations of the BD BiH Government are significantly higher, particularly when taking into account that the BD BiH Government was the only Government to decrease their total budget for 2008. If the allocations made by the RS Ministry for Family, Youth and Sports were to be included in the allocations of the RS Government reported within the survey, the percentage allocated by the RS Government, as a share of the total Government budget would be greater by 0.43 percentage points in 2008.

The total number of full-time employees in the non-governmental sector is estimated at 26,668²⁵³, which amounts to 4,021 BAM per employee from domestic sources in 2007 and 4,426 BAM in 2008. If the number of full-time volunteers is included (63,129 in 2004²⁵⁴), the amount from domestic sources in 2007 is 1,194 BAM per person and in 2008, 1,314 BAM.

252 IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008. Sarajevo, 2009, p. 30.

253 2004 estimate, refers to 1.45% of the active population in BiH in 2004. Data from the Qualitative Study 3.

254 2004 estimate. Data from the Qualitative Study 3.

Operational costs for the non-governmental sector have been estimated at 300,673,358 BAM in 2005, with the total income of active CAs/NGOs estimated at 55 2,709,876 BAM²⁵⁵.

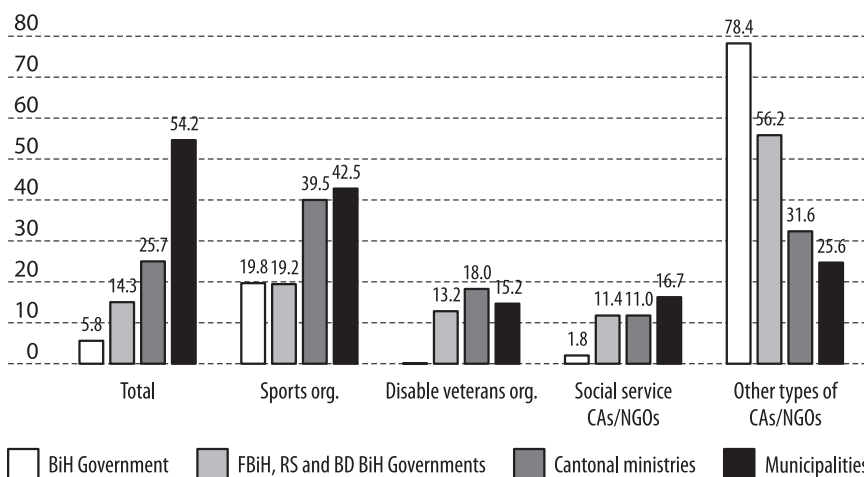
Funds planned in 2007 by governmental institutions amounted to 35.7% of the operational costs, increasing to 39.3% in 2008. Funds planned in 2007 amounted to 19.4% of the total income of the active CAs/NGOs, while in 2008, they amount to 21.4%.

In accordance with the results of the Qualitative Study from 2005 and IBHI's survey on government allocations in 2007, survey data for 2008 indicate that municipal authorities remain the main domestic source of funding for the non-governmental sector in BiH²⁵⁶.

Of the total reported amount allocated to the non-governmental sector in 2008, 37.1% was intended for sports organisations; 14.7% for disabled veterans' associations and other related organisations; 13.6% for CAs/NGOs focusing on social services/social protection of citizen and 34.6% for other types of CAs/NGOs.

Graph 3. Allocations of surveyed institutions by administrative level, 2008 (percentage composition)

257

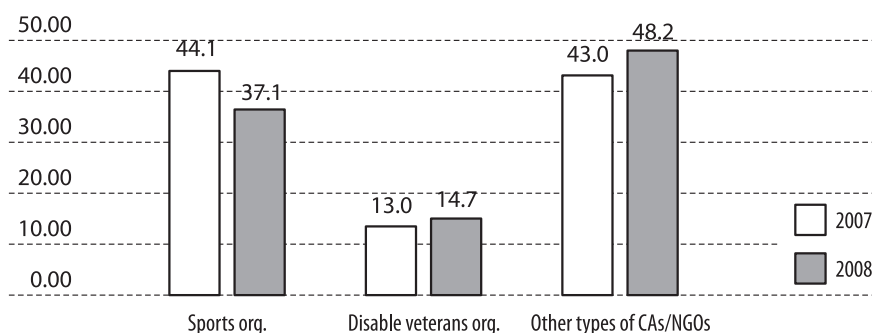


255 2004 estimate. Data from the Qualitative Study 3.

256 Note: in 2007, allocations at the municipal level for the non-governmental sector amounted to 55.4% of the total government allocations; 54.7% of the total allocations for sports organisations; 12.7% for disabled veterans' associations and other related organisations and 32.6% for other types of CAs/NGOs.

257 IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008, Sarajevo, 2009. p. 31.

Graph 4. Allocations of surveyed institutions at all levels by category of CA/NGO, 2007 and 2008 (percentage composition)

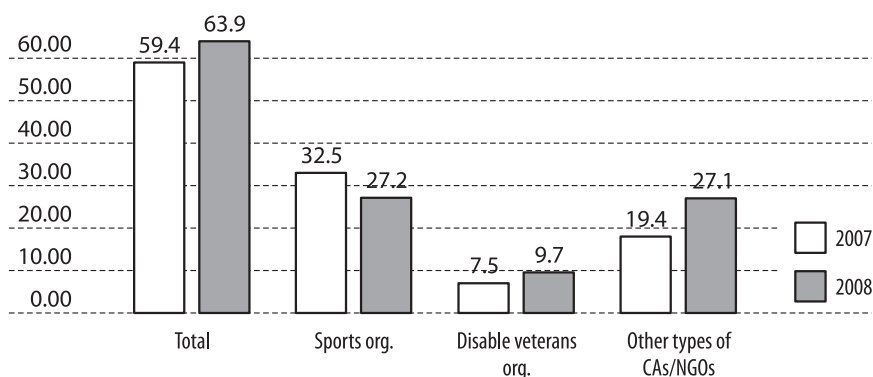


The total allocated amount for CAs/NGOs that **do not** belong to sports and disabled veterans' organisations increased by 5.2 percentage points in 2008; the amount for disabled veterans' associations increased by 1.7%, while the amount allocated to sports organisations decreased by 7 percentage points in 2007.

Municipalities in BiH that participated in the survey allocated 42.5% to sports organisations in 2008 (54.7% in 2007); 15.2% for disabled veterans' associations and related organisations (12.7% in 2007) and 42.3% for other types of CAs/NGOs (32.6% in 2007). The share of allocations at the **municipal level** by category of CAs/NGOs is similar for the FBiH and the RS.

Of the total amount of allocations at the municipal level in the FBiH, 41% was allocated to sports organisations; 16.7% to disabled veterans' associations and related organisations; 16.6% to CAs/NGOs focusing on social services/social protection of citizens and 25.7% to other types of CAs/NGOs. In the RS, 43.9% was allocated to sports organisations; 13.8% to disabled veteran's associations and related organisations; 16.7% to CAs/NGOs which provide social services/social protection and 25.6% to other types of CAs/NGOs.

Graph 5. Allocations of surveyed municipalities by category of CA/NGO, 2007 and 2008 (absolute values in million BAM)

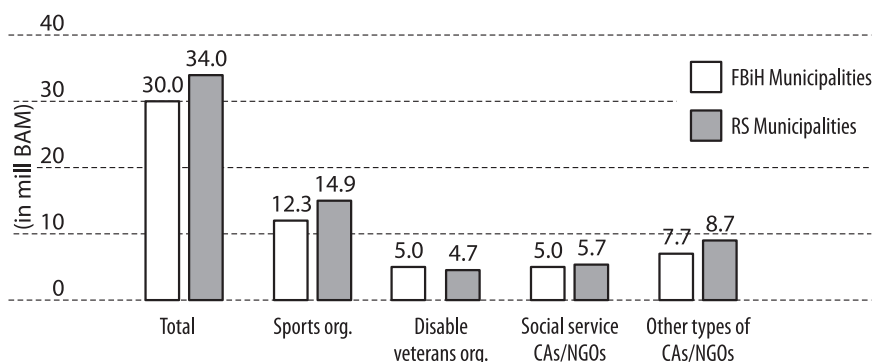


258 IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008, Sarajevo, 2009. p. 31.

259 Ibid, p. 32.

Graph 6. Allocations of surveyed municipalities by category of CA/NGO and entity, 2008 (absolute values in million BAM)

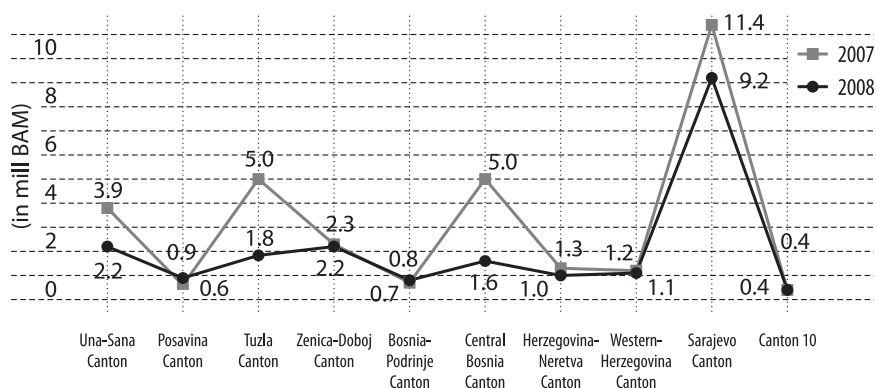
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At the **cantonal level**, Sarajevo Canton continues to allocate the largest amount of funds for the nongovernmental sector (37.5% of the total amount allocated from the cantonal level); followed by the Central Bosnia Canton (16.6%) and Tuzla Canton (16.4%). In 2007, these two cantons were in fourth and fifth place, coming after Una-Sana Canton and Zenica-Doboj Canton. As in 2008, Canton 10 allocated the lowest amount (1.3%).

Graph 7. Allocations of cantonal ministries for the non-governmental sector, 2007 and 2008 (absolute values in million BAM)

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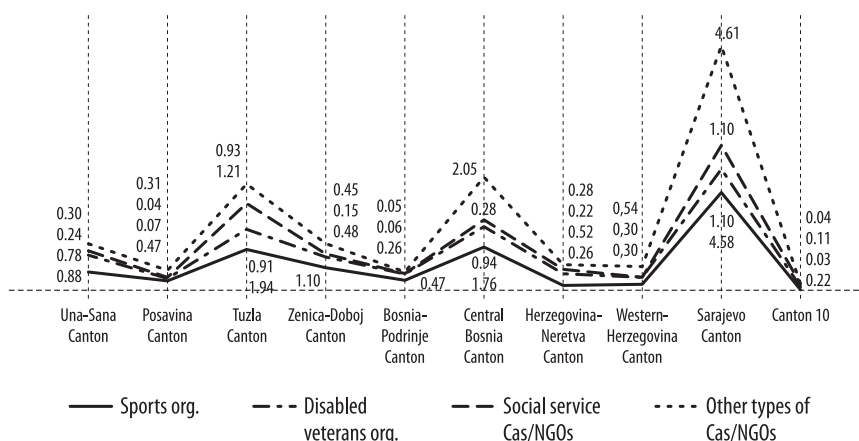


The greatest difference in 2008 in the total amounts allocated to CAs/NGOs from the Cantonal level, in relation to 2007, is evident in the Una-Sana Canton, where the allocated amount has decreased by 10 percentage points, as well as in the Sarajevo and Zenica-Doboj Cantons, where the amounts have decreased by 3 percentage points. In 2008, the greatest increase in allocations, in relation to the total amount distributed at the Cantonal level, occurred in the Central Bosnia Canton where the amount increased by almost 9.5 percentage points and the Tuzla Canton, where it increased by 8.6 percentage points.

260 IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008. Sarajevo, 2009. p. 32.

261 Ibid, p. 33.

Graph 8. Allocations of cantonal ministries by category of CA/NGOs, 2008
(absolute values in million BAM)



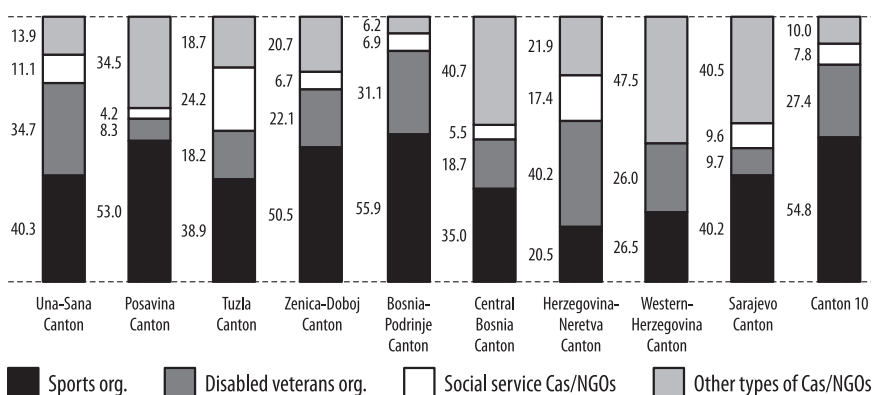
Canton Sarajevo, which allocates the highest amount of funds to the non-governmental sector, provides almost the same share to sports and disabled veteran's associations (49.9%) and CAs/NGOs focusing on social services/social protection and other types of CAs/NGOs (50%). Second in line, in relation to the proportion of allocations for sports and disabled veteran's organisations and other CAs/NGOs, is Western-Herzegovina Canton (52.5%, in other words, 47.5% for other types of CAs/NGOs). It is followed by the Central Bosnia Canton (53.8% for sports and disabled veterans' organisations and 46.2% for other CAs/NGOs); Tuzla Canton (57.1% for sports and disabled veterans' organisations and 42.9% for other CAs/NGOs); Herzegovina-Neretva Canton (60.7% for sports and disabled veterans' organisations and 39.3% for other CAs/NGOs); and Posavina Canton (61.3% for sports and disabled veterans' organisations and 38.7% for other types of CAs/NGOs).

Bosnia-Podrinje Canton and Canton 10 provide the lowest share of funds to CAs/NGOs focusing on social services and "other types of CAs/NGOs" in comparison to the proportion allocated for sports and disabled veterans' organisations (13% for CAs/NGOs and 87% for sports and disabled veterans' organisations; 17.8% for CAs/NGOs and 82.2% for sports and disabled veterans' organisations).

Tuzla Canton and Herzegovina-Neretva Canton allocate the highest amount to CAs/NGOs focusing on social services/social protection (24.2%), while Posavina Canton allocates the lowest share for organisations in this category (4.2%). Western-Herzegovina Canton did not report any allocations for organisations providing social services/social protection.

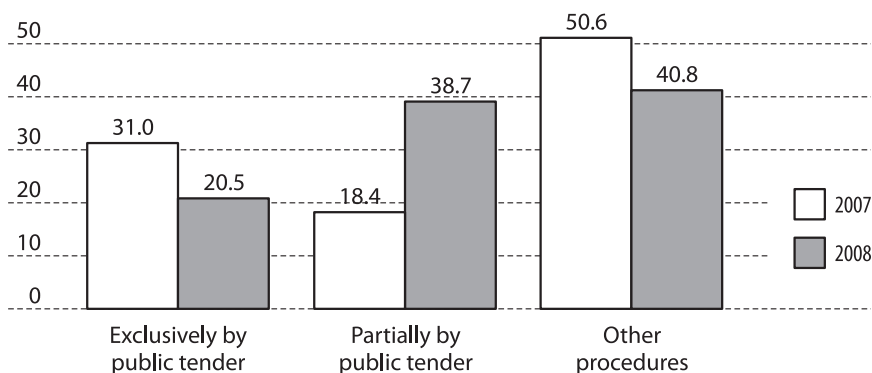
262 IBHI, 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008, Sarajevo, 2009, p. 33.

Graph 9. Allocations of cantonal ministries by category of CA/NGOs, 2008 (percentage composition)



20.5% of institutions allocate funds to the non-governmental sector exclusively through public tenders; 40.8% do not publish tenders when allocating funds, the majority of which allocate funds when preparing annual programmes; 38.7% of institutions allocate part of the funds intended for the non-governmental sector through public tenders. In relation to 2007, in 2008, the number of institutions which allocate funds exclusively through public tenders has decreased by 10.5 percentage points. However, the number of institutions which allocate part of the funds through public tenders has increased by 20.3 percentage points, while the number of institutions which allocate all of the funds for the non-governmental sector through other procedures decreased by 9.8 percentage points.

Graph 10. Fund allocation procedures, 2007 and 2008 (percentage composition)



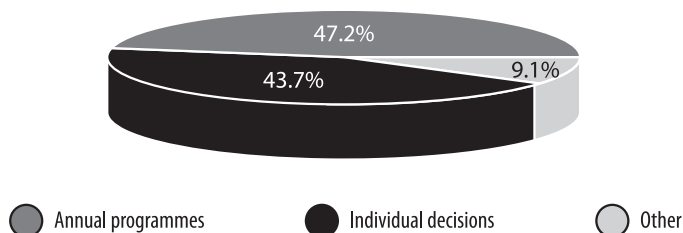
In total, 27,080,142.65 BAM were allocated without public tender procedures (for example, through planned annual programmes), which amounts to almost the same share of the total amount allocated without tenders in 2007 (22.9% in 2008 and 22.7% in 2007).

263 IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008, Sarajevo, 2009. p. 34.

264 Ibid, p. 34.

Graph 11. Allocation procedures in cases where none or some of the funds are allocated through public tenders, 2008 (percentage composition)

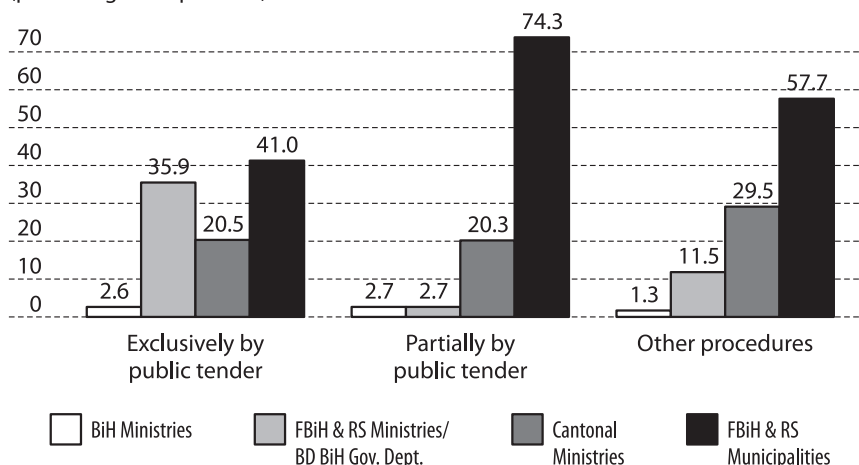
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In cases where a part of the total amount is allocated through public tenders, funds are most often allocated through public tenders for “other types of CAs/NGOs” (38.9%); followed by sports organisations (22.6%); CAs/NGOs which focus on social services/social protection (21.3%) and, least often for disabled veterans’ associations and related organisations (17.2%).

Graph 12. Fund allocation procedures by administrative level, 2008 (percentage composition)

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Of the surveyed institutions, 72.2% require the submission of both financial and narrative reports by NGOs, while 4.8% allocate funds **without** reporting requirements. 13.9% of institutions only require the submission of financial reports, 5.3% only narrative reports, while 3.7% require reports only for funds allocated to certain categories of CAs/NGOs (mostly CAs/NGOs focusing on social services/social protection and “other types of CAs/NGOs”). In relation to 2007, when 78.5% of surveyed institutions reported they require the submission of reports, in 2008, this percentage has increased to 95.2%.

7.5% of institutions that do not require the submission of financial reports, and 12.3% of institutions that do not require the submission of narrative reports, plan to introduce reporting procedures in the near future. 4.3% of institutions that do not require the

265 IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008, Sarajevo, 2009. p. 35.

266 Ibid.

submission of financial and/or narrative reports, do not plan to introduce reporting procedures in the near future.

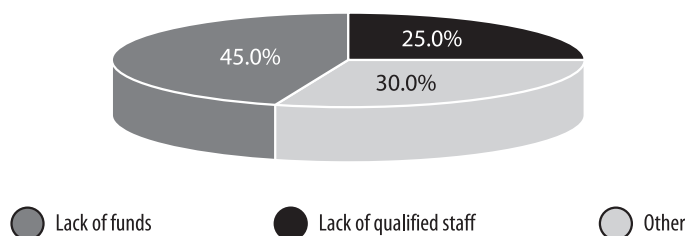
A total of 3,838,485.00 BAM was allocated without the obligation to submit reports (3.3% of the total amount, as compared to 2.2% of the amount that was allocated without the obligation to submit reports in 2007).

53% of surveyed institutions have reported they conduct analyses of results of the work of CAs/NGOs for which the funds were allocated; 24.9% exclusively perform financial analyses, while 22.2% do not perform any form of result-based or expenditure analyses for the allocated funds. The number of institutions which conduct programme and/or financial analyses increased by 29 percentage points in 2008.

Unlike in 2007, when the main reported reason for not conducting analyses was the lack of qualified staff, in 2008 the main reason reported was the lack of funds for conducting analyses. The lack of need to conduct detailed analyses of implemented activities and budgetary expenditures due to the “insignificant amount of allocated funds” remains one of the most frequently reported additional reasons for the absence of analyses.

Graph 13. Reasons for not conducting analyses of results of work of funded CAs/NGOs, 2008 (percentage composition)

267



Government funding is in most cases provided by ministries (79%), for culture, sport and social issues. Voluntary contributions account for 17.22% of the funding of associations and they are for the most part provided to associations involved in activities of protection of women, rural and agricultural development, social issues and culture and leisure activities.

To conclude, of the total reported amount allocated to the non-governmental sector in 2008 – at different levels of government:

- 37.1% of total funds were allocated to sports organisations;
- 14.7% to disabled veterans organisations;
- 13.6% (only 16,052,541.23 BAM) to organisations focusing on social service provision or social protection;
- and 34.6% to other organisations.

Allocations are considered to be low, in particular when sports associations are looked at separately from the other kinds of organisations. Clearly, social services and social

267 IBHL. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008, Sarajevo, 2009. p. 36.

protection do not receive nearly the amount necessary in order to achieve an adequate level of social inclusion in the country.

An assessment of the viability of the NGO sector in 2009 by USAID²⁶⁸ suggested, however, that it is becoming increasingly sustainable in terms of a general ability to find and keep full-time employees and to cooperate with one another, in particular in terms of uniting around particular issues. The biggest stumbling block, according to the USAID report, however, is financial viability which remains the biggest hurdle for the sector. This is made all the more difficult at the moment, due to decreasing donor funding which has propelled competition among NGOs, with only the most competent remaining in operation.

6.3. OVERVIEW OF NEIGHBOURING COUNTRIES

Because of the lack of data for 2008 for neighbouring countries, the following estimates for Bosnia and Herzegovina refer to the total amount planned by the governmental sector for the non-governmental sector in 2007 (107,219,316.05 BAM²⁶⁹).

As already mentioned, in 2008, the number of registered CAs/NGOs in Bosnia and Herzegovina was 12,189²⁷⁰. In the Republic of Croatia, the number of registered CAs/NGOs was 34,149²⁷¹, while the estimated number of registered CAs/NGOs in the Republic of Serbia was 2,000²⁷².

Table 2. Allocations of governmental institutions for the non-governmental sector as a share of the GDP, 2007 (absolute values in BAM and percentage values) 273

Country	Total allocations for CAs/NGOs	GDP	Percentage of GDP
Bosnia and Herzegovina	107.219.316	2.164.100.000.019	0.50%
Republic of Croatia ²⁷¹	326.451.707 ²⁷¹	7.197.051.180.422	0.45%
Republic of Serbia ²⁷⁴	110.503.251 ²⁷⁴	4.856.722.110.825	0.23%

In relation to the registered income of CAs/NGOs from governmental sources, the estimated income per CA/NGO in Bosnia and Herzegovina, in 2007, amounted to 8,796 BAM. For the Republic of Croatia, the estimated income from governmental sources per organisation amounted to 9,560 BAM, while in the Republic of Serbia, due to the low number of registered organisations, the income is higher, at 55,252 BAM per organisation.

Due to the need to decreased public costs arising as a result of the global economic crisis, it is probable that the positive overall trend of allocations for the non-governmental sector will be reversed in the coming period.

268 USAID. The 2009 NGO Sustainability Index: Bosnia and Herzegovina. Sarajevo, 2009.

269 IBHI. Government Allocations for the Non-governmental Sector in Bosnia and Herzegovina in 2007, (Sarajevo: IBHI, July 2008).

270 Kronauer Consulting. Analysis of the Status of the Civil Sector in BiH, (Sarajevo: Kronauer Consulting, 2009)

271 Tomislav Tadić. 'Jedna udruga na 129 stanovnika', (One association per 129 inhabitants), <www.vjesnik.hr>, (16-17/02/08) <www.vjesnik.hr/pdf/2008/02/16/06A6.PDF>, [accessed 30/06/10].

272 Estimate of the Centre for Development of the Non-Profit Sector, <www.crnp.org.yu>.

273 IBHI. 118 Million Steps to Cooperation: Government Allocations for the Non-Governmental Sector in Bosnia and Herzegovina in 2008, Sarajevo, 2009. p. 37.

6.4. CURRENT ESTIMATES

All of the stated data from the IBHI analyses of governmental allocations to NGOs for 2007 and 2008 as well as data from complementary sources reveal sufficient availability of funds for nongovernmental organisations from the governmental budgets. The overall amount of 110 million BAM allocated to NGOs from various governmental budgets in 2007 was increased to over 118 million BAM in 2008.

The overall level of NGO sector sustainability did not improve significantly, though there were some improvements in organizational capacity, infrastructure and public image²⁷⁴. NGOs' organizational capacities seem to have increased in response to EU requirements, the EU integration process, and the new IPA (Instrument for Pre-accession Assistance), which places greater emphasis on strategic planning. NGOs are also becoming more specialized.

New types of NGO coalitions emerged in 2009. NGOs of diverse backgrounds demonstrated capacity to interact with the parliament and to demand participation in decision making. NGOs increased their level of visibility and benefitted from a generally positive public image.

Although more work needs to be done to increase citizen involvement and philanthropy, there is a clear increase in informal support for diverse NGO initiatives, which can be attributed to the greater use of Internet tools. Resource centres have expanded their capacities in providing information services²⁷⁵.

The European Commission noted a significant increase in local NGO proposals for funding in 2009. Given the complexity of the EU application procedure, this reflects improvements in organizational capacities of BiH NGOs. The EU integration process and the new IPA (Instrument for Pre-accession Assistance), which places greater emphasis on strategic planning, is also pushing organizations to work on their proposal writing capacities. Partially as a result, issue-based coalitions have emerged aiming to provide joint services.

Another positive trend is the visible increase in the use of new technologies such as Internet forums and online petitions²⁷⁶. NGOs use the Internet more than any other method to disseminate information to the public. The Centre for Civil Society Promotion Resource Centre website has 7,000 individual visits per month²⁷⁷.

Recruitment of volunteers by NGOs has slightly increased, yet few organizations have made it a practice to recruit interns or volunteers. NGOs generally remain unable to sustain full-time staff, and most employees work on a volunteer or project basis. Few donors provide grants to address this issue. Furthermore, many organizations lack transparency in the operation of their executive boards and other leadership positions. Many NGOs still need to build up their strategic planning skills.

Financial viability remains the most difficult aspect of NGO sustainability. The continuing withdrawal of "traditional" donor funding continues to propel competition among NGOs, forcing smaller and less competent NGOs to close. Public support mechanisms and regulations are still underdeveloped. Instead of following set guidelines and

274 USAID. The 2009 NGO Sustainability Index. http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2009/bosnia_herzegovina.pdf. Accessed Sep 1, 2010.

275 Ibid.

276 Ibid.

277 Ibid.

criteria, the government commissions that allocate public benefit funds seem to base many of their decisions on political interest and allocate large percentages of funds to predetermined beneficiaries such as religious communities, sports organizations and veterans' associations. The methods of allocation remain non-transparent and subject to corruption. The government tries to satisfy NGOs by providing minimal funding, while expecting NGOs to implement fully developed projects. Additionally, there are no monitoring and evaluation mechanisms.

NGO capacity to access EU funding, specifically the IPA funds, remains poor. The pre-accession assistance is primarily awarded to consortia of larger international firms and agencies. Local NGOs tend to participate as local partners handling project logistics or administration. Most NGOs still lack the capacity to fully utilize the benefits of local philanthropy, and need to raise awareness among individuals and businesses about tax-deductible contributions. In most cases, membership fees and donations do not contribute greatly to overall NGO financing. The attitude of average citizens is that NGO donations are superfluous. Nor is the NGO sector capable of generating funding through supplementary economic activities; organizations and enterprises receiving subsidies monopolize the economic fields in which some NGOs could engage.

Having in mind the global economic crisis and its impact on Bosnia and Herzegovina, especially in the light of the realised and planned rebalances of governmental budgets, significant reductions of funds allocated to NGOs are to be expected. At the same time, the needs for funds in the area of social inclusion and social protection will be increased. The flexibility of NGOs in providing innovative and efficient social services often for new groups of beneficiaries (i.e. newly-unemployed) will in this context gain additional importance. With this in mind, the position of SIF – to provide additional funds for NGOs aimed at development and scaling-up of innovative models of social inclusion and coordinate synchronisation of local and aims of the BH Social Inclusions Strategy, might prove crucial for strengthening the role of civil society organisations, especially NGOs, in fighting poverty and social exclusion.

Establishment of special funds and foundations for the purpose of provision of funding of the non-governmental sector would also be a way to make the non-governmental sector more professional and better-functioning. European countries offer a plenty of examples of good practice in this regard. BiH still lacks such institutions, either at the state, entity, canton or municipality level.

The process of establishment of such institutions should not be delayed as they would be a reliable resource for funding the activities aimed at the social development of BiH. Organisation of such institutions is a complementary element of conceptual framework of the system that would create functioning links between interests and needs of interested parties in the most efficient way and with least possible administrative and other barriers. This would strengthen the role of non-governmental organisations in tackling the problems of social inclusion and provide support to processes of integration of BiH into the EU.

In brief, establishment and organization of specialized financial institutions to support nongovernmental organisations in the area of social protection and social inclusion would have multiple practical effects, such as:

- It would establish unique mechanisms for monitoring of investment and appropriate use of budgetary resources intended for these purposes;

- It would secure sources of funding for non-governmental organisations, thus securing sustainability of the non-governmental sector;
- It would ensure additional funding necessary for provision of support to processes of social inclusion of socially marginalised and excluded groups of citizens;
- It would create general and unique criteria for provision of support to organisations, activities and services, based on standards of quality and principles of professionalism;
- It would create mechanisms for coordinated use of budgetary and donor funds intended for the non-governmental sector;
- It would decrease opportunities for abuse and inappropriate use of funds;
- It would strengthen innovative approaches based on recognition of real needs of beneficiaries.

7. CIVIL SOCIETY AND SOCIAL INCLUSION

In order to be able to fully understand the role of civil society for inclusion of citizens, in the context of human rights and rights to social inclusion, it is important to understand the conditions for the functioning of civil society at the beginning of a democratic transition. Before 1991, civil society did not play any significant role in the process of inclusion of citizens and the state did not allow any interference of non-governmental stakeholders in the protection and fulfilment of human rights, including the right to social inclusion. The system in power was supposed to ensure full inclusion of citizens in all aspects of life and to acknowledge that it was necessary to resort to external mechanisms to ensure inclusion of citizens would suggest the admission that the system was not what the state was trying to portray. These values that were imposed by the political authority were accepted in society, given the fact that civil society played only a marginal role in the development and implementation of democratic changes in the country, which commenced in 1990²⁷⁸.

As a result of the Euro-democratic wave that swept across the entire territory of the Balkans, including Serbia, Albania, Bulgaria and even Turkey²⁷⁹, beginning in 2000, civil society gained a wider manoeuvring space for participating in activities which enable involvement of citizens in decision-making processes, but also in essential reform processes in the society which should, among other things, have an impact on the higher degree of respect of human rights and higher degree of citizen involvement. As a result, the age when nongovernmental organisations were inevitably perceived as anti-governmental organisations came to an end. This wave of changes enabled the implementation of very important reforms in Bosnia and Herzegovina which brought improvement to the election process and strengthened the role of civil society and independent media essentially contributing to the change in perception of the role of civil society in resolving problems that citizens are confronted with.

The election of a pro-democratic government in the 2000 general election sent a signal that the window of opportunity was open for active participation of civil society in processes of reform. In addition to the change of the political atmosphere, the newly elected government started defining a strategic approach in addressing key issues which represent a barrier to the implementation of transition processes, such as poverty, violation of human rights and economic and social rights in particular, and left the door wide open for civil society to take active part in the development of policies which aim to overcome these barriers. Participation in the development of Poverty Reduction Strategy Paper was significant to civil society in that it enabled civil society representatives to take part in the process of its development, but also in that the government authorities for the first time publicly expressed their commitment to ensuring changes that will enable a higher degree of economic and social integration of society through the partnership of the government, non-governmental and private sectors²⁸⁰.

During the course of this period, strong emphasis was placed on the requirement to engage in decision-making in partnership with civil society, even after 2002, when national political parties resurfaced and came back to power, especially at the local

278 Imamović, D. The Role of Civil Society in Ensuring and Protecting the Right to Social Inclusion. In: IBHI. What is to be Done? Social Inclusion and Civil Society – Practical Steps. Sarajevo, 2009. See also: Stubbs, P. (2001).

279 Freedom House: Freedom in the World in 2007

280 Imamović, D. The Role of Civil Society in Ensuring and Protecting the Right to Social Inclusion. In: IBHI. What is to be Done? Social Inclusion and Civil Society – Practical Steps. Sarajevo, 2009.

level. Civil Society became more seriously involved in dealing with the issue of how to ensure a minimum standard of human rights and how to involve all groups in the society, especially those that were marginalised, in economic, social, political and cultural life. The process of cooperation of the civil sector with state institutions was strongly supported by the International Community, which placed emphasis on the implementation of institutional reforms that could only be implemented in cooperation with local authorities. Given the fact that the International Community was the most important supporter of development of civil society in the country, a change in the treatment of local authorities by the International Community directly suggested a change in the treatment of non-governmental organisations, which resulted in requirements that civil society plans and implements its activities in *close* cooperation with representatives of government institutions.

The main barrier recognised in this process is the lack of capacities of public administration in planning, development and implementation of public policies. The vast majority of government decisions are made with no evaluation and analysis, solely on the basis of personal views of key decision-makers (prime ministers and ministers, and mainly mayors and local heads of political parties at the local level). The lack of capacities within government institutions was also noted in legislative institutions that base their decisions on acceptance or rejection of certain drafts of public policies, not on the benefit they may bring to citizens, but on the judgement of the significance of a certain motion, depending on who submitted it.

Another barrier that prevents civil society involvement in decision-making processes is reflected in the existence of opportunist groups that do not support any form of democratisation within the existing decision making system, because that would cause the rights and privileges of those groups to diminish, given the fact that as a rule, their rights were granted at the expense of others. The best example of power of such groups are organisations advocating interests of veterans, which openly obstruct any changes in the decision making process, except those that would enable their members to get higher benefits. The power of these groups was best illustrated by the statement of a Member of the BiH Presidency, made in September 2006, according to which his resignation was requested by certain groups outside the Government, who can no longer decide on appointments of ministers, forging political alliances or the privatisation of state-owned companies²⁸¹.

The third barrier is reflected in the failure of all efforts of the reform of the public administration system which aimed at the removal of numerous administrative obstacles mainly made to prevent civil society involvement in political life, combined with the passage of purely formal solutions to create an impression of public participation in decision-making. These barriers have a very strong impact on the role of civil society in the process of citizen involvement and exercising the right of citizens to be included. Over the past two years, civil society started a number of initiatives targeting the elimination of those obstacles. Some of them targeted specific government activities such as budgetary spending, while others focused on creating an institutional framework for cooperation between civil society and the government. Although initial efforts invested in these activities yielded results, such as the signing of the aforementioned Cooperation Agreement between the Council of Ministers and civil society, civil society involvement in decision making still has very limited reach. This lack of tangible result is not only caused

281 Statement made by Mr. Sulejman Tihić, Member of the BiH Presidency, during his appearance on a TV Hayat broadcast, in September 2006.

by the fact that it takes time before agreed solutions are actually implemented, but also by the fact that those forces which are not interested in the true involvement of civil society in decision-making have also gained in strength.

However, even despite the fact that these barriers significantly decrease the efficient engagement of civil society in practice, it may be claimed that civil society made great progress in creating mechanisms of involvement and protection from social exclusion. It took only ten years for a completely disorganised and marginal group of advocates of civil society and open society to evolve into a network of several hundred inter-connected civil society organisations capable of reaching a common view and gaining the support of the majority of citizens in key social issues. Given the overall political climate in the country, the poor level of development of democratic institutions, the significant influence of groups promoting “national interests”, the dominance of a philosophy according to which the main purpose of winning an election is power, rather than the wellbeing of everyone, the presence of the International Community which pushed civil society from the key decision-making processes, the fear of the majority of people for their own security due to growing nationalistic tendencies on “the other side”, civil society has made an extraordinary breakthrough in fulfilling its role of promoting, protecting and ensuring the right of citizens to be involved in all aspects of political, economic and social life.

Considering the proportion of social exclusion of different age, gender, ethnic groups and individuals (See Chapter 3), BiH faces a great challenge of how to address this issue and improve the position of vast majority of population that is poverty-stricken and socially excluded (which is about 50% of the population of BiH). In the context of the European integration process, social inclusion will have to be greatly improved and state policies will have to be developed and harmonized with the EU policies, in order to accomplish equal opportunities, decrease marginalization based on gender, ethnic background, place of residence, level of education, and others. This will contribute to strengthening democratic society, which inevitably requires civil society to play more active role in these processes. Pre-accession processes will involve the civil sector, since BiH will have to meet goals of good governance in the process of social inclusion. Since the European Union will become the biggest “foreign” donor in the area of development of civil society in the upcoming period, the civil society’s role will have to be more dynamic and comprehensive²⁸².

The process of stabilisation and accession to the European Union will require strengthening of social inclusion in Bosnia and Herzegovina. Along with adoption of the European standards in different fields, thorough reforms of institutional and legal structure of the country will be necessary which will reflect at the social situation and ensure equal opportunities for all the citizens to become socially involved and active. Social inclusion represents a foundation of the EU social model and it is through strengthening of social cohesion that the Union envisions the European societies.

The instrument for implementation of the social dimension of Lisbon goals is supported through the European Social Agenda and the Strategy to Combat Social Exclusion employing the “Open Method of Coordination”²⁸³, which includes the following five key elements:

- National Action Plans for Social Inclusion (NAPs);
- Joint Inclusion Memorandum (JIM);
- Joint social inclusion reports;

282 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI, Sarajevo, 2009. See also: IBHI. What is to be Done, Social Inclusion and Civil Society-Practical Steps. Sarajevo.

283 Ibid.

- Jointly agreed indicators of social exclusion (Laeken indicators);
- Exchange of lessons learned.

Social inclusion includes a broad range of activities which are fully based on the principle of partnership between public and civil sector at community level. The process of social inclusion is defined as a process of making positive changes at community level and it largely implies active participation of the civil sector. The process consists of the following phases²⁸⁴:

- Joint Inclusion Memorandum (JIM) precedes the process of social inclusion and it is a mandatory document for accession into the EU. JIMs reflect the situation of social exclusion (vulnerable groups, policies addressing the issues of vulnerable groups, etc.), identify key challenges, provide an overview of effectiveness of the existing policies and aim to prepare candidate countries for membership in the EU and participation in the Open Method of Coordination, following accession.
- National Action Plans for Social Inclusion (NAP Inclusion, now referred to as the NSRs) are the main channels the EU member states use to realise jointly agreed goals. NSRs analyse causes and scope of poverty and social exclusion and identify main trends and challenges, defining appropriate further action, to be taken through public policies.
- Monitoring process of social inclusion which entails building capacities of the statistics institutions for monitoring of poverty and social exclusion using the so called "Laeken indicators", which represent primary indicators of social inclusion which allow countries to be ranked in terms of the level of social inclusion. They entail three levels:
 - (1) Ten primary indicators of financial poverty and material deprivation, employment, healthcare and education
 - (2) Secondary indicators, which complement primary set of indicators and elaborate them further
 - (3) Indicators chosen by member states to be included in their NAPs, helping them to reinterpret primary and secondary indicators and/or clarify specific features of individual areas.
- Open Method of Coordination represents a way of exchange of experiences between EU member states and candidates for accession into the EU, encourages member states to critically evaluate their policies, emphasises activities undertaken resulting in good and bad practices and creates a forum for participation of the community, including civil and private sectors.

After signing the Stabilisation and Association Agreement (SAA), BiH became eligible for receiving financial support for strengthening social inclusion from the IPA Fund (Instrument for Pre-accession Aid). Moreover, when it obtains a status of a candidate country additional opportunities to receive support to fund social inclusion policies will be available. The process of development and implementation of the state policies will open new spaces and possibilities for cooperation between public and civil sector, which will be a great contribution to strengthening the social capital and higher level of social cohesion that will together have positive impact on the further development of BiH.²⁸⁵

284 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI, Sarajevo, 2009. See also: IBHI. What is to be Done, Social Inclusion and Civil Society-Practical Steps, Sarajevo.

285 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI, Sarajevo, 2009, p. 15-28, 51-53. See also: IBHI. What is to be Done, Social Inclusion and Civil Society-Practical Steps, Sarajevo.

Due to the complexity of the issues of poverty and social exclusion, they can not be solved through activities of just one relevant sector, but through joint and coordinated action of the state, civil or private sector. For example, speaking about the poverty stricken population we have to take into consideration that this population usually lives in economically underdeveloped regions, has low level of education, is unemployed and/or disabled and therefore policies need to focus on their reintegration into society. As there are many different causes of their social position and marginalization policies development and implementation primarily calls for understanding of causes of their poverty which requires more expenses and multi-perspectives approach.

At the moment, civil society is confronted with a challenge of how to get other civil society organisations (media, professional and religious organisations) to embrace principles accepted by the part of active non-governmental organisations, in order to create democratic institutions which will guarantee freedom from exclusion for the benefit of the interest of any group in society, regardless of the qualities attributed to that group by history. Standards of human rights facilitate activities in the area of social exclusion by defining other human rights principles. Activities in the area of exclusion have to be focused on building capacities of people in all areas and increasing the number of choices available to them, even in the circumstances when economic exclusion is the most common cause of exclusion of a majority of citizens. For this reason, demands of civil society for the state to prioritise the fight against exclusion and poverty and to improve the position of marginalised groups are really demands based on the principle of the respect of human rights. The goal of civil society is to ensure development is perceived as a combined economic, social, cultural and political priority and to strive for constant improvement of the wellbeing of the entire population and all individuals in it, on the basis of their active, free and willing participation in development²⁸⁶.

A principle of great importance to activities of civil society aiming at increasing inclusion, is about giving preference to strategies focusing on training of excluded persons. This approach implies that state actions should be focused on the provision of direct assistance to excluded citizens to enable them to take active part in the process of their inclusion. The aim is not to create a perfect tool for inclusion of citizens, but to enable people to take active part in shaping their own life and the life of their communities. Respect of this principle requires constant progress in the area of access to information, institutions, decision and policy making. Furthermore, this approach involves integration of specific features of particular communities (local, regional, national, etc.) into the formulation of activities of citizen involvement. This means that activities undertaken by the state have to be based on specific features, interests and needs of people living in the community, rather than on the acceptance of ready made models and solutions from other sources or recipes that do not take into account these specific features.

For all of these reasons, human rights standards represent a fundamental tool of civil society in its activities in the area of citizen involvement. Their application enables implementation of measures for eliminating causes of exclusion and affirmative action aiming to improve the position of members of marginalised groups. Women, members of a particular race, nationality, ethnic group, age or religion could all find themselves in such situation. Driven by the principles of human rights, civil society has the right to demand that groups most severely affected by the problem of exclusion be identified in every

286 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI, Sarajevo, 2009. See also IBHI. What is to be Done, Social Inclusion and Civil Society-Practical Steps, Sarajevo.

community, at the local, regional and national level, particularly those groups that have no access to the effective protection and realisation of their fundamental guaranteed rights. Using international human rights standards for tailoring its activities aiming to improve the standard of living, especially of marginalised groups, decrease poverty, realise gender equality, create conditions for full employment and regeneration of a polluted environment, civil society will ascertain that its activities contribute to positive changes in the society as a whole and that local authorities have an obligation to support it.

Although each UN member state is required to respect human rights detailed in the Universal Declaration, it is obvious that it is the opposite case in practice²⁸⁷. Primarily due to causes of exclusion of people from different areas of social life, a relatively limited number of states can pride themselves on full compliance with international human rights standards. The cause for this situation is mainly reflected in the fact that regulations of most countries are not harmonised with the requirements of the progressive realisation of human rights, especially economic and social rights, which represent a key mechanism for promoting social progress and improving the standard of living. Unless local legislators ensure minimum security necessary for a decent life to each individual, it is highly likely that the state will limit its limited resources to the realisation of human rights guaranteed by the Universal Declaration. Under such circumstances, it is particularly difficult to realise those human rights that require substantial investment of available resources on the part of the state. Given the fact that all human rights are interdependent and interrelated, in the situation when the state respects guaranteed civil and political rights and disregards its obligation to respect costly economic and social rights, what happens in practice is that citizens' civil and political rights become indirectly limited as a result.

Due to internationally accepted human rights standards, civil society can assess whether certain human rights are respected to a minimum degree and whether the standard level of respect of human rights has been reached. If a certain right is ensured at a level below its minimum, such a level of the realisation of this right is evaluated as if the right is not at all guaranteed. In addition, even ensuring the minimum level of human rights is not enough for Bosnia and Herzegovina and represents a violation of human rights, because the Constitution prescribes the highest, not minimum level of human rights.

The seriousness and proportions of social exclusion in Bosnia and Herzegovina are still not sufficiently known and understood by the general public and relevant state institutions and figures. The real role and contribution of civil society in the process was reduced to sporadic involvements, restricted to the process of consultation (mainly within the framework of topics such as: youth, environment, social protection, healthcare and education), without leaving many opportunities for involvement in the process of monitoring, implementation and evaluation of the aforementioned strategies.

Surprising and shocking were the findings of some studies that revealed that about 80% of different groups (elderly population, school children, students, etc.) did not even know about the existence of the PRSP in BiH despite intensive media campaign²⁸⁸. In order to avoid that citizens lack information and do not have their say in the questions of their primary concern, the civil society has to become even more active promoter of the process, good practice of public policies and models of integrated management of social inclusion policies.

287 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI, Sarajevo, 2009. See also IBHI. What is to be Done, Social Inclusion and Civil Society-Practical Steps, Sarajevo.

288 Imamović, D. The Role of Civil Society in Ensuring and Protecting the Right to Social Inclusion. In: IBHI. What is to be Done? Social Inclusion and Civil Society – Practical Steps, Sarajevo, 2009.

In addition to being the promoter, civil society needs to assume another responsibility and that is to ensure and contribute to necessary changes at community level.

Within the European Union the process of social inclusion has promoted mobilization of all relevant stakeholders individually as well as through joint efforts since the experience and practices have proved that much better and longer-term results can be accomplished at community level if different stakeholders combine their knowledge, skills and resources and direct them towards accomplishment of the common goals.

The functions of civil society in the process of social inclusion can be briefly described in the following way:

- Partner to public sector in the process of development of strategic documents (e.g. Social Inclusion Strategy, Joint Inclusion Memorandum, etc.)
- Partner in the process of monitoring of implementation of public policies, programmes and projects supported by European structural funds,
- Partner in the process of monitoring and evaluation of public policies, due to proximity to vulnerable groups of citizens, which makes it an important resource to public sector in dissemination of information on good and bad experiences in implementation of strategies and policies
- Promoter of best practices of partnership between public, civil and private sectors, the role and importance of social inclusion to social development (e.g. joint actions aiming at accomplishment of the common goal of employment of vulnerable categories of citizens)
- Promoter of new models of social policy management based on best practices
- Force of mobilisation of important sources of funding that could be combined to make significant positive impact at local community level, etc.
- Promoter of democratisation of society and strengthening of social capital.²⁸⁹

The example of Bosnia and Herzegovina can illustrate how formal recognition of economic and social rights does not guarantee a high degree of citizen involvement. We can also conclude that a low level of respect for these rights causes an increase in exclusion and that improvement of the level of respect for these rights could be used as effective protection of citizens from exclusion. Unfortunately, we can also see that the mere approach to the improvement of access to economic and social rights could be problematic and that obstacles are present in the entire chain of the fulfilment of rights, from declarations to processes and procedures of fulfilment to available resources necessary for these rights to be implemented by the state as the bearer of responsibility.

Activities of civil society in the area of citizen involvement through a higher degree of protection, respect and fulfilment of human rights are limited by specific obstacles reflected through²⁹⁰:

- Imprecise definitions of rights and privileges;
- Limitation of rights only to particular categories;
- Lack of a minimum standard of the fulfilment of rights;

289 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI, Sarajevo, 2009, p. 15-28, 51-53.

290 Ibrahimagić, M. Analysis of NGO Sector from the Perspective of Social Inclusion, IBHI, Sarajevo, 2009, p. 15-28, 51-53. See also: IBHI. What is to be Done, Social Inclusion and Civil Society-Practical Steps. Sarajevo.

- Inadequate public resources (money, staff, equipment) allocated to ensure these rights;
- Fragmentation of responsibility among different levels of authority;
- Lack of comprehensive reform within the social sector; and
- Prejudice against certain groups.

All these and many other specific issues make it hard for civil society to work on ensuring citizen involvement in community life. Due to these barriers, citizens find it difficult to access all rights of relevance for a decent and meaningful life, which is the reason they are excluded from all aspects of community life. In its attempts to contribute to elimination of barriers that prevent inclusion of citizens, civil society has found itself confronted with a difficult task of initiating and participating in the process that will ensure that everyone, regardless of their experience and circumstances, should realise their full potential. Only through this process will it be possible to ensure significant progress in the area of inclusion of citizens which includes economic inclusion (through provision of an adequate income and employment) which is necessary, but is not the only condition for full and meaningful inclusion of citizens. Civil society is confronted with the challenge of how the respect of the three main principles that guarantee inclusion of citizens can be incorporated into this process. These principles are: equality, non-discrimination and participation. Unless these principles are respected, it is possible that even the progress in respect of human rights (especially economic and social rights) would not result in the increased inclusion of citizens. As we have seen, inclusion of citizens depends on the level of respect of their rights and the strength of the process that aims to remove key barriers to their full inclusion and acceptance of principles that the process of inclusion is based upon.

One can easily conclude that significant progress in the area of inclusion of citizens cannot be expected to be made as a result of reliance on the traditional approach to development, which assumes that economic development contributes to the elimination of the exclusion of citizens and that the key to success is to ensure the efficient role of the state in the economic development of the country. Unfortunately, regardless of how successful the authorities are in the area of economic development, without focus on individual development and participation of the individual in development processes and implementation of measures that would directly target his empowerment, the problem of exclusion (or fear of exclusion) will still be the key problem experienced by our citizens.

From the viewpoint of human rights, individuals and groups are those who should enjoy rights, while institutions of authority and other stakeholders should be responsible for realising these rights. What this means is that the success of civil society in its struggle against social exclusion will depend on how well prepared the stakeholders are to avoid arbitrary interference in free enjoyment of rights (respect of human rights), on their ability to establish mechanisms which will prevent third parties from violating human rights (protection of human rights) and their interest in the development and adoption of appropriate measures necessary for the progressive realisation of human rights in practice (fulfilment of human rights). Only through the harmonised action focusing both on an increase in the accountability of local authorities as stakeholders and on the provision of support to those categories of citizens affected by the problem of exclusion can civil society be successful in its efforts in the area of eradication of exclusion of citizens.

7.1. SOCIAL CAPITAL

Social inclusion is, along with citizens who are members of civil society organisations, especially NGOs, a crucial element of the strengthening of social capital. The concept of social capital arises from the assumption that relationships matter, that the social networks within which people participate and their everyday relations with one another are valuable. These networks, within which each individual is embedded (to greater or lesser extents), have value in two senses: they provide the basis through which people are able to pursue their individual goals and at the same time they have the potential to provide the 'glue' that facilitates greater social cohesion. As such, they provide the foundation for building social cohesion²⁹¹ through 'building the trustworthiness within and of the social environment, opening channels for better information flows, and setting norms that endorse particular forms of behaviour that enhance rather than detract from social, economic and political interactions'²⁹². Social networks may be envisaged on three levels: the micro-level of family and friends, the meso-level of the neighbourhood, workplace and local community and the macro-level of countries²⁹³.

Social networks operate to produce such effects through:

- Producing and maintaining norms of reciprocity. Norms of reciprocity produce expectations that, in the short or long term, kindness, services or favours will be returned.
- Fostering trustworthiness in the social environment. Initiatives or risks may be taken based on the assumption that others will respond as expected.
- Facilitating flows of information on available options. Information passed within and between social networks may increase knowledge of available choices, thereby widening individual horizons²⁹⁴.

As such, social ties provide the bases for positive individual and collective actions.

In 2003, the World Bank assessed social capital in BiH and argued that the 'networks, norms and values that enable people to act collectively to produce social benefits' are an 'essential element of peace-building, reconstruction, poverty reduction and sustainable development'²⁹⁵. It was clear from this research that, despite having passed through the immediate post-war phase of physical reconstruction, the rebuilding of social ties constitutes a major challenge, one that is essential for BiH's future. The World Bank research focused on the levels of civic engagement and resulting collective action in relation to local government performance. Importantly, the authors highlighted the significance of community-driven development for improving social and political stability and improving the quality of life in otherwise divided communities²⁹⁶.

291 Field, J. *Social Capital*. Routledge, London, 2003, p. 3.

292 Ibid, p. 24.

293 EC-DGESE, European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities. *Social Cohesion, Trust and Participation: Social Capital, Social Policy and Social Cohesion in the European Union and Candidate Countries - 2007*. Monitoring Report prepared by the European Observatory on the Social Situation. 2007. p. 8.

294 UNDP. *The Ties that Bind – National Human Development Report 2009: Social Capital in Bosnia and Herzegovina*. Sarajevo, 2009.

295 World Bank. *Local Level Institutions and Social Capital Study*, Vol. 1. World Bank, Sarajevo, 2003. p. 4.

296 Ibid, p. 5.

A greater stock of inclusive social capital leads to better linkages between the micro-level of individual experience and both the meso-level of institutions and associations²⁹⁷ and the macro-level of policy-making. This potential for creating such linkages has thus made social capital, as a conceptual framework, highly influential in the work of organisations such as the OECD and the World Bank and governments such as the British, Australian and Canadian.

The benefits emerging from a more explicit focus on social capital in social policies include:

- **Assisting those at risk of social exclusion** – by definition individuals and groups who experience social exclusion are likely to be cut off from those social ties that would allow them to participate more fully in the social economic and political life of their communities. The availability of certain kinds of social networks (or lack thereof) can have a significant impact on policies aimed at addressing the social and economic integration of individuals at risk of marginalisation, such as minorities, the unemployed, persons with disabilities, the elderly, Roma and other minorities, etc²⁹⁸.
- **Promoting social cohesion at the community level** – emphasis is placed on finding the most effective ways in which citizens, service delivery agents, institutions and organisations interact and create linkages for developing sustainable changes in the living conditions and well-being of community members. Social capital research focuses on a more coordinated approach to service delivery, decision-making and problem solving, based on recognition of the role of formal and informal networks²⁹⁹.

The instruments available to governments to support the development of positive social capital range from gestures of political support to highly concrete forms of direct financial subsidies of associational life³⁰⁰.

Importantly for our purposes here, social capital – the networks and ties in which people participate – can be understood in relation to the frameworks of both social inclusion and human development, because both of those frameworks place human wellbeing within a social context and preface the interaction of the individual with the community and society as key to understanding their well-being.

Inclusive social capital – open networks that encourage diverse membership – contributes to human development by increasing the choices and opportunities of the members of the community in which this social capital exists. Inclusive social capital provides opportunities for the individual to develop capabilities, and heightens freedom to choose. Increasing levels of social trust can also be seen as one of the elements in the provision of an enabling environment for the expansion of opportunities that lies at the heart of human development³⁰¹. The fostering of inclusive networks militates against social exclusion by enabling greater participation from groups who would otherwise be left out.

297 Field, J. *Social Capital*. Routledge, London, 2003, p. 7.

298 Canadian Policy Research Initiative. *Social Capital as a Public Policy Tool: Project Report*. 2005. http://www.policyresearch.gc.ca/doclib/SC_Synthesis_E.pdf (Page visited May 13th, 2010).

299 Ibid.

300 EC-DGESE, European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities. *Social Cohesion, Trust and Participation: Social Capital, Social Policy and Social Cohesion in the European Union and Candidate Countries - 2007. Monitoring Report* prepared by the European Observatory on the Social Situation. 2007, p. 10.

301 See: UNDP. *The Ties that Bind – National Human Development Report 2009: Social Capital in Bosnia and Herzegovina*. Sarajevo, 2009. p. 35-45.

At the same time, however, social networks can also influence equity of access to services – jobs, for example – by permitting some and excluding others. As such, we take into account the importance of identifying and reducing exclusive social capital – closed networks that restrict access to others – which has the tendency to increase inequalities, restrict opportunities and choices for some, reduce participation and empowerment and reduce trust, both social and institutional. Reducing the effects of these kinds of social network reduces inequalities and ensures that opportunities are spread more equally throughout society, thus contributing to human development and greater inclusion.

8. STATE POLICIES OF BOSNIA AND HERZEGOVINA

As we have seen, during the last decade, the concept of social inclusion has gained a significant place on the socio-political agenda of the European Union. It has been integrated in the action plans with the aim of improving the position of socially and economically marginalized, poor and excluded groups or individuals.

Recently, there has been an improvement in the relationship between states of Central and Eastern Europe and the non-governmental sector in regard to social inclusion. More and more services are left in the hands of the NGO sector, which is accompanied by improvements in legal regulations as well. Eastern European countries now have modern and appropriate laws regarding the work of NGOs. However there is still a large difference between the development of the non-profit sector of developed countries and countries of Central and Eastern Europe (where NGOs still have to struggle for normal working conditions and better legal status)³⁰². The development and expansion of the non-governmental sector in these countries is accompanied by numerous problems and limitations, which is the cause of this sector remaining in an extremely marginalized position, with little tangible influence on the society.

An indication of a government's meaningful recognition of the third sector is the extent to which it applies EU principles of consultation and social dialogue in their decision-making and legislation. NGO involvement in policy and decision making processes is understood to include:

- The rights for NGOs to have access to information about the process of policy making and draft legislation;
- The right to take an active part in defining the process and policy or law in question³⁰³.

Third sector participation can result in fair policies and laws which are grounded in real needs and informed by specific experience and expertise. The participatory process can also facilitate consensus on issues and ensure the legitimacy of adopted solutions. Further, it contributes to a sense of ownership among stakeholders and responsibility for the implementation of the provisions, thus facilitating compliance. Participation in policy making can be supported through various mechanisms, including:

- Information about the launch of the process, the plans and timelines;
- Sharing early versions of drafts with NGOs and other stakeholders;
- Including NGOs from the outset in working groups which develop the policy and the draft law;
- Participation in decision-making processes at the Parliament level through the inclusion of NGOs in Parliamentary Committee discussions;
- Development of reports on the consultation process which would reflect on the input given by NGOs and other stakeholders³⁰⁴.

302 Porča, E. Suradnja vladinog i nevladinog sektora na području socijalnih usluga u Bosni i Hercegovini (Master's thesis). Sarajevo, 2009.

303 Žeravčić, G and Bišćević, E. HTSPE Ltd. And Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009. p. 58.

304 Ibid.

In most CEE/SEE countries the requirement of engaging the third sector is addressed in various policy documents, laws and regulations on a national or local level. However at the time of writing there is a widespread lack of a single piece of legislation that regulates, in detail, NGO involvement in policy and decision making processes.

In comparison to the rest of the civil sector in Bosnia and Herzegovina, we can say that the legal framework of the NGO sectors work is better than the legal framework of work of the other parts of the civil sector³⁰⁵. The work of labour unions, academic community, media, civil initiatives and others remain overshadowed by the events and problems pressuring the fragmented society of Bosnia and Herzegovina since many activities occur as a consequences of the ethnic, territorial, political and other separations. Therefore, NGOs need to use the advantages of a better organized legal framework and take the leading position in the civil sector. In many fields there is already partnership approach to the state and public sector. This is a novelty, as the tradition of a democratic society is still not sufficiently used. Since the society is not fully democratically developed, it is not possible to expect that this instrument of the societal democratization is well developed either.

Socio-political documents enacted by the European Union bodies have also played an important role in popularization and spread of the notion of social exclusion. The term of social exclusion was used for the first time in 1988, when the European Commission mentioned the term in its documents which resulted from the Second European Program to Combat Poverty. In 1989, the Council of Ministers enacted a resolution to combat social exclusion, establishing at the same time a special body (*European Observatory on Policies to Combat Social Exclusion*) which produced three reports on the status of social exclusion in the EU member states. As already mentioned, in the same year (1989), the term of social exclusion was integrated into the preamble of the European Social Charter, and the revised text of the European Social Charter from 1996 introduced a new right – right to protection from poverty and social exclusion, which established the term of social inclusion as a term of vital importance to accomplish equal respect of social rights. In this regard, the future EU members or potential members, including BiH, are obliged to harmonize their social policies with the EU policies, which implies use of all five elements of the aforementioned "Open Method of Coordination".

Bosnia and Herzegovina encountered the term of social exclusion quite late. The first strategy of social development dealt with the phenomenon of poverty (The Strategy to Combat Poverty, 1998), and it attempted to address the main causes of failures and delays in development of society. It was considered that the concept of combat against poverty was the best way to address the challenges that development of society of BiH faced at the time. During the course of development of the next strategic document, entitled the Medium Term Development Strategy of BiH–PRSP (2002), the limitations of the use of the concept of "combat against poverty" were understood, but a new concept was not introduced on that occasion. The state of social deprivation of citizens was observed within this document through administrative operation of the system, which certainly was not enough to provide adequate response to the situation and improve the position of socially marginalized ones. It was only during the process of development of new strategic documents that the notion of social inclusion was introduced as a strategically recognized social and political dimension of developmental processes in BiH.

305 Porča, E. Suradnja vladinog i nevladinog sektora na području socijalnih usluga u Bosni i Hercegovini (Master's thesis). Sarajevo, 2009.

The Social Inclusion Strategy of BiH³⁰⁶ specifies six priority areas that will be a cornerstone of the future development of BiH. These areas involve and target the following:

- Employment;
- Pension system;
- Education;
- Health protection;
- Families with children;
- Persons with disabilities.

The priority goals set forth in the process of development of this document attempted to identify the primary goals in the EU Social Inclusion Strategy, in order to ensure that the process of development and implementation of the Strategy results in improvement of the social system in BiH which is a prerequisite for the EU membership.

The process of development of the Social Inclusion Strategy of BiH and its implementation was based on the following key principles:

- Participatory approach;
- Compatibility of social and economic policies;
- Government activism;
- Coordination;
- Accountability of institutions;
- Social dialogue and partnership;
- Active involvement of social partners and civil society organizations;
- Corporate (common) social responsibility³⁰⁷.

This new approach to social policies requires active participation and inputs by the targeted groups that will directly benefit from the introduced measures within different subsystems of the social policy. Regular cooperation between creators of strategic development guidelines and final beneficiaries is the guiding principle which serves as a foundation of the new approach to development of these documents. The process of development of the Social Inclusion Strategy facilitates such an approach through involvement of all parties concerned with implementation of social inclusion measures.

All recommendations of the EU strongly emphasize participation of civil society organizations as important partners in development and implementation of social inclusion measures. Taking into consideration the character of their establishment and operation, civil society organizations are in best position to articulate views and demands of beneficiary groups, because they have a direct access to the vulnerable groups and individuals and capacities to promote and work on their social inclusion. They raise "community awareness of active participation in combat against social exclusion".

306 By the decision of the BiH Council of Ministers (2008), BiH DEP (Directorate for Economic Planning) is in charge of the preparation of the Social Inclusion Strategy of BiH and the Mid-Term Development Strategy of BiH. Both documents were prepared in cooperation with state-level and entity ministries, with the participation of the NGO sector. They are currently awaiting adoption by the CoM.

307 Human Development Report, UNDP and IBHI, p. 15-44. Vuković, A. Civil Society Strengthening: Lessons Learned During the Development Process of BiH Social Inclusion Strategy. In: What is to be done-Social Inclusion and Civil Society-Practical Steps, IBHI, Sarajevo 2009, p. 121-145. Social Inclusion Strategy of BiH, Council of Ministers, Sarajevo, 2009.

Civil society organizations also operate in the area of voluntary association of people sharing the same family, religious, social or ideological values. Structurally speaking, operational definition of civil society explains the autonomous area of freedom of association, the role of mediation between individual and state and freedom of association which enables one to have multitude of identities, for instance the identity one can have as a member of a professional group, a consumer, a member of a religious congregation and a citizen, all united in one person. It is of particular importance to view civil society organizations as intermediary structures and channels of communication, which enable accomplishment of better and more humane relations in society. Perceived and supported as such, civil society organizations become partners to the public sector in development, organization and implementation of measures and services aimed at reducing social exclusion of various groups of population. For the reasons stated, it is of vital importance to ensure development of capacities of civil society organizations, to enable them to adequately respond to objectives assigned to them and accomplish, together with the state institutions, successful realization and long-term results of the Social Inclusion Strategy of BiH.

Overall, the level of NGO advocacy activities seem to have become more diverse, using methods such as policy papers, public announcements, and street actions. The government has invited NGOs for consultations in several instances. The NGO sector still lacks capacity for structured and effective advocacy efforts, however.

NGO participation in decision-making processes is still insufficient and ad hoc. Both the government and the NGO sector lack sufficient knowledge about the existing mechanisms for NGO participation. The Council of Ministers has the right to return any legislative draft which did not go through the NGO consultation process, but to date has not used this mechanism³⁰⁸. Despite some successful advocacy initiatives in 2009 (for example, the participation of the civil sector in the drafting of the BiH Social Inclusion Strategy), NGOs are still excluded from decisions of greater political importance or sensitivity.

308 USAID. The 2009 NGO Sustainability Index.
http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2009/bosnia_herzegovina.pdf.
Accessed Sep 1, 2010.

9. ROLE AND POSSIBILITIES OF NGOS IN THE IMPROVEMENT OF THE SOCIAL IMAGE

In regard to social policies, state normally provides social security to its citizens through funds collected from taxes and contributions, which are then allocated into different funds while, at the same time, providing financial support to numerous social programmes targeting the protection of the socially vulnerable categories of the population. Due to the diversity of needs in any given country and the necessity of increasing the number of social programmes, state institutions and social services cannot provide these services on their own. Therefore, they rely on associations of citizens, or non-governmental, non-profit organisations to conduct some of their social programmes. In this way, the number of beneficiaries whose needs are met is increased, which, in turn, strengthens participation of citizens and organisations in providing services to the society.

NGOs have enormous significance in social policies of developed countries. A modern country cannot possibly meet all the needs of its citizens. That is why social programmes are largely shifted to the non-profit, non-governmental sector in order to be implemented more efficiently. This means that the NGO sector is becoming more of a partner, and not the competition, of the governmental sector. In South-East Europe, including Bosnia and Herzegovina, this process is yet to come, and NGOs face much more difficulties while seeking cooperation with the governmental sector.

In the area of social policies, NGOs (but also other civil society organisations) should have the following tasks:

- (1) To lobby for certain values or priorities of individual social groups, thus affecting social policy of the government, as well as other stakeholders. These lobbying activities are aimed at providing funds to social programmes targeting socially marginalized groups. NGOs should insist on principles of social justice and the availability of all social services to each member of the society in need.
- (2) To provide those services that governmental organisations, due to any reason, are unable to provide to vulnerable groups of citizens.
- (3) To introduce innovations to social programmes, as well as new kinds of social services that are adapted to beneficiaries. This activity is the core of social entrepreneurship, because it not only provides innovative social services, but also employment to individuals with low levels of employability in the job market. Therefore, the government should encourage and support social entrepreneurs through donations and creation of favourable working conditions.
- (4) To provide services to various beneficiaries in accordance with a contract with the government or a governmental organisation³⁰⁹.

In order to fulfil their role in the transition of the social policy system in Bosnia and Herzegovina, NGOs have to establish a partner relationship with the governmental sector. The Agreement of Cooperation which was signed with the Council of Ministers seemed as a promising start, however, its implementation has not shown any progress in this area so far. This can be achieved only through a combined social policy model, which mobilises all available resources in the community, thus abolishing the state monopoly. As a partner,

309 Miković.M; "Osnove socijalne politike", Edition Civitas, Sarajevo, 2005. p. 240-241.

the government would have much more influence in ensuring an **efficient** general legal framework for the development of social policies. However, that should not diminish the role of other partners: citizens, local communities, associations, foundations, religious institutions and local authorities.

9.1. ROLE OF NGOS IN THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

In helping the population to climb out of poverty and social exclusion, NGOs use two approaches: the supply-side and the demand-side³¹⁰. In a similar sense, two types of NGO tasks can be identified: micro-tasks and macro-tasks³¹¹. From the supply-side or micro-tasks approach, NGOs provide various basic public services to the poor and socially excluded. It is argued that, especially in countries where government lack public services – such as BiH, NGOs play a significant role in the direct provision of social and economic services. In general, NGOs emerge and play the roles as service providers.

Unlike the supply-side approach where NGOs directly provide services to the people, in the demand-side approach, NGOs play indirect roles. The demand-side role of NGOs can be seen as being an articulator of the people's 'voice'. NGOs mobilize and clarify the demand for services, from both the government and the market, so that the people are able to achieve its development goals. In the context of service delivery, generally, NGOs seek to improve the access of the people to the services provided by the state. NGOs also engage in policy advocacy to influence public policies concerning the poor and socially excluded. In line of this approach, NGOs have developed various strategies to influence the process of public policy making and to control the implementation of development programs or projects. This is also an area into which NGOs have been moving during the 1990s when they revised and re-strategized to move away from direct service delivery and prioritized policy advocacy and lobbying³¹².

These two approaches are not mutually exclusive. In the recent trends, NGOs combine the two approaches for increasing their efficacy to reduce poverty and social exclusion. In practice, NGOs can function on both the supply and the demand sides and even forge the linkages between the two sides. The latter can be emphasized by arguing that it is necessary for NGOs to make a linkage between micro-tasks consisting of provision of goods, of social and of financial services, capacity building, process facilitation, and fostering linkages, and macro-tasks consisting of policy advocacy, lobbying, public education and mobilization, monitoring compliance, and reconciliation and mediation.

It has been noted that NGO contributions in poverty reduction are limited. It is difficult to find general evidence that NGOs are close to the poor. There is a growing evidence that in terms of poverty reduction, NGOs do not perform as effectively as had been usually assumed by many agencies.

NGO projects also tend to be small scale. The total numbers assisted are, therefore, also small. Furthermore, it is also rare for NGO projects to be financially self sufficient. Finally, although NGOs execute a number of very imaginative projects, many of them appear

310 Clark, John. 1995. The State, Popular Participation, and the Voluntary Sector. *World Development*, vol.23, No.4, p. 593-601

311 Fowler, Alan. *Striking a Balance: A Guide to Enhance the Effectiveness of Non-governmental Organizations in International Development*. London: Earthscan Publication, 1997.

312 Suharko. *The Roles of NGOs in Rural Poverty Reduction: The Case of Indonesia and India*. Nagoya University, Japan, 2007.

to be unwilling to innovate in certain areas or activities. Therefore, because of these limitations, the roles of NGOs in alleviating poverty cannot be exaggerated.

Poverty and social exclusion are not caused by a single factor at the local level. Many variables working at macro-global context influence the persistent poverty in the world. It is difficult to see how NGOs could significantly contribute to alleviate poverty through stand-alone projects at the local level, funding, or the delivery of basic social and economic services. In this regard, there is an imperative need for NGOs to start moving from development as delivery to development as leverage. In other words, in order to enlarge their level of achievements, NGOs must deal with many challenges.

In order to make a difference in the livelihoods and capacities among the poor and excluded, in the same process, NGOs must foster grassroots local institutions and link them with the markets and the political structures at the higher level. Linking the poor with the markets will provide the poor with more access to economic agencies in selling their products. Linkage with political institutions provides the poor more access to engage in decision-making process that in turn influence their life.

Without scaling-up the program intervention, the successful performance of NGOs remain little more than "islands of excellence" in a wider economic and institutional environment which is detrimental to the poor. There are two main models of scaling up. The old model is about scaling up through expansion, whereby NGOs become larger, more professionally managed, and more efficiently programmatic institutions.

Apart from these, NGOs have to explore a new model of scaling up of multiplication and mainstreaming through spinning off organizations, encouraging innovations, creating alternative knowledge, and influencing other social actors. In this model, NGOs are the creators of innovative program that can spin off and/or be integrated in the two mainstream sectors of society: the governments and the markets. The task of NGOs is not to compensate for the government failure or market deficiency. It is also not primarily expected to manage development projects. Rather, the role of NGOs is about innovation and subsequent mainstreaming and multiplication³¹³.

A more encouraging phenomenon comes from the relationship between NGOs and corporations. The two sectors appear to be moving forward in building a partnership scheme in running the development activities. Along with the efforts to find various schemes of sustainable financing, NGOs seek to develop a corporate-NGO partnership. The establishment of the Asia Pacific Philanthropy Consortium (APPC) is a prominent example of this development. NGOs provide expertise and experience in running community development. The corporation provide funds for financing and sustaining development activities. The mutual collaboration between NGOs and corporations are emerging in developing countries and it will have many fruitful implications in the efforts of empowering the poor and the excluded. However, these tendencies are yet to be institutionalised and made sustainable in the Balkans and BiH. The APPC example should serve as a role-model for future partnership between NGOs and corporations in Bosnia and Herzegovina.

NGOs' possible doubts in the co-operation with business³¹⁴:

- The loss of independence, the danger of a sell-out to business.
- Fear of losing the NGO's good name.

313 Suharko. The Roles of NGOs in Rural Poverty Reduction: The Case of Indonesia and India. Nagoya University, Japan, 2007.

314 Hupperts, P. NGO's, companies and poverty reduction. Oxfam Novib Hague, Netherlands, 2006. p. 6.

- Suspicious of CSR. It could be a 'greenwash'. In essence nothing changes in business practices, which continues to revolve around making profits, social and environmental issues remain subordinate.
- Fear of surrendering the critical and monitoring role of NGOs.
- Competition among NGOs for funds from or for co-operation with a particular business.
- Entering into soft deals without hard objectives.
- Too much compromising of the NGO's mission and ambition.
- The financial and fundraising interest can be at the expense of substance and results.

Advantages for NGOs of entering into relations with businesses³¹⁵:

- Realising their objectives of sustainability is only possible with the financial and/or substantive support of the business world. Government support to many private initiatives is declining, making sponsorships from businesses desirable to guarantee the continuity of the NGO.
- The great power and force of businesses in the market economy and the need to start using that power and force to transform markets toward sustainability.
- Co-operation with businesses can do good to an NGO's image and, for getting the attention of the media and consumers, to the problems the NGO is committed to solve. Projects of co-operation can contribute to the impact, brand and image of NGOs.
- Accessing the expertise and knowledge of business regarding e.g. trade and access to markets. Introducing into the market a sustainable product or service is impossible without the support of commercial market actors. The NGO can share in this expertise.
- Joining in developing sustainability criteria for business initiatives.

Businesses: advantages of co-operation with NGOs³¹⁶:

- Improving the image and reputation of the company by linking up with acknowledged expert organisations in the field of poverty reduction.
- Obtaining the certification of a consumer product.
- Using the expertise of an NGO in elaborating CSR and in (selecting) projects for poverty reduction.
- Access to the NGO's network in developing countries, allowing e.g. for smoother contacts with local communities.
- Chain-oriented co-operation of companies with multiple stakeholders.
- Defensive reasons: to prevent conflicts or negative publicity in the media, or not wanting to fall behind other companies that are working with NGOs and derive a competitive market advantage from that.

³¹⁵ Hupperts, P. NGO's, companies and poverty reduction. Oxfam Novib Hague, Netherlands, 2006. p. 6.

³¹⁶ Ibid, p. 11.

10. THE CONCEPT OF SERVICE PROVISION

The dominant model of social protection based on allocation of monetary benefits has not been able to respond to the growing needs of socially vulnerable citizens in the last decades. Chronic shortage of funding within budgets and insufficient knowledge of persons deciding on budget allocations in public institutions and bodies, characterized social protection institutions incapable to fulfil the main objectives of social protection. The existing systems of social protection in BiH are predominantly based on the concept of benefits, out of which monetary benefits are the most widespread. Opposite to the BiH practice, provision of social services as a response of the system to social exclusion of citizens, and even as a facilitator of sustainable social development, has become a predominant concept of social protection in the European Union. Social services are combined and offered by both government and non-governmental organizations in order to address the needs of as many individuals and groups as possible. Those services may be provided in different ways -at the place of residence of service beneficiaries, within centres and institutions, and they are provided by social workers and professionals in other related areas of expertise. What is most important is that their provision is done by mobilizing both government and non-governmental sectors which ensures the coverage of the maximal number of those in need and greatly enhances the final results.

In the EU, importance of provision of social services is associated with the idea of sustainable social development. According to this approach, the idea of sustainable social development implies a far reaching concept aiming to improve promotion and protection of social rights of all citizens, especially those affected by social exclusion. Taking into consideration that the priority social development actions are focused on eradicating poverty, promoting employment and improving social integration and eliminating all forms of discrimination the provision of social services has a central place in sustainable social development. In order to ensure sustainable social development, which inevitably implies sustainable social services, well planned, applicable and cost effective programs must be in place. It is crucial that social protection services are accessible, economical, of high quality and recognizable from the perspective of needs of beneficiaries. A beneficiary is recognized as an active participant in the process of selection, implementation and sometimes coverage of cost of social protection services.³¹⁷

Organized in this way the model of provision of social services assigns a great importance to the role of private and non-governmental sectors. These services are considered as alternative forms of social protection measures or supplemental measures enabling that support is provided to beneficiaries with the aim of improving the quality of their life and eradicating or reducing the risk of social vulnerability. In addition to this, the services should develop or support development of beneficiary's potential for independent community living, which is of the utmost importance for the social inclusion of marginalized and excluded persons. It is exactly this component of social protection services that promotes them as proactive measures that may make direct and long-term impact on the process of social inclusion.

The way to resolve some forms of social exclusion lies in strengthening human rights within development programmes. The most prevalent approaches to resolving the problem of social exclusion are the Human Rights Based Approach (HRBA) and social inclusion³¹⁸.

³¹⁷ Lepir, Lj. Assessment of Need for Further Professionalisation of NGOs and Standardisation of their Services. In: Strengthening of Professional Capacities of Nongovernmental Organisations, IBHI, Sarajevo 2009, p. 69-91.

³¹⁸ Ibid.

Public services provide public welfare, which should be available to all. Improving mechanisms for the provision of these services directly influences the improvement of the beneficiaries' quality of life. The process has proved to be extremely demanding. Its maintenance requires a much closer cooperation between the public, private and civil sector. In this sense, partnerships are the main method of providing infrastructures necessary for the provision of public services of social protection and inclusion. Cooperation between sectors is not a novelty, but a longstanding practice. However, up until now, it was mostly reduced to participation which, although with advantages of its own, is not sufficient to reach the best quality of services.

The key factor and the reason for this shift in the approach to public services provision lies in the social responsibility to provide necessary services in the best possible way, in optimum conditions. The accent on social responsibility also increases political gain, because better services lead to better political acceptance by the public.

In 2009, UNDP³¹⁹ estimated what the main problems are in the provision of services by the entities of BiH:

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Recently, non-governmental and private sectors have been getting more active in the field of social services provision. Participation and strengthening of influence of the non-governmental sector is accompanied with decrease of the role of the state as the dominant and immediate service provider, which gradually creates a mixed system of social protection present in the EU member states. Since the state capacities are becoming insufficient to cover the provision of the social services to the increasing number of the beneficiaries and the NGO and private sector have direct access to the citizens and are completely familiar with their problems and needs the mixed system would be much more efficient. Such a system would be based on equal access to organisation, provision and funding of social protection services by governmental, civil and private sectors. The main reasons for introduction of the mixed system of social protection are founded on the fact that the capacities of the public sector are not enough to create adequate response to growing and more diverse needs of beneficiaries of measures and services of social protection. Cooperation between state, non-governmental and private sector are necessary not only because of shortage of funding, but also because of the lack of professional staff and new ways of operation. As the reform processes in the area of BiH social protection foresee enhancing of cooperation among these three sectors, strategic changes and new legal solutions have already taken into account the new developments in this field.

The reform processes of developing a new form of social protection are based on several key principles which all advocate introduction of a mixed system. These principles are as follows:

- Analytical assessment of needs of beneficiaries;
- Respect of human rights;
- Freedom of choice;
- Right to family and community living;
- Equality in use of services;
- Participation and involvement of beneficiaries;

319 UNDP: The Ties that Bind Us: National Human Development Report 2009 – Social Capital in BiH. Sarajevo, 2009.

320 Ibid, p. 119.

- Definition of priorities;
- Standards of individual needs;
- Community accountability;
- Partnership.

The new social protection system implies introduction of holistic approach to the needs of beneficiaries, which means that character, type and scope of measures and services provided to beneficiaries need to be adjusted to their needs. Very often it is not possible to do this, due to lack of cooperation among sectors as well as lack of cooperation within the system in general, including the areas of interest to beneficiaries which are not integrated into systematic operation. Cooperation among sectors is of crucial importance to assess beneficiaries' needs and develop proper and efficient system of measures and services that will respond to their needs and reduce social exclusion. Weaknesses of the public social protection system leave a lot of room for involvement of civil society organizations.³²¹

Civil society organizations are able to responds to the needs of beneficiaries in a more simple, adequate and prompt manner. It is the flexibility of the civil society organizations,

Perceived low quality of services	All BiH	F BiH	RS
Issuing official documents	17.3	19.1	15.1
Employment services	50.2	49.7	52.8
Police and public security	19.4	25.0	11.8
Health services	33.1	35.3	30.6
Education system	26.8	34.4	16.2
Housing for IDPs and returnees	24.9	28.9	19.7
Roads and bridges	36.4	42.3	28.9
Social assistance	38.3	42.1	34.4
Public transport	27.6	33.0	20.9
Water supply and sewage	26.1	26.8	25.9
Garbage collection and street cleaning	26.5	31.7	19.2

their vast experience and years of work with the vulnerable groups that make them a must for the new social protection system. Such a system should be an attempt to address and eliminate previous lack and weaknesses, and this is why it tends to "liberalise" the process to the maximum possible extent. The idea of modernizing the area of social services provision is based on creating adequate, efficient and systemically acceptable solutions. One of strategic goals in this process is to ensure active role and participation of beneficiaries in the process. The beneficiary is centrally placed, but not just only in the phase of defining needs, but also in phases of development, implementation and evaluation of particular social services.

321 Lepir, Lj. Assessment of Need for Further Professionalisation of NGOs and Standardisation of their Services. In: Strengthening of Professional Capacities of Nongovernmental Organisations, IBHI, Sarajevo 2009, p. 69-91.

Furthermore, modernization of social services moves towards provision of services in natural environment of the services recipients. In order to target the real needs and achieve successful results, it is necessary to ensure immediate participation of those actors that are directly involved in assessment, planning and provision of those services.

Since it is very often difficult and even impossible for individuals themselves to take part in this process, the new approach therefore implies strengthening of role local communities which have the primary role in identifying the citizens' needs and providing them with resources and services. In this way, the subsidiary principle, as one of the founding principles of the EU, is integrated in the field of social services provision and it is intended to ensure that decisions are taken as closely as possible to the citizens i.e. at the community level.

Due to the importance of the local communities in the process of social inclusion, we will now take a deeper look at their role and potential they dispose with the aim to improve their citizens' living conditions.

10.1. THE ROLE OF LOCAL COMMUNITY IN SOCIAL SERVICES PROVISION

The increasing proportions of social exclusion and its numerous serious consequences for individuals, families, groups and the whole society in the end, should be a wake-up call and warning that these phenomena must be confronted and systematically found solutions for. As already explained, social exclusion along with poverty is multidimensional, socially-conditioned and complex problem. These two phenomena are mutually interlinked, deeply affecting economic and social components of human values and causing different kinds of deprivation of groups and individuals. It would be wrong and misleading to perceive social exclusion as caused just by personal weaknesses and problems of excluded individuals. Social exclusion is largely caused by many institutionalized inequalities such as unequal education and employment opportunities, access to health and social services, as well as cultural factors and interpersonal resources.

The government recognizes NGO expertise in analysis and identification of target groups' needs, but it does not sufficiently recognize the benefits of utilizing NGOs to provide basic services. This is particularly evident at the local level of governance, where officials consult NGOs on issues related to their specific areas of expertise, but engage these organizations as service providers only in isolated instances³²².

Due to multiple causes of social exclusion, wide, comprehensive and involving social action is needed in which the socially excluded would have the leading role and be supported and assisted by the state bodies and institutions, civil society organizations, companies, statistical and research institutions, unions, local governments and others who can contribute to the development of society. Relating the social inclusion process to just one institution or sector can not generate desired and sustainable results. Even the state, that used to be the exclusive provider of social services and the most powerful actor, is not able to satisfy the growing needs of the socially excluded population. The state still needs to provide a stable legal framework, social infrastructure and to establish and ensure the rule of law, but multiple and systemic measures and services provision must be introduced at all levels and in all sectors. We need innovative ways to activate the labour force and stimulate employment, reduce and mitigate poverty, make education

322 USAID. The 2009 NGO Sustainability Index. http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2009/bosnia_herzegovina.pdf. Accessed Sep 1, 2010.

much more accessible and adjusted to the market needs, introduce antidiscrimination measures need to be explored, put in place and constantly monitored. One of the overall goals is to make the public aware of and sensitive to the existing social problems and mobilize all the actors and resources in order to solve them.

It is the responsibility of the whole society and state to create decent and adequate living conditions for the citizens, to respond to their existential and other needs, to engage them in the social mainstream and on the other hand to participate, lead and develop the processes aimed at the overall social improvement. A special emphasis is placed on the role and importance of the local communities in this process. Local communities represent a spatial and social platform where interests and needs of their members are being fulfilled and where citizen rights are being exercised. Local communities are at the same time places where individuals and groups are most easily and frequently socially excluded as well as places most accessible for involvement and first level for becoming an active society member and finally for finding answers and solutions for the problems.

Five basic responsibilities and functions of the local community are the following:

- Local participation in production, distribution and exchange of necessary goods and services in industry, economy, healthcare, education, social protection and religious organizations;
- Socialisation and transmission of knowledge, social values and behavioural forms on members of the community through families, schools, religious organisations and other systems within the community;
- Social control as the means of influencing the behaviour of members and their conforming to the values and norms of the community. The bearers of social control are families, the judicial system, police, schools, religious organisations and social services. The main means to realising social control are the laws that protect the values of the community;
- Social participation in different community activities that are realised through families, relatives, friends, colleagues, religious and volunteer organisations, government programmes and social services;
- Mutual and multidimensional support to community members at times of need, as well as protection from health problems, economic difficulties and all other life situations that endanger their survival and development. Help and support is provided from different groups and institutions in the community such as: families, relatives, neighbours, friends, religious and volunteer groups, social services, insurance companies and so on³²³.

In administrative-political sense, the local community in Bosnia and Herzegovina is equivocated with the local governance unit, that is, the municipality, according to the existing legal regulations. In addition to being an administrative-territorial unit, a municipality is also a territorial community of citizens who, by democratically electing representatives, directly and indirectly realise their political and economic rights, thereby deciding on all social affairs that are in their common interest.

323 Milosavljević, M. and Brkić, M. Social Work in the Community. Belgrade: Social Thought, 2005. See: Ćuk, M. The Role and Significance of Local Communities in the Social Inclusion Process. In: IBHI. What is to be Done? Social Inclusion and Civil Society – Practical Steps. Sarajevo, 2009. p. 178.

In 2009, UNDP³²⁴ estimated what the main problems are in the provision of services by the BiH municipalities:

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in %	Low quality	High prices	Poor infrastructure	Corruption	Discrimination
Issuing official documents	17.3	11.0	1.9	4.0	2.7
Employment services	50.2	0.6	3.1	11.2	3.1
Police and public security	19.4	0.6	0.9	18.3	3.2
Health services	33.1	12.9	3.6	5.6	1.9
Education system	26.8	6.3	3.1	9.7	1.5
Housing for IDPs and returnees	24.9	0.8	3.8	3.4	4.8
Roads and bridges	36.4	1.1	22.6	1.5	0.4
Social assistance	38.3	1.6	3.1	7.1	4.1
Public transport	27.6	14.6	8.0	1.5	0.5
Water supply and sewage	26.1	2.8	8.6	1.9	1.2
Garbage collection and street cleaning	26.5	1.6	4.2	2.2	1.0

The concept of decentralisation of the social protection system (at least in terms of this particular segment), represents a necessary precondition for development of modern and functional social services. The concept of deinstitutionalisation has become a guiding principle in Western European countries in the second half of the 20th century, not only within the social protection system, but within other systems as well, where it became necessary to provide intervention to meet immediate needs of citizens. One of the reasons for initiation of activities of introduction of alternative models of social service provision, in addition to humanistic approach based on respect of human rights and lack of adequate professional treatment, is reflected in the fact that provision of services in institutions is very costly and economically unsustainable.

Alternative form of provision of services at the location where beneficiaries live significantly decreases the cost of social protection of such beneficiaries, respects specific nature of each individual, reduces the risk of stigmatisation and enables more flexible approach in providing resources for implementation of social protection measures.

Local community as a geographic, sociological or political-administrative unit plays a key role in identification, development, provision of resources for and implementation of social protection services. A multitude of relations which are formed as local communities and work for the benefit of their residents are key to the process of defining of social protection services. It is precisely the existing resources that local communities have, that are not recognised within the public system, that give an edge to local communities and account for efficiency of the concept of provision of social protection services.

324 UNDP: The Ties that Bind Us: National Human Development Report 2009 – Social Capital in BiH. Sarajevo, 2009.

325 Ibid, p. 118.

Decentralised model of social protection system is one of priority preconditions for establishment of a sustainable system of social protection, based on the concept of service provision. However, the efficiency of such model is not to be taken for granted. In addition to organisational preconditions, it is of great importance to ensure two way communication that will enable the interests of beneficiaries to be clearly articulated in the decision making process, the process of budgeting and the process of defining priority aspects of developmental plans of local units of self government.

Experiences of countries which have heritage of statism, where the state was the only entity responsible for the welfare of citizens, securing it under its own terms and in line with its own priorities, indicate that it was difficult to develop mechanisms of direct cooperation or ensure that the beneficiary population could have a say in key aspects of the social policy at community level. One of the reasons for poor vertical flow of cooperation is that there was no tradition of involvement of civil society as a key element in articulation of views and needs of citizens in those countries. Although the non-governmental sector expanded, organisations that emerged over the past 15 years have not yet earned reputation for serving the interests of citizens and playing important role in society. Non-existing systemic relation between the public sector and civil society organisations certainly contributes to inertness and poor visibility of the non-governmental sector as an important factor in the processes of democratisation of society at large.

State institutions and bodies are often incapable to adequately respond to problems experienced by citizens for different reasons. Non-governmental organisations, operating as voluntary, non-profitable organisations are better equipped to more directly and more efficiently address those problems.

In BiH, the process of development of the non-governmental sector came a long way from complete gap and confrontation to substantial compatibility with the public sector. Unlike the situation from fifteen years ago, non-governmental organisations now work together with institutions of the system contributing to development of society, which represents a good foundation for improvement of the entire system and promotion of respect of the fundamental principles of democratic society (respect of human rights, participation, decrease of social exclusion).

The area of social protection in BiH has become an area in which the non-governmental sector implemented significant interventions, primarily at practical level. Implementation of substantial number of different projects which made strong and irreversible impact in local communities in which they were implemented, led to initiation of reform processes at the level of the entire system. At first, the impact was limited to strengthening of capacities of centres for social work and introduction of new practices, while at later stages the projects started shaping the direction of reform processes in the entire system of social protection.

Replicating good practice in other municipalities turned out to be a good way to affirm the need for reform of the existing practices in this area. Solely funded from donations at first, the project activities later became fully integrated into public budgets, which ensured sustainability of good solutions. One of the most important contributions of these projects, in addition to professional intervention within the system and the practice, was reflected in strengthening of partnership between the public and the non-governmental sectors. It took a long time and a lot of effort for this partnership to be tested in practice. Even now, there are still some lingering doubts about the quality and functionality of this

partnership, but these doubts are no longer the result of mutual antagonism between two opposed sides, but rather the result of realisation that the place, the role and the way of functioning of this partnership needs to be defined within the system.³²⁶

Cooperation and partnership between the institutions of the system and the non-governmental organisations greatly depends on the common interest they share and the nature of the field in which interests of certain groups of citizens are articulated. The foundation of systemic identification of the role and the mode of operation of non-governmental organisations is built into the laws which regulate the method of their establishment and operation. In Republika Srpska and the FBiH, the laws on non-governmental organisations and foundations are in effect, which regulate the method of establishment and operation of non-governmental organisations and foundations, their role and their significance in society.

Social protection in BiH is under exclusive competency of entities, cantons (in the FBiH) and Brčko District of BiH. Relevant institutions at state level have coordination responsibility. The foundation of operation of social protection system is outlined in entity laws on social protection. Efficient functioning of the social protection system requires implementation of other relevant laws which regulate child protection, family protection, professional rehabilitation and employment of persons with disabilities, domestic violence, gender equality, etc. Significant number of strategic documents was enacted both at entity and at state level to additionally regulate the area of social protection in BiH. Over the past several years, a number of documents were passed setting strategic framework and defining orientation in the areas which are either directly or indirectly related to the area of social protection of citizens. Strategic documents in the area of protection of persons with disabilities, treatment of children without parental care, juvenile delinquency, peer violence, domestic violence, trafficking in human beings, abuse of psychoactive substances, gender equality, etc., were based on the same principles as those in use in EU member states. That implies that these documents open possibilities for participation of the non-governmental sector in planning, development, financing and implementation of measures and services of social protection.

The existing laws in the area of social protection envisage opportunities for cooperation between the government and the non-governmental sector in implementation of social protection measures and services. The new Draft Law on Social Protection makes it clear that the mixed system of social protection is the new concept that will serve as a foundation for further development of social protection in Republika Srpska. The Draft suggests that "the rights defined under the Law exercised in the form of receipt of services are to be provided in partnership between the public, the non-governmental and the private sectors". In addition to social protection institutions, the law stipulates that companies, associations of citizens and citizens themselves can engage in provision of social services, which opens the area of social protection services to private and non-governmental sector.

326 Abdelbasit, A. 118 Million Steps to Cooperation. In: What is to be done? Social Inclusion and Civil Society-Practical Steps, IBHI, Sarajevo, 2009, p. 59-76.

11. SUPPORT MECHANISMS

11.1. PRECONDITIONS FOR STRENGTHENING OF PARTNERSHIP BETWEEN STATE INSTITUTIONS AND NON-GOVERNMENTAL ORGANISATIONS

The existing problems in the area of social protection in BiH can neither be approached from one perspective nor resolved without involvement and cooperation of all the concerned actors, primarily state and non-government sector.

Numerous projects that have been implemented in BiH in the recent years in the field of social protection have showed that partnership between the two sectors is not only feasible, but necessary and that it gives excellent and long-term results. Cooperation brought new and better ways of social services provision to the most vulnerable and marginalized citizens. The real needs of the citizens were much better assessed and therefore much more adequately answered to in accordance with the available solutions of the system. A very important element for ensuring adequate satisfaction of the beneficiaries' needs was so-called two-way communication between regulators, providers and recipients of services. Communication running in both directions enabled beneficiaries not just to take part in the projects implementation, but to impact and change the views of the general public about the processes in the area of social protection. This was one of the major changes and set up a foundation for the process of social inclusion.

The process of establishing institutional mechanisms of cooperation between governments and civil society varies in different European countries. Either cooperation has been initiated "bottom down", by the government, or "from bottom up", by civil society. The UK and Estonian governments, for example, initiated the process only once a critical mass of civil society organisations created a demand for partnership. In contrast, in Croatia it was precisely the creation of the institutional mechanisms of cooperation on the part of the government that contributed to strengthening the capacities of civil society and its growing social role.

There is no country in CEE or SEE (or indeed anywhere in Europe) which has a single planned framework that accommodates all the policies and institutions of cooperation between the state and non-state sectors. Rather these policies and institutions have evolved over the past two decades as needs arise. Nevertheless, throughout the region some overarching principles and practices of cooperation have been institutionalised which can broadly be referred to as 'frameworks'.

The signing of an agreement is often, though not necessarily, the first step in establishment of a wider institutional mechanism of cooperation between government and civil society. Policy documents on cooperation (PDC) express the position of governments on the roles of civil society and commitments for future interaction. They outline the principles of cooperation in the interest of society. Since they aim to promote partnership and dialogue, ideally they are developed through mutual efforts and negotiations between the two sectors as well as the general public. In the case of EU candidate and potential candidate countries, PDCs may be required to fulfil political objectives in preparation for EU accession. A good example of a PDC is the Agreement of Cooperation between the BiH Council of Ministers and the NGO Sector in BiH.

Direct intervention at the local level and specific assistance to beneficiaries proved to be the elements that the previously used ways of social service provision were missing.

In many local communities - municipalities (Banja Luka, Trebinje, Zenica, Travnik, Doboj, Gradiška, Tuzla, Vitez, and so on) non-governmental organisations initiated, created and implemented specific services tailored to beneficiaries in social need. A great number of those initiatives originated from international donors whose mission and task was to improve the social security situation in the post-war society of BiH. Later on, similar initiatives started being launched by government institutions and local civil society organizations, which facilitated the process of acceptance of participatory model of organization, provision and funding of social protection services.³²⁷

11.2. FORMER PRACTICE – PARTICIPATION

PARTICIPATION = involvement, being included into the consultation process without being part of the decision-making process – meaning only limited and partial influence³²⁸. Among the best examples of participation are consultations with NGOs during the preparation of the BiH Mid-Term Development Strategy (MTDS) 2004-2007.

Cooperation between the public, private and civil sectors has, so far, mostly been based on participation. Of course, this form of cooperation also has its advantages and is based on equality and mutual respect. Possibilities of a higher level of cooperation are usually disregarded, mainly because of different flaws in the sectors' capacities, which can endanger the establishment of a successful partnership. These include, among other things, mutual distrust and a lack of understanding and interest, and the lack of practical experiences in the creation of successful partnerships. These shortfalls lead to longer negotiations, larger expenses and, ultimately, loss of interest³²⁹.

All of these factors make participation of the non-governmental sector a safer, but not more efficient, type of cooperation between sectors. It means less responsibility and a fortified hierarchy of powers in which sponsors usually have the last say. Most organisations want to stay true to what they are familiar with by working with similar organisations.

Nevertheless, participatory approach is not the same as partnership although the two terms are sometimes referred to as mutually interchangeable. On many occasions cooperation between public institutions and non-governmental organizations was of a "mechanical" character. The cooperation mostly consisted of ensuring presence of representatives of institutions or in participation in funding. Contacts between these two sectors were not without scepticism and opposing attitudes, which slowed down cooperation and made it difficult. Furthermore, cooperation would last only as long as project activities were being carried on. Only several projects accomplished to maintain essential cooperation between institutions and bodies of the government and non-governmental organizations which was based on usage of benefits and accomplishment of complementarities in development, organization and implementation of social services. Activities and measures that were supposed to bring systemic changes and improvements have not had much success.

However, experience resulting from joint work and partnership in implementation of projects in the field of social protection initiated introduction of a new approach to social

327 Lepir, Lj. Assessment of Need for Further Professionalisation of NGOs and Standardisation. In: Strengthening of Professional Capacities of Non-governmental Organisations, IBHI, Sarajevo, 2009, p. 84-94. See also "Menadžment neprofitnih organizacija", Marić, I. Predavanje na Ekonomskim fakultetu u Zagrebu, 2005.

328 Ninković-Papić, R. Civil Society from Participation to Partnership and Social Inclusion. In: SDC/IBHI, Civil Society in Strengthening Social Inclusion. Sarajevo, 2007, p. 92.

329 Dmitrović, T. IBHI Policy Brief: Advantages and Possible Forms of Partnership between the Public, Civil and Private Sectors. Sarajevo, 2010.

issues. So called mixed system of social protection is based on partnership between public, non-governmental and private sectors. This system was proved to be more adequate and practical through joint projects of the three sectors implemented during the past ten years. It is based on use of strengths and resources of the non-governmental, state and private sector which are compatible and supplementary to the weaknesses and lacks of the other sectors.³³⁰

As already mentioned, non-governmental organizations possess adaptability and flexibility that state institutions lack. They do not need to follow different procedures that very often slow down the work. They have developed more direct communication with beneficiaries and more open cooperation with other organizations and institutions. They have innovative approach to problems and prompt and effective solutions. They tend to use their disposable resources and not to postpone the problem solving and they greatly rely on cooperation and feedback of the beneficiaries, which represents one of the key elements for strengthening social inclusion.

11.3. ADVANTAGES OF PARTNERSHIP

PARTNERSHIP = inclusion into the process of decision preparation and making – influence of either partner is not limited³³¹. A practical example of a partnership relationship can be seen in the Swiss Non-Governmental Organisations Support Programme in Bosnia and Herzegovina³³², as well as in the DFID Project “Reforming the System and Structures of Central and Local Social Policy Regimes in Bosnia and Herzegovina”³³³.

Unfortunately, it is becoming more and more obvious that the authorities are unable to meet their own growing needs for all kinds of services, especially in the field of social services and the civil society. They need support from other social sectors in order to increase efficiency and reach as many beneficiaries as possible. In reality, an organisation will often be included into the process of consultations and decision-making, without having real influence and sometimes overly depending on other, more influential, members when they should be actively involved in the entire process as a member of an advisory board.

Public-private partnerships offer a lot more in terms of cooperation. They are based on recognising joint goals and benefits that different sectors will gain by joining their capacities. This means joining funds, knowledge and experience with the aim of improving services for all beneficiaries. The fact that, in partnerships, social responsibility, which is usually a trait of the non-governmental sector, is combined with finances, technology and efficient management, is also a big advantage. In these relations, the community also plays a key role as the beneficiary of services. The development of efficient and practical

330 Dmitrović, T. IBHI Policy Brief: Advantages and Possible Forms of Partnership between the Public, Civil and Private Sectors. Sarajevo, 2010.

331 IBHI (Papić, Ž. and Ninković, R.), Integrity in Reconstruction: Corruption, Effectiveness and Sustainability in Post-War Countries. Sarajevo, 2007, p. 92

332 The project started in 2004, and so far, it has supported 53 projects implemented by 29 NGOs in the territory of 29 municipalities in BiH.

333 The project was implemented from May, 2001 until May, 2005 in pilot-municipalities Gornji Vakuf-Uskoplje and Zenica in FBiH, and Banja Luka and Trebinje in the RS. Results: development of Municipal Social Protection Development Plans (MSPDPs) and Community Action Plans (CAPs) at the local level. 277 organisations (stakeholders) participated in its implementation, including 150 NGOs, 107 public institutions and 20 private entrepreneurs. The total number of direct beneficiaries was 20.703. Partnership between the governmental and the non-governmental sector was established through tender prerequisites.

services can only become a reality if all stakeholders are involved, whether they are beneficiaries, service providers or authorities.

There are three main prerequisites for establishing a partnership:

1. Crisis (occurrence of a widely recognised crisis – for example, the lack of a certain service, which demands a higher level of cooperation and cooperative work)
2. Supporters (individual, group or organisation that understands that separate, uncoordinated actions do not provide good results and that it is necessary to improve the relationship to the level of partnership)
3. Initiators (activists of an external factor, for example, international institutions or other bodies that are regarded and trusted by all partners)³³⁴.

The stakeholders and the structure of partnership, as well as the level in which it is formed, depend on the goals and types of activities:

- Partnership on the local level/municipalities – Municipality, Centre for Social Work (CSW), NGOs, beneficiaries – **HORIZONTAL PARTNERSHIP**
- Partnership on entity and state levels – Economic Social Councils – **VERTICAL PARTNERSHIP**
- Horizontal and vertical partnerships together create the conditions for:
 - Bottom-up approach
 - Inclusion of all stakeholders and beneficiaries into policy development and their implementation³³⁵.

The ways to make any partnership work are: by recognising and accepting the fact that disagreements are possible; by recognising the need to increase capacities of all partners in order for them to be functional in a partnership, especially of representatives from the non-governmental sector and the local community, who often have to face a lack of resources; by developing methods of division and reduction of risks of working in partnership; by focusing on the very process of partnership, as well as on the desired results; clearly defining the division of responsibilities; and by ensuring transparency and clear open access to information regarding all partners³³⁶.

Compatible Goals

The first prerequisites for establishing a partnership are joint goals and vision. All partners have to focus on wider, complementary goals which they strive to accomplish. It is important to emphasize that the public and the private sector do not have to be the same in order for the partnership to work; it is enough to ensure that they are partially compatible.

Balance of Powers and Equal Responsibility

Successful partnerships are based on establishing a balance of powers and capacities between the contracting parties. Also, it is necessary to allow stakeholders to do their work effectively within their sector.

334 Dmitrović, T. IBHI Policy Brief: Advantages and Possible Forms of Partnership between the Public, Civil and Private Sectors. Sarajevo, 2010.

335 Papić, Ž. Ninković, R. Čar, O. Integrity in Reconstruction: Corruption, Effectiveness and Sustainability in Post-War Countries. IBHI: Sarajevo, 2007, p. 92.

336 Dmitrović, T. IBHI Policy Brief: Advantages and Possible Forms of Partnership between the Public, Civil and Private Sectors. Sarajevo, 2010.

Results-Orientation

Agreeing about overall goals and priorities is a precondition to utilise management mechanisms to reach those goals. This expands the span of innovative and effective approaches to work. Clear measurement criteria and established adjustment processes are the basis for further work and accomplishment of the set goals.

Supportive Environment

Support – in reality, organisations often support new initiatives and activities, when they should be support and partners with equal rights. A supportive regulatory, legal and political environment represents a foundation for sustainable inclusion of the private sector. The legal framework should be adjusted for contracting and investments of the private sector, and designed in a way that would reduce the possibility of corruption. The government should also set a clear regulatory framework, and apply the appropriate tariff regimes and stimulative mechanisms. A bad political climate can create barriers to maintaining a partnership. Authorities should, whenever possible, provide guarantees to partners that political factors will not influence the termination of a partnership contract.

Transparency

Effective cooperation is not easy to accomplish. Many different actors are involved, which reduces the amount of trust between potential partners. The credibility of the supporters and other parties involved, as well as the process's transparency, are critical milestones of long-term success. True partnership must honour the principles of justice, transparency of all activities and joint interests or benefits.

Transparency plays a key role in the establishment of partnerships, their successful functioning, but also ensures that partners bear responsibilities. Prevention of bribe and corruption depends mostly on transparency. The main prerequisite for transparency is free access to information³³⁷.

11.4. BENEFITS FOR THE COMMUNITY IN REGARD TO SOCIAL INCLUSION

Social inclusion lies at the heart of creating social policies in the EU. BiH will have to develop its own mechanisms to resolve these issues. The current social protection system is mostly ineffective, partially due to the lack of sensitivity for the beneficiaries' needs, which is in conflict with the principles of the client-based approach to social protection, but also because of insufficient cooperation between sectors. The development of partnerships between centres of social work, the public and the private sectors and the civil society will help create an advanced social protection system focused on services and beneficiaries. One of the ways to achieve this is to form a social partnership between all of the involved parties, which would be based on strengthening social capital. In this way, it would be possible to ensure dialogue to reach an agreement on reforms, without compromising the principle of competitiveness. By joining the resources of organisations working in partnership, it is possible to achieve better management of economy.

337 Dmitrović, T. IBHI Policy Brief: Advantages and Possible Forms of Partnership between the Public, Civil and Private Sectors. Sarajevo, 2010.

By establishing intersectoral partnerships, many advantages can be made:

- Innovations utilisation – by creating favourable conditions through:
 - matching of funds, which increases the capital available to each of the partners;
 - an improved access to information accomplished through networking; and
 - providing a better environment in which risks are reduced and divided among partners.
- Prevention of assignment duplication, by ensuring that each of the partners covers a different area of activities, and by ensuring that partners promote mutually complementary activities.
- Fulfilment of complex needs through partnerships between individuals and organisations that are relevant for a given segment, with the purpose of exchanging information and finding solutions to complex issues.
- Sustainability promotion through encouraging the local community to be supportive and have an influence. The partnership approach has the potential to develop a sense of responsibility within the local community.
- Local or specific responses to problems will be enabled by reacting in a flexible way to local or specific circumstances, rather than centrally created interventions.
- Promotion of social cohesion through attempts to develop confidence and cooperation³³⁸.

Weaknesses of non-governmental organizations are mostly consequences of inappropriate treatment and diminishing of their role and importance in the society. Insufficient capacities and reach-out of non-governmental organizations very often prevent them from responding to needs of beneficiaries that require provision of their services.

Regrettably, the non-governmental sector in BiH is also subject to bureaucracy, which reflects on the quality and quantity of their work. Constant need to secure necessary funding for activities and operation of these organizations causes bureaucratic management and behaviour towards both partner organisations and beneficiaries.

This phenomenon is particularly present during the period of completion of project activities, when services provision is neglected or not carried out with usual attention, no matter of the unchanged mission and leading ideas of the organization.

Unlike non-governmental organisations, state institutions and bodies have regular and routine treatment of beneficiaries of social protection services. Furthermore, their operations have legal foundation in state laws and regulations and their activities are subject to clear and legally prescribed procedures. The state institutions also have more staff in number and variety of functions in the area of social protection.

Weaknesses of the government institutions and bodies in charge of this area primarily lie in slowness of the system, its dependence on the approved budget, its numerous administrative procedures and unwillingness of the staff to change their style of work and their approach to beneficiaries. If compared with individual needs of beneficiaries, the institutional position of the state officers working in the field of social protection often put beneficiaries into inferior position which creates repulsive attitude towards the state officers and makes the process of beneficiaries' social reintegration and inclusion even more difficult to accomplish.

338 Dmitrović, T. IBHI Policy Brief: Advantages and Possible Forms of Partnership between the Public, Civil and Private Sectors. Sarajevo, 2010.

When viewed in this way, strengths and weaknesses of both government and the non-governmental sector in the context of improvement of the process of social inclusion of citizens within the existing scheme of social protection in BiH, clearly indicate that it is necessary to define new ways of delivering the social services and introduce the mixed system which would modernize and enhance service provision and facilitate the improvement of beneficiaries' social position.

The new, mixed system of social protection should be based on positive experiences and practices derived from established partnerships between government institutions and non-governmental organisations. Lacks and gaps within the current system have to be resolved and replaced without decreasing the quality and availability of services to beneficiaries. Interests of beneficiaries have to be the most important and all the social protection measures primarily have to take their interests into consideration. Beneficiaries must be consulted and their needs must be integrated into provision of social protection services using available resources and means, regardless whether government institutions sector or civil society organizations are in charge of those resources and means.³³⁹

Advantages of mixed system of social protection are reflected in the following:

- Faster, more cost-effective, more immediate and more accessible services provided to beneficiaries
- More flexible and more rational organisation of provision of services
- Development of new services based on real needs of beneficiaries
- More opportunities for beneficiaries to have their say in selection of services
- Possibility to mobilise all available resources in local community

Mixed system of social protection has potentials, preconditions and resources needed to improve the social inclusion through establishment of partnership between government institutions and non-governmental organizations. Systems of social protection in BiH have already gained valuable experience and produced significant results from establishing this form of cooperation. There is a justified and well-grounded need to institutionalize this system which has been recognized and proved to be successful when built on the foundation of cooperation between governmental institutions and civil sector organizations.

11.5. INTRODUCTION OF STANDARD OF SERVICES

The process of development of standards of several social protection services was initiated with the support of Save the Children UK, the Ministry of Health and Social Welfare of Republika Srpska and the Ministry of Labour and Social Policy of the FBiH. This process was implemented in cooperation between the relevant ministries, faculties and non-governmental organizations that had experiences in providing social protection services to beneficiaries. After completion of the pilot phase of implementation of the standards, the standards were to be published as official documents by the relevant ministries and to be used as mandatory criteria for implementation of the social protection services in question, which would represent a first attempt ever in Bosnia and Herzegovina to introduce standards in this field.

³³⁹ Dmitrović, T. IBHI Policy Brief: Advantages and Possible Forms of Partnership between the Public, Civil and Private Sectors. Sarajevo, 2010

The term "standard" is defined as "documented agreements which contain technical specification or other precise criteria consistently used as a rule, a guideline or a definition of characteristics, to ensure that products, processes or services are appropriate to their purpose." In the context of social protection, the standards are derived from government policies, legislation, defined goals and framework of operation of national services, results of modern studies and good practice.

The term "standard" cannot be separated from the term "quality". The act of introduction of standards in social protection is also a starting point for introducing high quality service provision, creating a platform for competition between service providers as well as contracting provision of services. In this way it also becomes feasible to have direct influence of beneficiaries of services on the quality and efficiency of those services.

Accessibility of services and service providers to beneficiaries and regular feedback from beneficiaries are preconditions for their quality which, in the end, improves the overall quality of the livelihood of the beneficiaries. In this way the main purpose and goal of social protection system-to ensure that beneficiaries are integrated or reintegrated into social mainstream and into their communities- are being achieved.

Taking into consideration previously stated, the importance of introduction of standards in the area of social protection is obvious as it serves as a prerequisite and mean to accomplish higher efficiency of the processes of social inclusion of citizens. The process of standardization of social protection services broadens a space for involvement and new activities of non-governmental organizations operating in the field of social services delivery.

Introduction of standards will enable desirable and healthy competition between the government and the non-governmental sector, but also among different organizations working within the non-governmental sector, which would increase the choice, number and quality of the social services. The standards against which the quality of social services provision would be measured would impose conditions that need to be fulfilled in order that services are acceptable, valid and of a satisfactory quality regardless of the body and institution providing them. Both functional and structural standards need to be met in order that services fulfil their purposes and objectives. Besides this, the introduction of mixed system of social protection would enable non-governmental organisations to have the same treatment as government institutions and bodies working in the field of social protection, which would greatly increase engagement of high quality and professionally experienced non-governmental organizations in this area.

Introduction of standards in this area is among key elements for the proper implementation, monitoring and evaluation of services provision. It also brings the issue of the process of accreditation, which will create further opportunities for engagement of the non-governmental organisations. Efficient implementation of these processes would require establishing of new institutions (such as Social Protection Institute, Accreditation Agency) and enhancing the capacities of the existing institutions (primarily centres for social work) within the government system.³⁴⁰

340 Lepir, Lj. Assessment of Need for Further Professionalisation of NGOs and Standardisation of Their Services. In: Strengthening of Professional Capacities of Non-governmental Organisations, IBHI, Sarajevo, 2009. P. 35-51

11.6. PROFESSIONALIZATION OF THE NGO SECTOR

One of the features of the non-governmental sector in Bosnia and Herzegovina is insufficient number of adequately trained staff, lack of skills and awareness of importance to develop, organize and provide social services. This weakness of the non-governmental sector is mostly due to low level of professionalization of these organisations. Only several non-governmental organisations operate solely within the social sector and in most cases they implement diverse activities and cover several fields. This situation raises the question whether the non-governmental sector is then able to cover all of these fields and carry out different activities in accordance with the standards and qualities required for the provision of social protection services. Engagement in variety of areas and activities very often diminishes the quality of work and level of professionalism of nongovernmental organisations.

Professionalization implies introduction of the quality standards, procedures and methods of operation based on the modern developments in a particular profession. Professionalization is the process of organizational development based on application of modern management functions. The elements of modern management which represent a precondition for professionalization of non-governmental organizations are the following:

- Planning
- Organisation
- Leadership
- Development of human resources
- Control

Accomplishment of professionalization is verified through satisfaction of beneficiaries, which also serves as a continuous motivation for further development. Activities of one organization are considered professional if it properly organizes its work and deliver the services both among beneficiaries and within the social protection system. Improvement in these areas of operation of organisations is a key the accomplishment and maintenance of professionalism.

Insufficient planning of services and assessment of needs of the beneficiaries has for a consequence that non-governmental organisations create low-efficiency and low quality programs that can not adequately respond to the needs of either beneficiaries or partners.

Comprehensive and careful planning of programs of social services provision enables better identification of goals and definition of strategies to accomplish those goals. At the same well-planned programs, coordinated activities and fulfilled goals and objectives are much more likely to ensure the necessary funding. Planning creates structure which targets not only implementation of the short-term projects, but accomplishment of the overall mission of the organisation, it allocates disposable resources in the most effective manner and creates framework to enhance organizational efficiency. In the long run, it creates a favourable environment for reaching a consensus on organizational goals among the staff, management and external associates.

Since planning is very time-consuming and it requires extra efforts many non-governmental organizations resist planning. It also requires additional resources which they often do not have and it prevents prompt initiatives thus diminishing flexibility and efficiency which is one of the core characteristics of the non-governmental organizations.

Organisational structure of non-governmental organizations can hardly be described as consistent, functional and efficient. Ad-hoc method of organization is not in accordance with the principle of fulfilling the fundamental goals. Non-governmental organizations very often operate in an informal way and their management tries to establish a more democratic style of management unlike the market oriented businesses and state sector. Planning, on the other hand, creates conditions for successful operation of organization and accomplishment of the goals and targets. Assigning the functions that individual parts of organization have and need to fulfil is the fundamental objective of the function of organization. Organisation implies establishment of organisational structure which will create environment in which activities are performed in a way that distributes assignments necessary for accomplishment of goals to persons who are most likely to complete them successfully. Development and maintenance of clear and functional organizational structure is a way to achieve a higher level of professionalism of non-governmental organisations.

Moreover, development of well-qualified human resources is one the key tasks and responsibilities of management which directly reflect on the level of professionalization of non-governmental organisations. Human resources are unavoidable element in the performance analysis of any given organisation because, "quality of an organisation is largely only the result of quality of people it employs and keeps employed". In his book entitled "My View of Management", Peter F. Drucker emphasizes that the largest difference between profitable and non-profitable (non-governmental) organisations is found exactly in the area of management of human resources and relations. He states that it is highly important that non-profitable organisations keep their staff motivated, not just in a monetary sense, but ensure they have a feeling of involvement, contribution and accomplishment. Non-governmental organizations have a variety of staff: paid staff, volunteers, staff hired under special contracts, consultants and others. The quality of their work, way in which they provide services, efficiency, professionalism, attitude to beneficiary all together condition the accomplishment of results, influence reputation and represent the given non-governmental organisation.

Control function is among the most important ones since it reviews the achieved results and at the same time the performed level of professionalism. Control stands as one of the least prominent managerial functions in non-governmental sector (at least when speaking about the BiH non-governmental sector). There are several reasons for this, but the following two might be singled out as the most important ones:

- Reluctance of the management of non-governmental organisations to execute control
- Lack of strategic treatment of the public (government) sector to activities of non-governmental organizations within the area of social protection³⁴¹

Along with the general values and dominating social attitudes, the management of non-governmental organisations perceives control as a mechanism of repression, instead of mechanism intended to improve the quality of work. On the other hand, regardless of the significant portion of work done by the nongovernmental sector in the area of social protection in the recent years, the relevant government bodies keep postponing the introduction of control mechanisms in the work of non-governmental organisations in this field. Introduction and usage of control mechanisms of the work of

341 Lepir, Lj. Assessment of Need for Further Professionalisation of NGOs and Standardisation of Their Services. In: Strengthening of Professional Capacities of Non-governmental Organisations, IBHI, Sarajevo, 2009.

non-governmental organizations would greatly ensure accomplishment of higher level of their professionalization.

As a conclusion we can underline professionalism, quality, efficiency, flexibility, motivation, attitude to beneficiaries, attitude to partners, planning, functional and structural organisation, management of human resources, introduction of control mechanisms into work and creating positive image in the public as necessary elements for non-governmental organisations to market themselves as desirable and attractive, professional and valuable providers of social protection services in Bosnia and Herzegovina.

Owing to know-how and skills in the area of providing different vulnerable groups with social protection services, the NGO sector could be a noteworthy partner to the public sector which, for financial support to service provision, has limited resources for meeting growing needs for social services. The current cooperation role is mostly related to including NGOs into process of consultations with the public sector. A step further is the move towards enhancing the partnership between these two sectors, which brings about a clearer role of the NGO sector not only in consultations but in decision-making as well, which is important from the point of view of quality of services, and strengthening of social responsibility in providing efficient services based on the needs of beneficiaries. In addition to that, strengthening of the partnership contributes to the strengthening of social capital, the underdeveloped nature of which lies at the roots of social exclusion of vulnerable categories of population.

After signing and implementation of the Stabilization and Association Agreement (SAA), B&H, in accordance with the pre-accession instruments (IPA fund), will get the possibility of obtaining the assistance for strengthening social inclusion in the context of component of Human resources development, for the purpose of strengthening social and economic cohesion in the sphere of employment, education and training, and social inclusion. In IPA BH/Draft Multi-Annual Indicative Planning Document (MIPD) 2009-2011 assistance is foreseen for: Social inclusion and return; support to minorities and vulnerable groups (particularly Roma people, children and persons with disabilities); support to completion of the process of return through support for economic and social re-integration of returnees.

Upon acquiring the candidate status, additional opportunities for financing social inclusion policies will open, and this process will introduce innovations in the area of cooperation between public and civil sector in preparation and implementation of policies. Consequently, this will contribute to strengthening social capital and greater cohesion in the society, what is a basis for further BH development. In this context, the preparation of the Social Inclusion Strategy BH and its implementation is a very important step forward, and it will imply the reform of social sector, and the basis for preparation of JIM³⁴².

342 Council of Ministers BiH. The BiH Social Inclusion Strategy. Work Document. 2009.

12. EXPERIENCES AND EXAMPLES OF GOOD PRACTICE

Ensuring quality of service is one of the top-priorities of each NGO and it is fully in compliance with their client-based approach. There are many different ways to ensure the quality of services provided by the non-governmental sector, but this chapter will single out just those that would be most suitable and applicable models to be used in the context of Bosnia and Herzegovina. Experiences and examples that have been presented here are also a combination of different approaches to the quality service provision.

Particularly important models are those that are in place in Croatia and Slovenia as they may be replicated in Bosnia and Herzegovina due to similar state structures and geographical proximity, with assistance and advice of these countries and usage of their knowledge and practices in close cooperation with the NGO sector from these countries.

12.1. GREAT BRITAIN

Practical Quality Assurance System for Small Organisations (PQASSO) approach is based on the pioneering work done by the Kids' Clubs Network in developing the 'Aiming High' quality assurance scheme for kids' clubs, playgroups and other forms of primary childcare provision. 'Aiming High' was produced in 1994. During the period between 1993 and 1997, due to the great potential for 'Aiming High' to be applied to other small organisations, the organisation under the name of Charity Evaluation Services (CES) worked on the first edition of PQASSO. The first edition was published in July of 1997, the second in 2000 and the third edition of PQASSO in 2008.

"PQASSO is a straightforward, user-friendly quality assurance system intended to help you run your organisation more effectively and efficiently. It offers a flexible approach to quality which allows your organisation to work at its own pace. It helps you to take a systematic look at what you do, identify areas where you are doing well and not so well, and decide exactly where improvements are needed. It helps you to plan, budget and allocate the resources for making these improvements over a realistic time period."

In order to achieve this there are twelve quality fields that need to be assessed and improved if necessary:

1. planning;
2. governance;
3. leadership and management;
4. user-centred service;
5. managing people;
6. learning and development;
7. managing money;
8. managing resources;
9. communications and promotion;
10. working with others;
11. monitoring and evaluation;
12. results.

PQASSO is a copyrighted product which means that it, or parts of it, may not be reproduced without the permission of CES. CES has approved several official adaptations of the PQASSO to be used by some organisations or sectors: the NGO sector in Croatia, the NGO sector in Hungary, Homeless Link, Refugee Council, Commission for Racial Equality, NCH Action for Children, ACRE (Action with Communities in Rural England), Crossroads – Caring for Carers, YMCA etc. Up to date, over 13,000 copies of the PQASSO manual have been sold. In 2008 CES was awarded with a Great Britain's National Effectiveness Award for their work on the PQASSO system of quality. PQASSO have had broad and important influence on raising standards of the service provision in the voluntary and non-governmental sector.³⁴³

12.2. CROATIA

The SOKNO system (SOKNO is an acronym in Croatian for: 'Sistem osiguranja kvaliteta za neprofitni sektor', System of Quality Assurance for Non-profitable Sector) is in use in Croatia since 2007. Development of SOKNO started in 2002 when the Academy for Educational Development started its cooperation with Charities Evaluation Services (CES) from Great Britain. A working group for introduction of quality assurance in non-profitable organisations, comprised of representatives of Croatian associations, was formed with the aim of development of Croatian manual for quality assurance. Practical Quality Assurance System for Small Organisations (PQASSO), produced by Charity Evaluation Services, was used as its basis.

The procedure of adaptation of the system to circumstances in Croatia was implemented in two key phases. The first phase which took three years from 2002 to 2005 involved development of the first edition of the manual, introduction of the system in about twenty Croatian non-profitable organisations and training and licensing of 21 mentors for support in implementation of the system. In the second phase from 2005 and 2007 the system was introduced in 55 organisations, with support of mentors, monitoring of implementation of the system, further development and improvement of the system through amendments to the criteria of quality and development of second amended edition of the manual.

Similarly to PQASSO, this manual promotes constant improvement of quality within organisations and it includes the following 13 areas:

- Planning for quality,
- Governance,
- Management,
- User-centred service,
- Staff,
- Volunteers,
- Training and development,
- Managing money,
- Managing resources and industry safety,
- Managing activities,
- Networking and partnership,

³⁴³ Aida Daguda, Quality Assurance System in NGO Sector, Strengthening of Professional Capacities of Non – governmental Organisations, IBHI, Sarajevo, 2009, p. 109.

- Monitoring and evaluation,
- Results.

When the work of AED and USAID in Croatia was over, the work on promotion and further development of the SOKNO was taken over by the Trainers Forum – The Association of Trainers and Consultants for Non-Profitable Sector in Croatia. The Trainers Forum (TREF) started with its activities in 2002 focusing on improvement of work quality of trainers/consultants working on capacity development in non-profit sector in Croatia. It included civil society organisations, public bodies, as well as state administration and local and regional authorities.³⁴⁴

One of the major accomplishments of TREF was development and adoption of the Code of Ethics which was signed by 43 trainers soon after it was adopted. The Code of Ethics involved the following areas:

- Transparency;
- Relationship with clients and beneficiaries;
- Confidentiality;
- Professional qualifications;
- Conflict of interest;
- Charging of services.

Formulated in this way, the Code was a basis and inevitable element for proper functioning of each organization. Since the Code of Ethics was a first step towards introduction of professional standards for trainers and consultants, it was also the initial phase of introduction of professional standards for service provision.

Standardization is not the only example for which Croatia should be looked upon. Another important example of the successful work of the NGO sector is association for Promoting Inclusion was founded in 1997 with the financial support of the Open Society Institute Croatia and the Open Society Mental Health Initiative. Its primary goal is encouraging the process of deinstitutionalization of persons with intellectual and developmental disabilities and developing community based support services.

From the very beginning of its activities, the Association have had good cooperation with a competent state body, the Ministry of Labour and Social Protection at that time, which in the year 2000 supported housing program that was included in the regular system of financing of social protection services. This was done through building the first home for independent living in Zagreb that provides daily-based support to persons with intellectual disabilities living in apartments. As the community life requires inclusion into different areas of every-day life there was a need to develop a program which would provide housing support to persons with intellectual disabilities, along with support in finding employment and support in leisure activities. The program aimed to satisfy the needs of persons with intellectual disabilities and therefore they were developed in close cooperation with them. In the next years the supported housing program expanded to the other Croatian cities such as Osijek, Bjelovar and Slavonski Brod.

The Association pays most attention to the rights of persons with intellectual disabilities and the fulfilment of these rights. Therefore, it tries to include persons with intellectual disabilities in some of the Association's programs, through which they are also included

³⁴⁴ Aida Daguda, Quality Assurance System in NGO Sector, Strengthening of Professional Capacities of Non – governmental Organisations, IBHI, Sarajevo, 2009, p. 110.

in the program of self-determination and self-advocacy and enabled to make decisions about their own lives, as much as possible. Together with the development of expert support services for adults with intellectual disabilities, support programs for children have been developed deinstitutionalizing them so they can live in foster families.

Vision and mission of the founders were focused on deinstitutionalization and development of community based expert support services for children and adults with intellectual disabilities. Today, the Association for Promoting Inclusion is, among associations, the largest, private service provider in the field of social protection and a true alternative to the traditional institutionalization of persons with intellectual disabilities in Croatia. More than 100 deinstitutionalized adults live in four Croatian cities and receive the community based housing support while more than 30 deinstitutionalized children have exercised their right to live in a family.³⁴⁵

The practical experience of the Association was a good basis for making changes in the legislature. First, a type of institution called "home for independent living" was included in the social protection system providing services in apartments to a smaller group of persons with intellectual disabilities. In 2003, a new type of institution called "organized living" became integrated in the social protection system providing support to persons with intellectual disabilities in their every-day lives, with the housing units being occupied by one to five persons at the most.

Through its work and active advocating of rights to a life in a community, the Association has substantially contributed to social inclusion and civic equality of persons with intellectual disabilities in Croatia.

12.3. SLOVENIA

The pilot phase of the project under the title "System of Quality for Slovenian NGOs" started in the second half of 2007 when 10 Slovenian non-governmental organizations gathered and formed the working group. The project was jointly funded by the International Civil Society, Embassy of the United States of America and the Ministry of Public Administration. Even more important was that the project was greatly supported by the state, through the Ministry of Public Administration.

The model of quality assurance for Slovenian NGOs was developed on the basis of the international ISO standard 9001:2000. This standard focuses on the manner in which services are provided. Besides the non-governmental sector, it is well recognized in commercial and governmental sector and it includes the following categories:

- General requirements (operating procedures, compliance with the law, document management);
- Management and managing (commitment of the management, strategic and annual planning, monitoring of implementation of plans, organising, accountability and responsibility, internal and external communication);
- Staff and volunteers (recruitment, initial training, informing and motivating, professional development and training);
- Managing resources (managing financial resources, managing property – infrastructure);

³⁴⁵ Nedeljka Mišćević, Case Study-Association for Promoting Inclusion, Zagreb, Civil Society in Strengthening Social Inclusion, IBHI and SDC, Sarajevo, 2007, p. 261.

- Managing the work process (focus on service users, focus on donors, management and process implementation, management and project implementation, building partnership and networks);
- Monitoring and evaluation (general monitoring of processes, customer satisfaction, internal review)³⁴⁶.

The process was implemented in two phases.

First phase: Organisation analyses its operations against individual elements of the quality standard independently or with the assistance of a trained mentor. It can use free of charge questionnaire for self-assessment as well as a series of free of charge workshops organised with the assistance of the SIQ (Slovenian Institute for Quality and Measurement) and other NGOs, which serve as a platform where they can learn on quality system and rules of procedure and exchange ideas. Workshops are focused on practical work and following the completion of the series of workshops, the organization has the rulebook on quality developed, the system of quality introduced and it is ready to be certified, if it desires to do so.

Second phase: Following internal review, the organisation is ready for external assessment by the certified representative of the SIQ and a trained representative of the NGO sector. If all the requirements are met, the organisation gets the certificate which is valid for three years, after which the process of certification should be renewed.

Due to introduction of this system of quality, efficiency and effectiveness of non-governmental organizations was enhanced. At the same time, the system helps identifying lacks and weaknesses of organizational capacities, and implementation of changes and activities aimed at elimination of lacks and weaknesses. The standards of quality have been tested in 11 organisations in Slovenia, three of which have already been certified. It is also important to say that the size of organisation is not an obstacle for the introduction of the system of quality.

12.4. HUNGARY

There are different systems of quality assurance for non-governmental organizations in Hungary, and they are all considered as almost equally good and effective. These systems are SIF, MINTA, EFQM, and ISO 9000.

SIF model of quality is an initiative of the Centre for Quality of Non-Profitable Sector, established in 2001 within the Social Innovation Foundation – SIF, with the aim of managing activities of the Foundation in the area of quality management and development. This model of quality was developed in 2005 in Budapest with the aim to increase social inclusion and represent neglected and vulnerable groups through strengthening of the non-governmental sector. SIF provides high-quality services to its partners and it is certified in accordance with the ISO standard 9001:2001.

SIF developed its own model of quality, based on ISO standards, with special focus on the characteristics of non-governmental organizations. ISO standard was chosen as a basis since it is the most recognized of all systems of quality.

The procedure of implementation of this system consists of attendance of five modules, and it is also possible to have individual consultations as well as occasional visits to

³⁴⁶ Aida Daguda, Quality Assurance System in NGO Sector, Strengthening of Professional Capacities of Non – governmental Organisations, IBHI, Sarajevo, 2009, p. 111-112.

organizations participating in the modules. During the course of the last module, certification is performed by the external body – organisations are usually certified by the leading Hungarian auditing company (CERTOP Ltd).

The Civil Society Development Foundation - CSDF developed a system of quality assurance under the name of MINTA, which also focuses on NGOs. It is a variation of the British PQASSO system used by a group of 15 NGOs. In addition, strategic partnership was initiated with the Centre for Quality Development and representative office of EFQM in order to bring EFQM model closer to Hungarian NGOs. This organisation considered that ISO was not fully adapted to the NGO sector and that another, more suitable model should be developed. Therefore, CSDF was envisioned to work on demonstration of a broad range of different models of quality assurance to enable organisations to select the one that would best suit to their needs.

12.5. SERBIA

During the socialist era of Serbia, the state was creating and implementing social policies, like in other socialistic countries of that time. Although the services provided by the state were not of the same quality, still they were available to everyone. They included: free education and health protection, social apartments in many cases, subventions for different services such as transportation, food, clothing and others. Employment and housing was secured to almost everyone which was the practice of the state as well as of the companies that were the agents of the state social policy. State institutions were in charge of social protection: centres for social work (CSW), institutions for elderly, children without parental care, children and adults with development disorders, shelters clubs and other.

Much like BiH, with the fall of the socialist regime, Serbia faced the crash of the socialist welfare state too. The post-socialist transformation was followed by the reforms in the social, economic and political field. These changes introduced restrictions on many subventions (primarily state provided housing), privatization of some services (education, health insurance, pension care), transfer of some responsibilities to the local level and gradual takeover of social services by the third sector.³⁴⁷

Unlike other Eastern European countries, changes in Serbia took much more time and had more serious consequences because of wars, sanctions, stagnation of the market and political reforms. Therefore, the reforms were to take place in a very weak social protection system which consisted mostly of centres for social work and institutions for the settlement of beneficiaries.³⁴⁸ A certain number of NGOs such as old associations for self-help and modern ones were a part of this social protection system which was a result of growing needs as well as initiatives and help of international donors.

The current system of social protection is not very different from the socialist system. The role of the CSWs has not changed much and they are still the dominant institutions in the implementation of the social protection services at the municipal level. Their work

347 Vuković Danilo, Case Study-Social Innovation Fund, Belgrade, Civil Society in Strengthening Social Inclusion, IBHI and SDC, Sarajevo, 2007, p. 248-258.

348 See also Clayton, A(ed.) (1996), NGOs, Civil Society, and the State: Building Democracy in Transition Societies, INTRAC, Oxford

Vuković, D(2007), "Reforma sistema socijalne zaštite", u Đurković, M. (ur.) Srbija 2000-2006: Država, društvo, privreda, Beograd, Institut za evropske studije

Vlada RS(2002), Izazovi reforme: dijagnostička studija organa državne uprave Republike Srbije, Beograd: Vlada RS

Vlada RS(2005), "Strategija razvoja socijalne zaštite", Socijalna misao br. 48

Vlada RS(2006), "Sektorski plan investicija iz oblasti socijalne zaštite", www.mfin.sr.gov.yu

consists of administrating most of the social benefits, administrating the legal rights regarding protection of adults, children and families coordinating and planning of local social protection.³⁴⁹

Furthermore, the services provided by the CSWs, do not have a very good outreach towards the final beneficiaries, they are not easily accessible to people and in most of the Serbian municipalities they are not developed enough, which is caused by the lack of funds in the city and municipality budgets, inertia of the system itself and lack of interest and motivation among social workers.³⁵⁰ Such a situation places great importance on the NGO sector and call for its more active role in the social services provision. However, as in many Central and Eastern European countries, the NGO sector in Serbia is not a very developed social services provider, but is usually much more flexible and has better understanding of various needs of the beneficiaries than the static and somewhat conservative state sector.

Therefore, a widely accepted model of service provision in Serbia is so-called "combined model" based on the pluralisation of service providers where the state determines services, but also enables and supports service provisions by NGOs, profit companies and individuals.³⁵¹ The advantages of this model are that NGOs are more flexible, adjusted to solving individual problems, have direct contacts with certain groups and better understand their problems. Individuals face difficulties in approaching government institutions because of bureaucratic procedures and because many of these institutions do not have offices in remote areas which makes direct contacts almost impossible. On the other hand, there is the opinion that the NGO sector achieves better quality of services, greater efficiency and lower price, but only when it implements narrowly defined projects in areas where it has significant experience and expertise. In the case of the widely defined development programs and complex multi-sector programs the NGO sector shows poorer results as they require huge management mechanisms which are too expensive and complex for the NGO organizational structures.

Furthermore, until 2002 investments into the development of local social services in Serbia were not coordinated with the national policy and to a great extent were directed toward the NGO sector. This did not result in the reconstruction of the public sector and the establishment of an alternative network of services capable to respond to the needs of the population.

The medium solution was found in the establishment of two funds – Social Innovation Fund and the Fund for Financing Organizations for Persons with a Disability (FOSI) – with multiple goals: to provide the opening of new services and involvement of new beneficiaries into the system of social protection, to raise the quality of services and the capacity of service providers, to provide information on the creation of new measures and to ensure equal territorial development of services.³⁵²

The Social Innovation Fund is a program of the Ministry of Labour and Social Politics of Serbia. Its work is directed by the Ministry, the Management Unit and the Program Council.

349 Vuković Danilo, Case Study-Social Innovation Fund, Belgrade, Civil Society in Strengthening Social Inclusion, IBHI and SDC, Sarajevo, 2007, p. 248-258.

350 MRZSP (2006), Izveštaj o radu centara za socijalnu rad za 2005. godinu, Beograd: MRZSP

351 See also Bežovan, G. (2000), "Mogućnost razvoja modela kombinirane socijalne politike u Hrvatskoj", *Revija za socijalnu politiku*, god. 7, No. 3

352 Vuković Danilo, Case Study-Social Innovation Fund, Belgrade, Civil Society in Strengthening Social Inclusion, IBHI and SDC, Sarajevo, 2007, p. 248-258.

See also Jovanović, V, Vuković, D(2003), "Fond za socijalne inovacije: mehanizam unapređenja socijalne zaštite", *Socijalna misao* No. 2-3

The Management Unit of the SIF is to some extent autonomous from the Ministry, which is a result of the partnership with UNDP.³⁵³ The Program Council of the SIF gives strategic directions for the work of the SIF and it consists of representatives of the Ministry, donors and of civil society organizations as well as of the Fund's staff. Due to relative independence the SIF so far managed to lower bureaucracy, simplify and accelerate administrative procedures and respond better to individual initiatives and needs.

In the first two years of its work, one of the main tasks of the SIF was improvement of professional and management capacities of the CSWs, NGOs and institutions for providing social services through seminars, manuals and instructions. Over 600 experts, both from organizations which have received and which have not received funds for the projects took part in training for project management and fund raising. In addition, several manuals have been published in this period. The SIF has also financed projects that introduce new working methods in public institutions, educate staff and introduce new service providers as well as new beneficiaries. Thanks to SIF resources, many of these services were tested and developed for the first time in Serbia and they included mediation, multi- sectoral programs for the prevention of domestic violence, activities in remote communities etc. Although the geographic coverage was not sufficient and even, it still involved many under-developed municipalities that were largely neglected up to then. All the services were designed according to the interest of the local self-governments and numerous social protection services were developed in the local communities.³⁵⁴ This was the first phase in the work of the SIF called "project financing and staff education phase".

The second phase in the work of the SIF was called "local social planning". The process of local social policy planning covered over two-thirds of the municipalities in Serbia and it was additionally financed through grants for the implementation of one or more priorities from local strategies. This process enables a stronger inclusion of local self-governments into the social policies creation and implementation but, at the same time, it lacks adequate representation of beneficiary groups and involvement of new actors in the domain of service providers. Finally, it does not represent a long-term response due to the lack of basic legal changes, careful transition of authorities, expanding the choice of the service providers and others.

Since 2005/2006, the respective ministry and the SIF have shifted their focus more on work with local self-governments with the aim to create a network of local self-governments for the improvement of local services through the process of strategic planning at the municipal level. This is the third phase in the work of the SIF called "the public sector reform phase".

In order to remove or diminish the existing obstacles the Ministry has adopted a number of systematic measures since 2006 that unblock some of the reform processes. Individual treatment plans have been created for children without parental care in institutions,

353 See also Allen, R. (2005), "UNDP Serbia Civil Society Development Programme Mid-Term Review - Final Report", UNDP Report

Lempert, D. (2007), "Furthering Civil Society's Role in Social Protection Services in Serbia", Report, UNDP, Belgrade

354 See also Babović, M. i Cvejić, S. (2005), Stavovi korisnika programa FSI, radni dokument, Beograd: Fond za socijalne inovacije, available at: www.sif.minrzs.sr.gov.yu

Bagić and MacKellar (2007), Final Evaluation of Project "Civil Society Participation in Poverty Reduction Strategy and Support to the Social Innovation Fund", UNDP Report

Vuković, D., Jovanović, V., Čalošević, A., Janša, M. (2005), Usluge socijalne zaštite u lokalnoj zajednici i njihova budućnost - naučene lekcije, preporuke i faktori održivosti: Izveštaj sa prvog konkursa FSI, radni dokument, Beograd: Fond za socijalne inovacije, available at: www.sif.minrzs.sr.gov.yu

admission of children below 3 years of age has been banned (which is a precondition for the deinstitutionalization and other changes) and new foster families have been recruited. The SIF has financed 13 large projects aimed at creating preconditions for the transformation of institutions for children and development of fostering within them (including specialized fostering), new services within the institutions such as day centres, independent accommodation and support to biological families. These programs have drawn great attention of the institutions (62 % of the institutions submitted those programs and 45 % were covered by projects) and they have increased the motivation of some professionals. On the other hand, they have caused strong resistance among the institutions and received different messages from the national level. As a consequence, these activities were partially continued and in 2007/8 when the SIF financed the development of 16 regional centres for fostering and equipment of apartments for independent living and support programs implemented in them.

Clearly, the establishment of the SIF has both good and weak sides. One of the weaknesses is the current status of the SIF which represents a certain weakness, because the SIF is not a legal institution, nor does it have the entitlements of a ministry or some of its parts. It can not achieve program and strategic consistence and be accountable to the beneficiaries. On the other hand, the funds for social investments of the World Bank show that greater autonomy negatively influences harmonization of activities with the activities of other government institutions.³⁵⁵ Even the creation of project implementation units has not improved this, since they cause the loss of responsibility and initiative of the respective ministries for the implementation of the changes.

Furthermore, most of the projects implemented by the SIF were supposed to develop social protection services in the community. The biggest problem service providers faced was sustainability of the services financed by the municipality. About a half of them have switched to temporary or permanent municipal budget, while the rest are still financed on project basis or they were reduced.³⁵⁶

Finally, a lack of a clear and adequate strategy for managing the processes on the national and local level caused difficulties for the work of SIF. One of the most important elements of strategies for development of local services is that they are equally developed at different levels and in different parts of the country. The state, on its end, is obliged to provide social services to all the citizens who have the rights to those services, regardless of their residence. That is why the state guarantees the minimum realization of these rights and develops mechanisms for proportional distribution of central funds and for equal provision of services. This includes functioning legal system, network of local service providers and a gradual decentralization and harmonization of the service financing system with the mutually agreed outcomes. A decentralized system implies that some of the services are provided at the municipal level, some should always remain on the central level, and some should be established on the inter-municipal level. In order for such a system to be established and to implement its work in a proper manner it is also

355 Vuković Danilo, Case Study-Social Innovation Fund, Belgrade, Civil Society in Strengthening Social Inclusion, IBHI and SDC, Sarajevo, 2007, p. 248-258.

See also Jack, W. (2001), "Social Investment Funds: An Organisational Approach to Improved Development Assistance", *The World Bank Research Observer*, vol. 16, no. 1 (2001), p. 109-124

356 See also Fox, Land Götestam, R. (2003), *Redirecting Resources to Community Based Services: A Concept Paper*, Social Protection Discussion Paper Series No. 0311, Washington D.C.: The World Bank
Lišanin, M.(2005), "Reforma sistema socijalne zaštite sa aspekta finansiranja", prezentacija na konferenciji Reforma socijalne politike: sa reči na dela, Beograd, 2005.

necessary to have an effective third level of government-regional government or to have sufficiently strong system boost from the central level that would motivate municipalities and local service providers to cooperate.³⁵⁷

The current status of the SIF is designed as a transitional solution until there is a clearer picture of what role both state and the SIF will have in the future system of social protection. Until now, there have been a few suggestions for the permanent status of the SIF – from its incorporation into the Ministry of Labour and Social Politics, inclusion into the newly established Institute for Social Protection or even full independence. Decisions regarding the goals of the Fund definitely and logically need to precede the issue of the legal status and ideally an appropriate organizational structure and decision making process. After this is determined and established fundamental and long-term changes and innovation will be able to take place in the fields of new standards introduction, new services providers, reform of the public sector and financing system, strengthening of the existing solidarity networks and others.

12.6. EXAMPLES OF GOOD PRACTICE IN BIH

The signing of the “Cooperation Agreement between BiH Council of Ministers and the NGO Sector”, the document which regulates cooperation and partnership between local self-government and citizens’ associations, as well as the transparent procedure of funds allocation, are very good examples of quality networking of different sectors. The first step of the Agreement’s implementation on state level was the formation of a Civil Society Committee as an advisory body of the non-governmental sector. Full implementation of this document is expected to be undertaken very soon, which means the formation of state-level bodies (first and foremost, the Agency for Cooperation with the NGO Sector of the BiH Council of Ministers, and the Civil Society Council³⁵⁸). Signing of the Agreement, as well as the inclusion of the non-governmental sector into drafting of strategic documents (BiH Social Inclusion Strategy, BiH Development Strategy) by DEP, points to the fact that certain steps have already been undertaken in accordance with positive European practices. However, we can not disregard the significant delay (and tardiness) in this regard.

The Sector of Civil Society was also formed as part of the BiH Ministry of Justice, with the role of creating a stimulative environment for the civil society in BiH, as a transitional solution until the formation of the Agency for Cooperation with the NGO Sector within the BiH Council of Ministers and of the Civil Society Council.

Another good example of a successful partnership is the work of the NGO Council. The NGO Council was established in April, 1996 by seven non-governmental organisations (ICVA, CRS, CARE, MSF, DRC, IBHI, NRC), as a forum in which NGOs can exchange views, experiences and information, and use them as a basis which they can use to influence policy making. It is a network of BiH and international NGOs, working together on stabilisation and development of Bosnia and Herzegovina³⁵⁹.

Practical examples of a partnership relationship in regard to social inclusion can be seen in the Swiss Non-Governmental Organisations Support Programme in Bosnia and

357 See also Bošnjak, V. (2004), “Social Services – the heart of social protection reform: Lessons from Serbia”, u Lessons Learned From Social Welfare System Reform And Some Planning Tips, Geneva: UNICEF

Matković, G. (2006), Decentralizacija socijalne zaštite u Srbiji, Beograd: CLDS

358 CPCD, Annual Report, 2008. <http://www.civilnodrustvo.ba/index.php?opcija=sadrzaji&id=36>

359 http://www.bihngocouncil.ba/index.php?option=com_content&task=view&id=22&Itemid=79

Herzegovina³⁶⁰, as well as in the DFID Project “Reforming the System and Structures of Central and Local Social Policy Regimes in Bosnia and Herzegovina”³⁶¹

Bearing in mind the importance of partnership with the non-governmental sector, especially in regard to social inclusion, and the commitments and obligations that are ahead of Bosnia and Herzegovina in the European integrations process, it is extremely useful to mention the Social Inclusion Foundation in Bosnia and Herzegovina (SIF in BiH)³⁶².

Networking among NGOs in regard to a specific subject such as “social inclusion” enables the formation of a good practice and knowledge bank which can be transferred through other projects into other areas of activities.

Along with NGOs, which we have thoroughly analysed, the media also have a crucial role in the complexity of the civil society in Bosnia and Herzegovina and its role in social inclusion and reduction of poverty. Namely, if activities of the civil society are not completely transparent and visible, and if the work of NGOs is not made public, it is not possible to speak of making an influence on public opinions. Therefore, we will also present a short overview of this part of the BiH civil society. Unfortunately, a more specific analysis of other parts and aspects of the civil society in BiH would require several volumes.

360 The project started in 2004, and so far, it has supported 53 projects implemented by 29 NGOs in the territory of 29 municipalities in BiH. IBHI, *Integrity in Reconstruction: Corruption, Effectiveness and Sustainability in Post-War Countries*. Sarajevo, 2007.

361 The project was implemented from May, 2001 until May, 2005 in pilot-municipalities Gornji Vakuf-Uskoplje and Zenica in FBiH, and Banja Luka and Trebinje in the RS. Results: development of Municipal Social Protection Development Plans (MSPDPs) and Community Action Plans (CAPs) at the local level. 277 organisations (stakeholders) participated in its implementation, including 150 NGOs, 107 public institutions and 20 private entrepreneurs. The total number of direct beneficiaries was 20.703. Partnership between the governmental and the non-governmental sector was established through tender prerequisites. IBHI (Papić, Ž. and Ninković, R.), *Integrity in Reconstruction: Corruption, Effectiveness and Sustainability in Post-War Countries*. Sarajevo, 2007.

362 www.sif.ba (For a more detailed analysis of the Social Inclusion Foundation in Bosnia and Herzegovina, see chapter 14).

13. MEDIA

As the media form a very important part of civil society, a vibrant, reliable, accessible, and unbiased media sector is necessary to achieve social and political inclusion in any society. Besides holding authorities to account through the process of informing the public and promoting democratic values, the media is one of the most important communication channels between the citizens and government officials. Public communication is an inevitable element in a true democratic ambience.

The media need to act as an observer of those in power, to be the source of information for the public as well as an initiator and facilitator of the participatory process. If functioning properly, the media sector makes an invaluable contribution to the establishment of so-called 'discursive ethics', which are at the core of an inclusive and democratic society.

Unfortunately, it has been proven difficult to achieve an accountable and relatively unbiased media sector in BiH. The war and related intense social turmoil during the 1990's was largely a product of political propaganda, which was greatly delivered through the media system. Therefore, just like other political or economic aspects of society, the media also needed a democratic transition, from the 'rule of ideology' to the 'rule of rights'.

The size of the BiH media is not to be neglected. According to the Communications Regulation Authority (CRA), in 2005 there were 188 licensed radio and television stations in BiH, 146 of which were radio stations and 42 TV stations³⁶³. These included three public broadcasters, BHT (the state broadcaster), RTRS and RTVFBiH (the Entity broadcasters). Programming of these public channels is mostly dominated by political content (26%-30%), followed by films (17%-30%), entertainment and sport³⁶⁴. Topics such as culture, education and youth issues are rather poorly represented. As far as the press is concerned, there are eight daily newspapers published in BiH, as well as a considerable number of weekly magazines, some of which have informative political content (Slobodna Bosna, Dani, Reporter) while others specialize in specific topics for specific groups (e.g. women's magazines, sport journals).

Unlike television, the printed media generally have quite modest influence on social happenings. This is not a matter of trust given to print media, but more a decision driven by economic reasons and cultural issues. Buying newspapers is more expensive than watching television. Around 20% of the adult population does not read daily papers, while 20% read less than twice a week. Although expected, the privatization associated with BiH's economic transition failed to create an unbiased media sector.

Up to a certain degree, its autocratic heritage still prevails. A large part of the media system remains under direct control or at least strong influence of ideologically-driven agents with nationalist agenda. The result is the spread of influential narratives that a significant part of the population accepts and adopts as their own opinion.

On the other hand, the reaction of another group of the population to such a biased content is an almost total distrust to the public media communication system, which also has its roots in the media misuse in the past. Although they hold different attitudes, both of these groups, indirectly support so called 'aggregative model' of media behaviour that is exclusive in its character³⁶⁵.

363 Jusić, T. The Media in a Democratic Society. In: OSF. Democracy Assessment in Bosnia and Herzegovina. Sarajevo, 2006.

364 Ibid.

365 Ibid.

The simplest explanation would be that this situation is caused by poverty and a non-existent economy, impacting both the population and these associations. However, that the situation is not really so grim may be illustrated by the fact that over the decade since Dayton, 190 million BAM in international assistance was injected into the electronic media alone. And the public broadcasting service is still nowhere to be seen. The NGO sector is also well endowed in international funding, some of its elements rely on domestic funding and still, despite over 9,000 associations, even those best informed about the civil sector cannot list more than a dozen organisations.

The BiH Journalists Association is too busy dealing with its own problems, and though this cannot serve as an excuse, journalists also cannot stand on their own. If the code of ethics is treated as marginal, if development of self-respect is neglected, if violations of ethical standards and rules became everyday practice, if the media assume the role of a prosecutor, judge and executioner, trying to impose themselves as creators of the political scene, obstructing every form of democratic dialogue and democratisation of society as a whole, and if all of this is crystal clear – what happened to corrective mechanisms?³⁶⁶

Non-functioning instruments of self-regulation that should sanction the lack of professionalism and ethics in the printed media have their own specific feature: cantonal and municipal courts received over 200 lawsuits of media vs. media in which “large and powerful” media wage wars against those who promote principles of independent and professional journalism. In the end, this could only lead to silencing those few local media that still uphold the principles of the profession.

Today, the Public Broadcasting System (PBS) is seen by outside observers as a democratic means of expression, acting in the public interest. However, in the present environment in BiH where the very notion of ‘public’ is divided into its ethno-national dimensions, there are actually three separate ‘publics’³⁶⁷. In practical terms, the independence of these media is possible only to the extent that the professionalism of the staff and oversight by the Communications Regulation Agency’s makes it so. The ruling hierarchy still exercises significant influence in this field and ethnic domination is still apparent. Thus, there is a phenomenon of presenting universal democratic values as the sole property of one or another constituent ethnic group and/or their political representatives.

Furthermore, the complex and specific situation in BiH bears crucial impact on the development of the media. Causes of the problematic situation in the media can also be found in the Dayton Peace Accord which practically ignored the media.

The DPA contained next to no provisions about the media. Its drafters essentially chose to ignore the media problem, hoping it could be addressed along the way, or at least prevented from blocking implementation³⁶⁸.

Three provisions in the DPA may be linked with the media: first, that common institutions shall be competent for the establishment and management of joint and international communications structures (Article III.1.h, of the Constitution, part of the Dayton Peace Agreement). The second is in Annex 7, Article 1.3.b, prescribing that signatories of the

366 Selimbegović, V. How Are You Today, Mr. President? In: IBHI. What is to be done? Social Inclusion and Civil Society – Practical Steps. Sarajevo, 2009.

367 Jusić, T. The Media in a Democratic Society. In: OSF. Democracy Assessment in Bosnia and Herzegovina. Sarajevo, 2006.

368 Thompson and De Luce. Escalating to Success? The Media Intervention in Bosnia and Herzegovina. In: Forging Peace: Intervention, Human Rights and the Management of Media Space. ED: Mark Thompson and Monroe E. Price. Edinburgh, 2002: p. 204.

Agreement would prevent any enticement to ethnic or religious intolerance in the media, and the third is contained in the agreement of the signatories to secure conditions for fair and free elections, politically neutral surroundings, freedom of expression and freedom of the press (Annex 3, Article 1.1). It can be said that the entire legal and regulatory framework of the media sector in BiH was built on these three provisions. Speaking about freedom of the media, we refer to two key aspects: pluralism of thought in the media and satisfying a wide spectrum of social needs for relevant information and content.

Elements of freedom and independence of the media are³⁶⁹:

- Structural conditions (legal guarantee for freedom to broadcast and print/publish);
- Operational conditions (real independence from economic and political pressures, and relative autonomy of journalists and editors within media outlets themselves);
- Possibility for different “voices” in the society to have media access;
- Quality media content for the “recipients”, i.e. the audience, on the basis of criteria of relevance, diversity, reliability, interest, originality, and personal satisfaction.

Following the practice of western liberal democracies, freedom of expression and freedom of the media in BiH in general are guaranteed by the Constitution, the European Convention on Human Rights, Law on Protection from Defamation (hereinafter: Defamation Law) which decriminalizes defamation, and the Law on Communications, which establishes the Communications Regulatory Agency (CRA) at the level of BiH.³⁷⁰

As for independence from the government, we must differentiate between independence of the private, i.e. the commercial sector, and of the public media, from government influence at any level. Moreover, it is necessary to differentiate between independence of the press and independence of electronic media.

Today, there is a plethora of media outlets in BiH, particularly as compared with a relatively small population of some four million³⁷¹. Namely, according to information from the CRA public register of the media, in 2005 there were 188 licensed RTV channels, including four radio channels and three TV channels by public broadcasters: BHRT, RTF BiH and RTRS. Of the total number of channels, 42 are television, and 146 are radio stations. There are 104 private channels: 23 TV and 81 radio channels.

The situation is similar with print media, with seven daily newspapers and almost 50 weekly and bi-weekly publications, published on regular basis. According to information available in relation to ownership over key media, at the moment BiH has no cases of serious media concentration which may represent a threat to fair and open market competition³⁷².

369 McQuail, Denis, *McQuail's Mass Communication Theory*, SAGE Publications: London-Thousand Oaks-New Delhi, 2000 (4th Edition), p. 166-167.

370 Jusić, T. *The Media in a Democratic Society*. In: OSF. *Democracy Assessment in Bosnia and Herzegovina*. Sarajevo, 2006.

371 Federation BiH covers 51.08% of the territory of BiH, inhabited by 63.32 % of the total population of BiH, whereas Republika Srpska covers 48.92% of the territory of BiH, inhabited by 38.68% of the population. Source: EURED, Project of the EU for Regional Economic Development in BiH: Socio-economic and SWOT analysis of economic region of north-west BiH, (2004), p.12, available at <http://www.eured-bih.org/eng/documents/SEA&SWOT/NWSEA&SWOTloc.pdf> accessed on July 12, 2010. According to the CIA assessment for 2004, there are 4,007,608 persons living in BiH. Of that number, according to local assessments, approximately 2,318,972 live in the Federation, whereas 1,490,993 live in Republika Srpska. Source: Wikipedia: http://bs.wikipedia.org/wiki/Bosna_i_Hercegovina#Stanovni.C5.A1tvo (as on 12 July 2010)

372 CRA, 2003: *The Future of Broadcasting*; Jusić, T. "Bosnia and Herzegovina. In: Brankica Petković, ed. *Media Ownership and its Impact on Media Independence and Pluralism*. Ljubljana, 2004.

A problem of great importance for independence of radio and TV stations from the ruling structures is the fact that, in addition to public broadcasters, BHRT, RTF BiH and RTRS, there are also 16 TV stations and 62 radio stations under state ownership, at municipal and cantonal levels across BiH, largely dependent on municipal and cantonal government budget financing³⁷³. Although the privatization of these broadcasters was supposed to commence in 2002, there has been no major advancement in this area. Privatization of these media outlets has proven to be difficult. One of the key difficulties is the lack of harmonization of legislation on privatization at different levels of administration. For example, different cantons have different rules on media ownership: some allow only 10 percent, others 48 percent or more, of foreign ownership³⁷⁴.

13.1. MEDIA REALITY IN BIH

Quite a few analysts of the local reality are prone to blaming Dnevni Avaz (The Daily Voice) for the grim image portrayed by the local media of FBiH. The daily newspaper, which spawned as the result of Alija Izetbegović's desire to have his own paper, is truly an illustrative example of the (mis)use of media³⁷⁵. Since Sarajevo is the country's capital and the mirror image of the country itself and its media, Avaz represents an alarming example of corruption and representation of personal political interests.

In Republika Srpska, the SNSD political party, headed by Milorad Dodik has no competition when it comes to absolute media control. It should be noted that neither those in power nor those in opposition in the RS have any doubt when it comes to matters of relevance to this entity. Their demands for restoration of the jurisdiction transferred to the state under the pressure of the International Community in BiH are increasing in volume by the day. On television screens, just as much as in the printed media, Dodik's moves are declared acts of a genius and every month RTRS hosts the Prime Minister who is always ready to wage war against those who do not share his views³⁷⁶.

RTRS is at this moment probably the single most loyal television station in the Balkans. At the height of the election campaign of 2006, Dragan Čavić, former President of SDS, publicly stated, in a broadcast by BHRT that "... even during the time of war his party did not exert such strong control over RTRS as SNSD is doing"³⁷⁷. Treatment of entity borders as if they were state borders, treatment of Republika Srpska as an equal partner of European countries and the absolute lack of criticism toward the top officials of SNSD turned this television into the strongest mechanism of obstruction to the creation of the BiH Public Broadcasting Service. If we add to this the public confrontation between Milorad Dodik and BHRT, it becomes easier to understand what the strategic goals of his politics are. These goals were time and again confirmed through repeated attacks targeting state institutions, the BiH Court, the BiH Central Bank, Regulatory Communications Agency, SIPA, to name a few.

Two parties that represent the interests of Bosnian Croats, HDZ BiH and HDZ 1990, are equally dispersed among the Croatian electorate in this country (with most influence

373 Jusić, T. The Media in a Democratic Society. In: OSF. Democracy Assessment in Bosnia and Herzegovina. Sarajevo, 2006.

374 Selimbegović, V. How Are You Today, Mr. President? In: IBHI. What is to be done? Social Inclusion and Civil Society – Practical Steps. Sarajevo, 2009.

375 Ibid.

376 Ibid.

377 Ibid.

in Herzegovina, especially Mostar) and their political leaders have to be given credit for the highest level of honesty in their treatment of the public. Dragan Čović, President of HDZ BiH has no problem whatsoever engaging in regular and persistent bipartisan cooperation. However, issues of the so-called “third entity” and a third television channel brought Čović closer to Dodik for pragmatic reasons; their relationship is reflected in the Parliament of the Federation through repeated and persistent attempts for the Federal television to once again become fully and completely consumed by politics³⁷⁸, which has, unfortunately, become true during the last General elections.

On the other hand, political ambitions that we are discussing are most obviously reflected in the differences in treatment of residents of, for instance, Sarajevo and Mostar. Appeals from top authorities of the Catholic Church on account of the discrimination and treatment of church property in Sarajevo are observed as sensationalist entertainment in Mostar. It is truly astounding that very obvious cases of absolute human rights violations did not attract the interest of politicians or the media - the very segment of civil society that should have to respond, due to its orientation.

Perhaps the most illustrative example of the situation in the capital, an illustration of the public, the media, political leaders and the authorities is presented by Avaz's information, according to which two of the most influential political characters among Bosniacs are Reis Mustafa ef. Cerić and Fahrudin Radončić. Neither of them keep their political ambitions a secret (Radončić ran for the position of the Bosniac member of the BiH Presidency), nor are they prepared to be held accountable for their political moves. Radončić dubbed himself as “publisher and constructor”. For over a decade he has been known for installing and removing politicians, economists, businessmen, public and cultural workers, solely for the sake of his own interest, usually wrapped in the package of Bosniac patriotism (whatever that might mean). As a climax, in 2010 he formed his own political party (Stranka za Bolju Budućnost) and ran for office. This finally exposed the “berlusconisation” of the BiH political scene, and the surprising success that SBB achieved at the 2010 General elections is, to say the least, worrying.

As a result, and in complete contrast to the nature of their role (perhaps following the example of their model) the local media decided to compete with each other in publishing unsubstantiated stories and reports, labelling others different from themselves, insulting them and demonstrating open hatred for them. Hiding behind the right of the media to act freely, they brutally violated the human right to protection from abuse of own freedom.

However, the outcomes of such abuse over the public by the media in Sarajevo were obvious more than once. The mere announcement of the Queer Festival “during the holy month of Ramadan” led Dnevni Avaz to conduct a survey among politicians. When prompted to answer the question of whether the organisation of the Queer Festival during the holy month of Ramadan was a provocation of Bosniac Muslims, those who declaratively support the European Convention on Human Rights gave a variety of responses, but none tried to hide their “astonishment” “that such a thing could have even occurred to anyone during the time of prayer and deep reflection”³⁷⁹.

The Queer Festival ended brutally, by an attack of the Wahhabis and hooligans, targeting visitors of the exhibition. This served to show the civil sector in its true splendour: several

378 Selimbegović, V. How Are You Today, Mr. President? In: IBHI. What is to be done? Social Inclusion and Civil Society – Practical Steps. Sarajevo, 2009.

379 Ibid.

letters of support, usually containing the following remark “although personally I do not belong to that community”, perfectly portray the bleak bog of what would be referred to as the public anywhere else in the world.

The series of protests of citizens of Sarajevo who tried to hold the city authorities accountable for frequent incidents in the town, mostly involving minors, did not really end brutally, but they certainly ended scandalously. A knife-attack in the tram proved deadly for a high school student Denis Mrnjavac. Carefully conceived, articulated and relatively well prepared, the protests which shortly followed as a response to uncontrolled juvenile delinquency were treated as the voice of the public only by the rare honourable media, the majority of the loyal media “recognised” the main organisers and bombarded them with an avalanche of accusations, which, even if justifiable, had nothing to do with the protests. In this way, their objectivity was permanently shattered, exposing their political agendas to even the most uneducated and excluded citizens of BiH. The only possible conclusion, with devastating consequences, is that the media of BiH actually support and contribute to the increase of social exclusion in BiH.

On the other hand, media that have started as independent have faced the reality of the media and advertising market in “rough” circumstances of BiH. With small circulations, they are economically dependent on paid advertisements/commercials of big companies whose owners, naturally, will not stand for criticism for corruption, illegal privatisation or any other form of illegal activities. Public companies, with management usually appointed by political parties, will deny advertising to media that criticise their political parties.

Media independence is threatened by consequences of independence itself. The change in ownership structure of weekly magazine “Dani” and “Oslobođenje” newspaper is an excellent example of how independence can be traded. The former editorial board of “Dani” that was, despite all pressures, a serious haven of investigative journalism and independence is now dissolute. A similar thing happened earlier with “Nezavisne novine” from Banja Luka. Although the ownership structure remained unchanged, the owner received political support to create a media empire.

At the same time, public broadcasting services have also been obviously influenced by individual political parties over the past few years. FTV and, especially, its formerly truly independent show “60 minuta” are now the spokesorgan of the Socio-Democratic Party, which is often demonstrated in a very primitive manner. The political balance of BHT1 is probably not going to last much longer, due to enormous financial losses.

Unfortunately, BiH is undergoing a process of vanishing independent media or, rather, the relativisation of their independence.

13.2. MEDIA AND SOCIAL INCLUSION

As for accessibility of media for different groups within the society, according to the IREX report on sustainability of the media in 2004, in BiH there is no serious resistance to media reporting on issues of social minority groups. Certain minority groups have their own programs on radio and TV, though difficult economic conditions³⁸⁰, as well as the lack of interest and inertness of the media and the authorities, prevent the development of such practice.

380 IREX . Media Sustainability Index 2004: Chapter on Bosnia and Herzegovina, 2005. according to research data by Mareco Index Bosnia, 13-22 September 2004.

According to the 2002 Gender Media Watch report³⁸¹, in electronic media outlets (FTV, RTRS, BHT1, ATV, and Hayat), whose content was analysed for the period from September 9th to 15th, 2002, in the prime-time slot from 19:00 to 22:00 hours, there was no program genre where women were presented or represented better than men. A considerable part of the programming is dedicated to men, either as interlocutors in news and current affairs programs, or sports or entertainment programs. According to this research, men spoke in 85% of the news and current affairs programs, whereas women had an opportunity to present their opinion in merely 15% of the cases.

The situation was equally bad in late 2004³⁸²: "Monitoring results have shown that women are still poorly represented in the media. There are slightly more in print media, i.e. newspapers (17%), whereas their presence in TV news and current affairs programs is merely 8 percent. Men hold clear primacy in all areas of life: politics, economy, judiciary, police, and party life."

A recent analysis of print media in BiH, conducted by the association of BiH journalists, showed that women were completely marginalized in print media³⁸³: "Women appear in just 4.4% or 230 headlines of published texts. Most frequently in incident reports, or as refugees, returnees or victims of war. Only 55 texts had women as their primary topic or a key source of information." According to this report, key features of presentation of women in BiH media are³⁸⁴:

- Women are marginalized in the media, both in terms of representation, and in terms of topics;
- With the exception of one paper, women are not addressed in gender correct forms;;
- The media treat women as transmitters of someone else's opinion, rather than protagonists of events with personal views on the topic in question;
- The media are not sensitive to women's issues and achievements of women;
- The media reproduce a patriarchal-stereotype shaded model of women in the society;
- The way women are presented is almost identical in all the (print) media (...).

Generally, in terms of attitudes towards different ethnic groups, nations, women, and minorities, the situation in print media is much worse than in electronic media. Print media are particularly inclined towards negative presentations of other ethnic groups, whereas national minorities are covered only sporadically, often in connection with crime. This form of reporting is particularly related to the Roma population.

All in all, there is an evident pluralism of the media, as well as some basic preconditions for pluralism of opinions. However, pluralism of opinion is restricted to a certain extent, as it is truly exercised mainly in extraordinary circumstances, such as elections, and in reporting on daily political events, whereas the "ordinary" everyday work of the media

381 IBHI. Gender Media Watch 2004, Programme analysis: FTV, TVRS, BHTV1, ATV and NTV Hayat, 09-15 December 2002, Gender Centres of FBiH Government and RS Government, 2003, p. 61.

382 Helsinki Citizens' Assembly of the City of Banja Luka, Žene u medijima [Women in the media]. Helsinki parlament građana Banjaluke and IKV (Interchurch Peace Council) - Holland, Banja Luka, October 2004. (available at <http://www.hcabl.org/pdf/publikacije/Zene%20u%20medijima.pdf>, as on 18 October 2010)

383 Čengić, R., "Žene potpuno zapostavljene u tekstovima" [Women totally neglected in writing], Nezavisne novine, 17 September 2005, p. 11. (available at: <http://www.idoc.ba/digitalarchive/public/serve/restricted/index.cfm?fuseaction=print&elementid=68320>, as on 18 October 2010.)

384 Monitoring printanih medija u Bosni i Hercegovini: Zastupljenost i način predstavljanja žena u medijima [Monitoring print media in BiH: Presentation and representation of women in the media]. Udruženje BH novinari, July 2005, p. 1.

shows neglect and negative presentation of women and any other different group, be it minorities or members of “the other” nation.

Certainly, there is a set of necessary reforms the media sector needs to go through if it wants to become more socially sensitive and inclusive and to diminish the very often prevailing national discourse. The existing problems are complex, but gradual steps would lead to greater public participation and make citizens have their voice better heard in the dominant discourses of power, exercised through the media. The following changes would probably make a significant difference and change the overall attitude towards the media:

Improvement of the understanding of the political process by citizens in general. Somewhat insufficient understanding of the politics is due to the former communist system, in which the state and the individuals were strictly divided and where there was no civil sphere. Such a system did not allow or encourage civil participation in the decision-making processes. Even today citizens are deprived of the real and active participation as political decisions are communicated only after their formulation. Therefore, the media has one of the key roles in changing this trend and stimulating greater citizenry involvement in the country's decision-making process.

Enabling the citizens to take more effective part in setting the media's agenda. This is particularly important for the vulnerable and marginalized groups such as youth, elderly, people with disabilities, minorities and others who need to have more media space. Positive discrimination should be exercised in order to help them to get fully involved into social mainstream. Furthermore, media content has to be adjusted to both genders, people of different age, religions and cultural backgrounds. The best way to ensure this is to have representatives from different population groups actively involved in the content selection and production. This can partially be achieved through writing letters to newspaper editors or programming directors of television stations. However, the effectiveness of this method depends on the initiatives of the representatives from various groups as well as if their voices and comments will be taken into consideration and acted upon. Media managers and editorial board members should initiate meetings with representatives of various social groups to formulate a more socially inclusive program. These meetings should be carried out in an open and communicative manner, where all groups work together to balance their preferences and needs with common public interest.

Promoting political equality of all individual interests in the public space of Bosnia and Herzegovina. All the media sources, no matter if state or privately owned, need to promote the equal status of all citizens in the entire political space in the country. The media should be oriented rather more towards political deliberation than the political representation of different cultural groups.

Promoting the right of citizens to control the political agenda formulated by the government. None of the segments of the political agenda should not be enacted unless preceded by a public discussion that the media would enable and facilitate. This especially pertains to the Public Broadcasting System. The media should function as a forum where citizens can respond to the government's actions and plans and through which they can influence and correct the government's decisions³⁸⁵.

385 Jusić, T. The Media in a Democratic Society. In: OSF. Democracy Assessment in Bosnia and Herzegovina. Sarajevo, 2006

Vibrant, responsible, accessible and objective media are necessary to improve the level of social inclusion in BiH. The media are the main channel for citizens to access political arena and make it healthy, transparent and inclusive. Therefore, media are among the major elements for strengthening the social inclusion and their role will remain highly important in the future.³⁸⁶

13.3. COOPERATION BETWEEN MEDIA AND NGOS

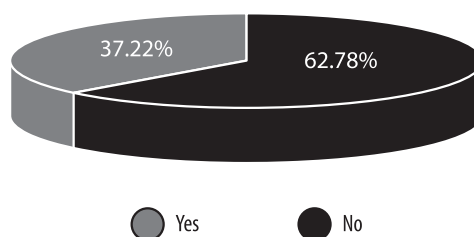
There are over 12,000 different associations, non-governmental organisations and societies registered in this country. Regardless how small or large they are, they are encased in their own little air bubbles and often completely unprepared to share their observations, experiences and even motives and goals with anyone. The model of communication based on issuing press releases is accepted regardless of the membership of these organisations, whether they are students, postgraduate students or scientists, the language used in their releases is, to say the least, bureaucratic.

Their operations are tailored to the management of the organisation and their goals are, by far, more specific and tangible in their interaction with political parties than with the vulnerable categories they represent³⁸⁷.

Once again we rely on information from the 2009 Analysis of the Civil Society Situation in BiH: "The highest percentage of surveyed associations (62.78%) said that they did not have a strategy for public relations. Dominant profiles of associations that have PR strategy are civil initiatives, women's associations and associations working on human rights issues."³⁸⁸

Whether your organization has a communication strategy
(strategy for relations with the media)?

389



Furthermore, over 78% of surveyed associations do not have a PR manager or a slogan. The ways of communicating with public are mostly comprised of direct contacts with citizens (60%), printed materials and press releases (59.2%)³⁹⁰.

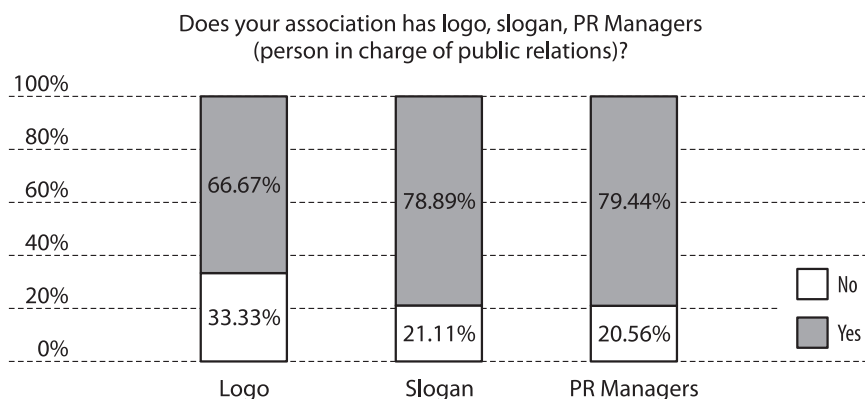
386 UNDP/IBHI. Human Development Report 2007. Sarajevo 2007, p. 134-145.

387 Selimbegović, V. How Are You Today, Mr. President? In: IBHI. What is to be done? Social Inclusion and Civil Society – Practical Steps. Sarajevo, 2009.

388 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009, p. 132

389 Ibid.

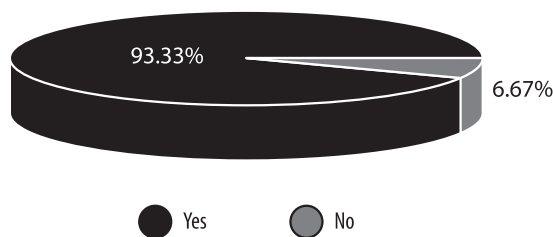
390 Ibid.



Majority of associations (93.33%) maintain some form of contacts with media, but for 66.11% of associations, media contacts happen once in a month if not less often.

Have you ever had any form of contact or cooperation with the media?

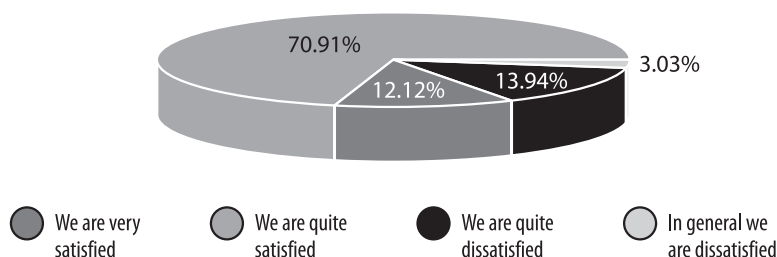
392



When asked to single out the most important factor for improving the image of civil society in Bosnia and Herzegovina, 57.22% of associations responded that informing citizens about the role and importance of civil society organizations is the key factor, while 52.8% of them considered that civil society's image would improve through better cooperation with political structures and stronger public pressure on decision makers. As the most common reasons for cooperation with media associations indicated advertising of the associations and reporting about their work.

The extent to which you are satisfied with the cooperation of your association with the media?

393



391 Žeravčić, G. & Biščević, E. Analysis of the Civil Sector Situation in Bosnia and Herzegovina. In: HTSPE Ltd. and Kronauer Consulting. Civil Society: Contributions to the Development of the Strategy on Establishment of an Enabling Environment for Civil Society Development in Bosnia and Herzegovina. Sarajevo, 2009, p. 133.

392 Ibid.

393 Ibid.

Cooperation with media was emphasized as very important by 95% of associations, mostly due to possibility to directly reach the public through media. Most frequently mentioned problems that civil society organizations have in their media contacts are selective and subjective reporting as media decide what to publish or tend to take statements out of context.

14. BEST PRACTICE: CASE STUDY – SOCIAL INCLUSION

SOCIAL INCLUSION FOUNDATION IN BOSNIA AND HERZEGOVINA

Analyses shown in previous chapters describe the basic problems of the NGO sector in BiH. There is a dire need to free the activities of NGOs from dependence on foreign donors, both in terms of financial dependence, and changing their focus from a “donor-driven agenda” to the actual social needs of beneficiaries, the entire country and its citizens.

The foundation for this necessary transition of the NGO sector can be found in partnerships with local institutions, participation in the development of new policies and matching of funds of foreign donors and local budgets. This concept of transition of the BiH NGO sector will remain a “theory”, unless such an approach can be transferred into practice. It has long been determined that “practice makes the best theory”.

The practical application of this concept is thoroughly analysed here, using the example of the Social Inclusion Foundation in Bosnia and Herzegovina³⁹⁴, its baseline concept, targeting, mechanisms and the results that were achieved in the first year of its existence.

First and foremost, we refer to the support that the NGO sector has provided during the implementation of the BiH Social Inclusion Strategy, the support to partnership between NGOs and public institutions in strengthening social inclusion, as well as to matching of funds of SIF in BiH (supported by donors) with funds provided from local budgets.

14.1. MISSION AND VISION OF SIF IN BIH – CONCEPTUAL BASE

The mission of the Social Inclusion Social Inclusion Foundation in Bosnia and Herzegovina is to enhance the capacity and role of the nongovernmental sector in decreasing poverty, strengthening social inclusion and the implementation of the Social Inclusion Strategy (SIS). Thereby, it contributes to the prevention and reduction of the causes and effects of poverty and social exclusion in BiH. Also, keeping in mind that the social situation in BiH has not improved in the last years, as well as possible negative consequences of the current crisis in the world for the real economy (in BiH as well) and social development, prevention of possible aggravation of social exclusion and poverty, the role of SIF in BiH increases in importance³⁹⁵.

394 Initiative for the establishment of the Social Inclusion Foundation in Bosnia and Herzegovina was launched within the Swiss NGO Support Programme in Bosnia and Herzegovina 2007-2008 as one of its components/activities. Series of steps were taken in that period on creating a strategic concept, defining the focus and promoting the idea of the SIF in BiH, which were the bases for the establishment of the Social Inclusion Foundation in BiH and further activities. The project “Preparations for the Establishment of the Social Inclusion Foundation (SIF) in BiH” (March 2008 – October 2009) and the establishment of the SIF in BiH itself is supported by OSF BiH and SDC (including matching funds) from beginning of the preparatory phase. During previous 2 years, IBHI organised wide scale consultations and involvement with stakeholders from all sectors, including 15 regional round tables (485 participants), 2 international conferences (250 participants), analyses of governmental allocations for nongovernmental sector for years 2007 and 2008, 5 publications with policy development recommendations, etc. DEP has been actively involved in listed activities and participated in process of establishment of SIF and its management bodies. In preparatory phase, in full consultations with stakeholders and donors, SIF Statute, and other documents required for registration have been prepared. The Social Inclusion Foundation in Bosnia and Herzegovina (SIF in BiH) was registered in the Ministry of Justice of BiH as a separate legal entity on January 28th, 2010. The founder of SIF in BiH is IBHI. The contracts with the Swiss Agency for Development and Cooperation (SDC) and the Open Society Fund Bosnia and Herzegovina (OSF BiH) were signed on March, 3rd, 2010. Afterwards, SIF in BiH began operational work in April 2010.

395 See: Plan and Programme of the Work of the Social Inclusion Foundation in BiH (SIF in BiH): March 3, 2010 – Feb 28, 2011. April, 2010.

14.2. SIF IN BIH APPROACH AND METHODOLOGY

14.2.1. PARTNERSHIP - CREATING MORE FOR LESS - BY POOLING RESOURCES

The idea is that by working in a cross-sectoral way, including nongovernmental organisations (NGOs), the public and private sector, there is a better chance of achieving greater community involvement, needed to make real progress in the sphere of social inclusion and poverty reduction.

SIF in BiH encourages and supports the partnerships of community actors in exploration of needs, planning of activities and conducting of social services, as the way of rational usage of community resources. It should be the responsibility of all stakeholders (especially from governmental and nongovernmental sector) involved in the social inclusion process, to work together by agreeing and developing partnership work as a way of everyday work along with defining quality standards for services, procedures of cooperation, roles and responsibilities. Support to the concrete projects, based on partnership, will be conditioned by matching of funds (of governmental budgets and SIF in BiH). This concept represents an important financial mechanism for development of partnerships³⁹⁶. The aforementioned involvement provides immediate support to client-based approach as one of the key approaches in achieving supportive and counselling role.

14.2.2. CLIENT BASED APPROACH - ACCOUNTABILITY TOWARDS CLIENT

The development of a client-based system that will develop and support SIS is intended to move away from the existing institution and status-rights driven system of provision to the assessment of individual social needs and circumstances of clients in order to target resources on assessed needs in consultation and agreement with the individual concerned.

The main cause of the ineffectiveness of the social protection system in BiH, as mentioned in Chapter 1, is in the poor targeting of real needs of the beneficiaries, that is, the lack of a client-based approach. SIF in BiH activities based on partnership and client-based approach can serve as a corrective and an impulse for reform of social protection system.

SIF in BiH support and methodology are based on partnership, client based approach, improved targeting of clients and greater role of NGOs which is in full compliance with the SIS approach to strengthening social inclusion and poverty reduction in BiH.

14.3. GOALS OF SIF IN BIH

The main goal of SIF in BiH is to contribute to the prevention and reduction of causes and effects of social exclusion and poverty in BiH, enhancing at the same time the capacity and role of nongovernmental sector in strengthening of social inclusion processes and SIS implementation.

³⁹⁶ For example, in the period 2001-2009 IBHI has, through only 3 projects (SDC, DFID; UNICEF), in partnership with 1199 stakeholders (including over 500 NGOs) offered direct assistance to 62.140 direct beneficiaries in need of social assistance. These experiences were based on the principle of matching the budgetary and project's funds. This principle provided a basis for sustainability of partnerships – upon the end of the projects; governmental budgets have continued their financial support.

Specific Goals:

- NGOs integrated into the inter-sectoral network of providers of social services to the most vulnerable groups of population, in accordance with the goals of SIS.
- Enhanced capacities and professionalization of NGOs in social inclusion processes.
- Developed policies aimed at strengthening the role of NGOs and increased availability of funds to NGOs focused on poverty reduction and social inclusion from local governmental budgets.

14.4. OUTPUTS AND ACTIVITIES

Priority activities of SIF in BiH are based on aims and priorities of the BiH Social Inclusion Strategy, making SIF in BiH focused on local priorities and needs. Contribution of SIF in BiH to poverty reduction and strengthening of social inclusion has been realised through support to NGO projects which, in accordance with the priorities of SIS as well as Gender Action Plan (GAP), provide direct support to the poorest and most vulnerable groups, especially considering the full compatibility of SIS and GAP.

General expected results:

- Social Inclusion Foundation in Bosnia and Herzegovina, operational and active from April 2010, as a new mechanism and strategic intervention for strengthening the role of NGOs in reducing poverty and strengthening social inclusion;
- Improved coordination and focusing of donor funds (local and international) on the real needs of vulnerable groups;
- Increase of total funds from local budgets for NGOs through matching funds directed at poverty reduction and strengthening social inclusion;
- Strong involvement of NGOs in implementation of SIS.

More precisely, the expected results are currently being realised through outputs and activities stated below.

Output 1: Socially excluded groups, such as persons with disabilities, families with children, minorities and woman are provided with social services

Priority activities aimed at social inclusion might include projects focusing on:

- Supported activities of NGO's related to the provision of social services for persons with disabilities,
- Supported activities of NGO's related to social inclusion of children from vulnerable groups,
- Supported activities of NGO's in providing urgent assistance for vulnerable groups (i.e. minorities, women) in critical situation.
- Through the projects, special attention is to be focused to the persons with disabilities in risk of multiple exclusions – minority groups, women, elderly, etc. Support to the implementation of 60-90 projects is planned.

Expected results:

- Reduced poverty and social exclusion of identified vulnerable groups (persons with disabilities, children from vulnerable groups);
- Provided direct support to most vulnerable groups in critical situations;

- Strengthened sustainability of NGOs working in poverty reduction or social inclusion through development of partnership and their involvement in local budgets through matching of funds;
- Increased funds from local budgets from 33% in the first year, to 40% in the second and 50% in the third year (that is, activation of 2,171,398 BAM from local budgets in the three-year period).

Output 2: Capacities for self social inclusion of excluded groups are enhanced through practical training for the youth, learning assistance for adults, skills through voluntary work and supportive measures for employment

Activities aimed at achievement of this output include:

- Supported activities of NGO's in provision of practical training for unemployed youth,
- Support to NGOs in provision of services of adult education/life-long learning for newly-unemployed,
- Provided training to NGOs for involving volunteers in their activities,
- Organised round tables in cooperation with entity employment bureaus with the aim of development of supportive employment measures,
- Support to the partnership of NGOs and employment bureaus aimed at employment of youth and newly-unemployed.

Expected results:

- Re-educated and trained youth and the newly-unemployed for employment;
- Improved cooperation of NGOs and employment bureaus in providing employment opportunities for youth and newly-unemployed;

Output 3: Capacities and professionalization of NGOs in social inclusion processes are enhanced in accordance with the goals of the SIS

Activities aimed at achievement of this output include:

- Training and education for NGOs in provision and standardisation of quality social services including monitoring and evaluation,
- Education for NGOs in strengthening of their institutional capacities in field of financial management including gender sensitive budgeting and reporting,
- Training (6 workshops) for staff members of partner NGOs in provision of social services and involvement in social inclusion processes,
- Training of NGOs for involving volunteers in their activities,
- Developing and dissemination of documents relevant for quality service delivery.

Expected results:

- NGO partners trained in provision of quality social services and engagement of volunteers,
- NGO partners trained in the area of financial management,
- Strengthened organisational capacities of NGO partners.

Output 4: Policies strengthening the role of NGOs and increasing availability of funds to NGOs for poverty reduction and social inclusion from local governmental budgets are developed

- Promotion of partnership of stakeholders from governmental, nongovernmental, public and private sector in the SIS implementation,
- Producing, publishing and dissemination of analyses on status, abilities and level of professionalism of NGO sector in BiH,
- Research on governmental allocations for NGOs,
- Development of recommendations for improvement of policies and legislation,
- Mitigation of participation and networking of NGOs in development of action plan and implementation of SIS,
- Networking of NGOs in the purpose of development of policy recommendations,
- Advocacy and lobbying,
- Development of PR mechanism for promotion of SIF in BiH and role of NGOs – presentations to all stakeholders, development of web site.

Expected results:

- Accomplished participation of NGOs in development of the Action Plan for Implementation of SIS,
- Mechanisms for broader inclusion of CSO included into governmental social inclusion policy documents,
- Produced analyses, research and publications as a basis for evidence-based policy development in regard to the participation of NGOs in provision of social services and policy development,
- NGO-developed policy recommendations considered/accepted by the government.

Output 5: Enhanced capacities of NGO partners in providing gender related services and know-how

- Training and education for NGOs providing gender related services and know-how,
- Needs assessment and policy recommendations,
- Training in gender sensitive budgeting and reporting.

14.5. MODALITIES OF IMPLEMENTATION

14.5.1. GRANTS

The criteria for allocation of grants include: matching with domestic budgets (33% of participation of domestic budgets in the first year, 40% in second and 50% in third year); focus on priority vulnerable groups, in accordance with SIS priorities (persons with disability, children from vulnerable groups, persons in critical situations, women, etc.); employment of the youth and newly-unemployed; the level of vulnerability of targeted groups; sustainability in resolving the problems of beneficiaries.

Concerning the financial support component for NGOs in BiH, SIF in BiH works in accordance with the best EU practices and procedures, based on experience in similar grants programmes elsewhere. Furthermore, all activities of procurement are implemented in line with the provisions of the Public Procurement Law of BiH and SIF in BiH Rulebook on Procurement.

The grants programme is managed as a common framework for all potential candidates and contains the following key elements:

- publishing the tender – invitation to tender for selection of NGO projects from BiH (clear thematic priorities for funding, clarity of expected project leader profile, clear bidding guidance kit, technical assistance to bidders);
- gathering the proposals of projects;
- development of scoring guidebook for scorers;
- developed simple, transparent scoring system beforehand;
- three stage selection – evaluation committee appointed by the Management Board (MB), second assessment, final moderation;
- choosing successful candidates by the Management Board based on the recommendation of evaluation committee;
- give a prompt feedback to NGOs on selection process outcome;
- Providing early and detailed feedback for unsuccessful bidders;
- straightforward grant agreement contracts, which clearly indicate all reporting requirements and procedures if projects fail or default;
- standard activity and financial reporting forms;
- regular monitoring of progress.

The plan foresees support for 60-90 projects providing social services to 18.000 – 21.000 beneficiaries.

14.5.2. CAPACITY BUILDING

The capacity building of NGOs is focused towards strengthening their capacity for activities in poverty reduction and strengthening of social inclusion.

Strengthening and standardisation of quality of work of NGOs in provision of social services is implemented through trainings for NGOs supported by SIF in BiH (with the possibility of participation of other NGOs), monitoring and evaluation of their activities. Special attention is directed to strengthening the capacities of NGOs for involvement of volunteers and in the field of financial management, based on the NGO.Fin – financial management system for NGOs, developed by IBHI with the support of SDC within the scope of previous projects. The importance of the transparent, efficient and effective financial management system is of especial importance in the projects (programs) based on matching of funds. Provision of comparable financial data on implementation of NGO projects is of crucial importance for analysis of the cost-effectiveness of the services provided by NGOs.

14.5.3. POLICY RECOMMENDATIONS

The activities of SIF in BiH are focused on assessment and analysis of status and potentials of the NGO sector in BiH; development of policy recommendations for changes in legislation that would, in accordance with the EU practice, include tax benefits for domestic donors; policy recommendations for increase of financial support for NGOs from domestic budgets; enhanced participation of NGOs in development of action plans for implementation of SIS as well as development of policy recommendations in other areas of significance for the NGO sector.

This is based on research, surveys and publications. The plan foresees organisation of round tables for development of policy recommendations, annual researches of

governmental allocations for NGO sector and production, publication and distribution of publications. SIF in BiH initiated and is coordinating networking of NGOs and partners from other sectors (especially from micro and mezzo level) in advocacy for the adoption of developed policy recommendations.

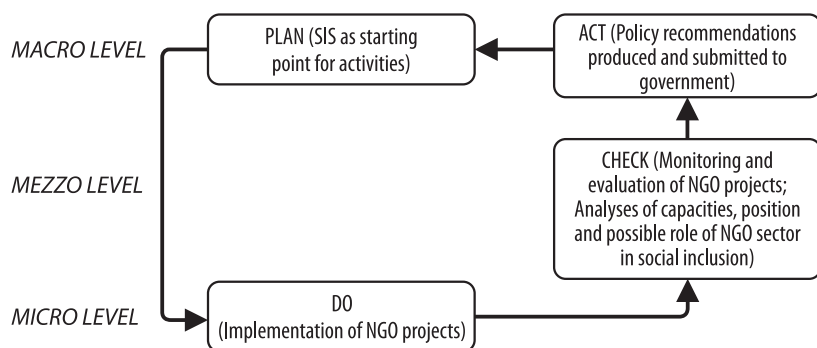
14.6. LEVELS OF INTERVENTION

Achievement of the main goal of SIF in BiH requires intervention at multiple levels and, especially, bridging the lack of communication between different levels of decision making in regard to the social inclusion processes. Organisational and administrative diffusion of BiH in regard to the institutions relevant for social inclusion (social protection, health, education, etc.) results in an inefficient and ineffective system for country-wide implementation of national policies and strategies, while at the same time this system (with unclear and often overlapping jurisdictions between levels) lingers systematic integration of locally developed examples of good practice in strategic documents of institutions at mezzo and macro level.

In regard to the presented impediments, SIF in BiH utilises the mixture of the top-down and bottom-up approach:

- The top-down approach is applied through practical support to the implementation of SIS at the micro level – through projects of NGOs (implemented in partnership of NGOs and local public institutions, such as schools and centres for social work). This will result in increased financial and other commitment of the governmental institutions and public institutions at the micro level for implementation of the nation-wide strategy (SIS).
- The bottom-up approach is utilised through provision of policy recommendations for definition of the Action Plan for Implementation of SIS (and other governmental documents, such as GAP) based on the already functioning examples of good practice in joining efforts of public institutions and NGOs in deployment of effective and efficient models of provision of social services to the socially excluded groups of population.

The resulting model resembles a quality management PDCA (Plan – Do – Check – Act) cycle, as presented in the following scheme.



14.6.1. MACRO LEVEL

The impact of the project at the macro level is evaluated in relation to SIS: (1) SIS is the starting point in planning of the SIF in BiH activities; and (2) SIS is the main targeting document for SIF in BiH's policy recommendations in regard to the governmental view of the role of NGOs in social inclusion. In the process of accession to the EU, the role of macro level in social sector will gain additional importance: preparation of the Joint Inclusion Memorandum (JIM), harmonisation with EU Aquis communautaire and significant reforms related to these commitments. SIF in BiH works, in cooperation with DEP, relevant BiH ministries and Directorate for European Integrations (DEI) on integration of NGOs in these processes.

14.6.2. MEZZO LEVEL

The importance of SIF in BiH's intervention at the mezzo level lies in:

- Due to specificities of the BiH state model, several areas crucial for social inclusion (such as social protection, education, health, etc.) are in exclusive jurisdiction of the entity level of government. In addition to DEP, entity-level ministries and other public institutions responsible for implementation of SIS are, therefore, considered as key stakeholders and key potential partners in the work of SIF in BiH. This is especially related to policy recommendations in areas of social policy, tax policies, employment policies directed to establishment of favourable environment for domestic donors, SIF in BiH fundraising, etc.
- Organisational structure of the Federation of BiH with significant level of jurisdiction of the cantonal level of government in areas such as social protection and education, and
- Importance of the NGO networks (often organised at the regional level) for articulation of interests of the NGO sector.

Having in mind the importance of presented arguments, SIF in BiH will model its approach towards stakeholders from the mezzo level (entity and cantonal ministries and public institutions; regional NGO networks, etc.), in order to maximize impact of its overall activities especially in scaling-up of models of good practice from the micro level.

14.6.3. MICRO LEVEL

Most activities of the NGOs supported by SIF in BiH are implemented at the micro level (individual municipalities). Full partnership of all stakeholders in local communities (especially NGOs with governmental institutions – municipal administrations and public institutions and beneficiaries) is of crucial importance for provision of quality social services for vulnerable groups of population. The models of provision of social services and their capacity for scaling-up is closely monitored by SIF in BiH and will be formulated into policy recommendations for governmental institutions at mezzo and macro level.

14.7. FINANCING OF SIF IN BiH

The concept of the method of financing is aimed at securing long-term sustainability of SIF in BiH, that is, projects of NGOs and other activities aimed at strengthening their own role.

The main method of financing is through fund-matching that is two-fold:

- Matching of donor funds (international and local). SIF in BiH is an optimal mechanism for the coordination of international donors support to the NGO sector and social sector and focusing this support to the implementation of SIS. This results in present and future significant interest of international donors for support to SIF in BiH.
- Funds from local donors (individuals, companies, governments) for direct financing of activities of the Social Inclusion Foundation in Bosnia and Herzegovina cannot be realistically expected in 2010 due to budget restrictions. Additionally, direct financing from different governmental budgets in the beginning of the SIF in BiH operations is not realistic due to the highly decentralised structure of the government. It is not probable that, for example, a municipality will provide funds to SIF in BiH instead of providing these funds directly to the NGOs active within that municipality. But, based on the experiences of SDC and other donor-financed projects, local budgets will surely participate in matching of funds with SIF in BiH and, de facto, participate in financing of SIF in BiH projects. With their participation through matching total funds allocated for the most vulnerable groups will be increased. Having the priorities of SIF in BiH derived from the priorities of BiH SIS, an important aspect of this method is synchronisation of local budgets with the priorities of BiH SIS.
- Therefore, the Social Inclusion Foundation in Bosnia and Herzegovina distributes its funds from direct donations for project activities of NGOs in accordance with the stated goals through tender procedures where one of the mandatory criteria is participation of local and other sources in the financing of every project. Percentage of participation of local sources in financing projects supported by SIF in BiH can fluctuate depending on the real conditions, but, as already mentioned, will not be below 33% in the first year, 40% in the second and 50% in the third year of the SIF in BiH work. Hence, total funds that Social Inclusion Foundation in Bosnia and Herzegovina will manage (determining criteria, priorities, etc) will be increased by at least 34% in overall project period.
- The long-term sustainability of SIF in BiH and future financial support will rely on domestic budgets. The basis for this will be SIS implementation and the role of NGOs in the implementation. The matching model, planned for the first phase, contributes to the direct support to SIF in BiH from local budgets. This way, starting from the first phase, the part of the local budgets will be directly synchronised with implementation of the goals of SIS. SIF in BiH started initiatives and lobbying activities in this direction. The bases for this approach are long-term cooperation of founders of SIF in BiH with ministries at all levels of government, inclusion of NGO coalitions in these activities ("Sporazum +", NGO Council) and cooperation with the Office for cooperation with civil society of Council of Ministers BiH (in establishment).
- In order to ensure sustainability, SIF in BiH will develop cooperation with entity-level ministries aiming at their financial support; prepare recommendations for changes of legislation towards establishment of tax benefits for citizens and private sector for donations to vulnerable groups; organise public campaigns for financial support to its activities, etc.

14.8. RISKS FOR FUNCTIONING AND SUSTAINABILITY OF SIF IN BIH

In the first years, SIF in BiH and its activities will face several risks caused by external factors. The probability of their occurrence and severity is difficult to predict. Simultaneously, there are external influences that have the capacity to alleviate these risks. Activities of SIF in BiH aimed at minimising the risks are of greatest importance.

Risks

1. Having in mind consequences of the global crisis and reduction of governmental budgets at all levels, difficulties in regard to the level of financing from the local sources within the planned matching model can be expected.
2. General political instability in BiH, further powered by the crisis, can lead to the situation in which government and political elite loses interest for reforms and mid-term strategies such as SIS and DS.
3. Delays in adoption of the Action plan for implementation of SIS and possibility of reduction of the process of preparation of the Action Plan for implementation of SIS to ministries, reducing the participation of NGOs in that process.

Mitigation of Risks

1. In addition to the past and present fund-raising activities of SIF in BiH, new contacts with the wider list of donors have been initiated. These activities will have permanent character.
2. Based on the assessment that governmental budgets will be additionally burdened in the period 2010 – 2011, and therefore their capacity to provide direct support to SIF in BiH reduced, it is realistic to focus on matching model as a mean of participation of domestic budgets in financing of SIF in BiH activities/projects. This approach reduces the risks deriving from the limitations of domestic budgets. Equally important, the reduction of local budgetary funding will taper priorities of their use and procedures of their distribution. Problems of poverty and social exclusion will, with certainty, gain priority at all levels (municipal, cantonal, entity) and relative importance of additional funding through SIF in BiH will be increased. Important factor for mitigation of this risk is the fact that governmental budgets have allocated 118 million BAM (60 million €) for NGOs in 2008. Even with expected reductions, remaining funds are sufficient for deployment of the planned matching model in financing of the SIF in BiH projects³⁹⁷.
3. Advancements in the process of the EU integrations, in relation to which there is full political consensus in BiH, is a strong external factor for apprehension of the importance of the social inclusion processes and SIS, and, in this context, a factor of reinforcement of SIF in BiH position.
4. DEP has committed for cooperation with and inclusion of NGOs in further activities related to SIS, including the preparation of Action Plans for its implementation. In the event of delays of adoption of the Action plan for implementation of SIS, SIF in BiH activities in the first year will, as stipulated in the project document, be based on SIS aims, priorities and measures. Simultaneously, several other important processes are facilitating strengthening of the partnership between civil society and government:

³⁹⁷ Out of the total sum, 54.2% (63.9 million BAM) has been allocated by municipalities, 14.3% (16.8 million BAM) by entities, 25.7% (32.6 million BAM) by cantons and least by the State level government – 5.8% (6.8 million BAM). Based on this, the most significant participation in financing the SIF activities is expected from the municipal and entity budgets.

establishment of the Office for Cooperation with Civil Society within the BiH Council of Ministers, establishment of the NGO Coalition "Sporazum +" whose aims include articulation of interests of NGO sector in cooperation with the government. Finally, the number and capacity of NGOs, active in BiH enables initiatives and lobbying of NGOs with ministries and governments. SIF in BiH is involved in the activities of listed NGO networks.

5. Large number of NGOs has established direct cooperation with municipal and other levels of government and receives financial support from their budgets and has experience in funds-matching model of work (especially NGOs participating in earlier SDC financed projects).
6. Implementation of SIS will, through its measures and action plans, strengthen the position of NGOs and actuate local government for their financing, including SIF in BiH – especially in the domain of resolving the social problems in the conditions of global crisis.
7. Significant role of DEP in preparations for establishment of SIF in BiH and its management enabled cooperation and coordination of DEP and SIF in BiH in implementation of SIS.
8. IPA funds, in a part relating to the civil society are potential for partnership of governmental and nongovernmental sector. SIF in BiH and its activities on implementation of SIS will be presented to the Delegation of EC in BiH.

Sustainability

Based on presented arguments, in our assessment, overall risks are at the acceptable level for establishment, initiation of work and sustainability of SIF in BiH. With activities aimed at mitigating the identified risks, SIF in BiH sustainability is considered to be ensured. This assessment is based on significant sustainability potentials of SIF in BiH. The main potential of SIF in BiH lays in the fact that its concept relies on the existing developed practice in BiH. Nothing new has been invented, but rather existing cooperation of NGOs and governmental institutions is to be enhanced and focused to the implementation of SIS. Long-term sustainability of SIF in BiH will be based on domestic sources of funding. Starting with this, SIF in BiH will develop practical activities of fundraising from the State, entity, cantonal and municipal level, initiate changes of legislation in order for domestic donors obtain tax benefits, organise public campaigns for fundraising.

14.9. SIF IN BIH PLANED AND REALIZED ACTIVITIES

14.9.1. SUPPORT TO NGOS

In the context of the implementation of activities for the purpose of strengthening of the NGO sector in BiH, SIF in BiH has published the Call for Proposals for the selection of NGO projects in Bosnia and Herzegovina which was advertised on 28th April through the SIF in BiH website (www.sif.ba), five (5) daily newspapers and was also sent via e-mail and fax to various governments, public institutions and NGOs to approximately 800 addresses. SIF in BiH has developed Operational Guidelines for NGO projects in Bosnia and Herzegovina in order to facilitate the preparatory process for NGOs in the course of awarding grants based on the new principle (matching of funds) as well as SIF in BiH tender documentation. The Call for Proposals for the selection of NGO projects in Bosnia and Herzegovina was closed on 18th May, 2010. By that day, SIF in BiH received 61 project applications (33 from the Federation of BiH and 28 from the Republic of Srpska).

In order to enhance professionalism and transparency, SIF in BiH produced The Rulebook on Procurement of the SIF in BiH. Although SIF in BiH is not obliged to follow the procedures stipulated in the Law on Public Procurement of BiH, SIF in BiH has chosen to abide by them within legally possible and reasonable limits by creating a Rulebook on Procurement which contains provisions very similar to the provisions contained in the BiH Law on Public Procurement, taking into account the best practices in the implementation of the mentioned law. The reason for such an approach was, as already mentioned, the wish to increase transparency and foster the non-discrimination principle, especially during the selection of projects to be financed by SIF in BiH.

SIF in BiH also insists that NGOs, whose projects are financed by SIF in BiH, implement the procedures laid down in the Rulebook on Procurement of SIF in BiH in an analogous way during the implementation of their selected projects. This has even been made a condition in the Project agreement for every selected NGO. SIF in BiH considers that such a policy towards the selected NGOs will enhance transparency of the spending of funds within those selected NGOs during the implementation of the projects financed by SIF in BiH. This fact should also contribute to an overall professionalization of work within the NGO sector in BiH.

The Rulebook has devoted a significant number of its provisions to the establishment and work of the procurement commissions. Those commissions play a significant part in the evaluation and selection of offers received during the procurement procedure. Since they function independently of SIF in BiH, their role during the procurement procedure contributes to the minimization of potential conflict of interests. Additionally, if experts regarding the subject-matter of procurement are engaged in the work of the commission, then the work of the commission ensures also that really the best offers are selected.

The final adopted list of projects consists of 21 project proposals (7 from the Republika Srpska and 14 from the Federation of BiH). The Final list of SIF in BiH selected projects is attached (Attachment 1).

Taking into consideration all of the above mentioned, we can point out that non-governmental organisations that are funded by the SIF in BiH during the first round can be divided into several groups (percentage ratio *given in Chart No. 1*):

1. The first group- NGOs providing assistance to persons with disabilities (10 NGOs);
2. The second group- NGOs providing assistance to employment and self-employment of unemployed persons through the establishment of small entrepreneurship (4 NGOs; one of these NGOs is dealing with women education and self employment);
3. The third group- NGOs providing support to young people through volunteering and employment of young persons (4 NGOs);
4. The forth group- Red Cross NGOs providing aid to the most vulnerable and poor groups in Bosnia and Herzegovina (3 NGOs).

SIF in BiH has allocated 321,493.89 BAM for the first group of non-governmental organisations; funds contribution for the second group of non-governmental organisations is 216,344.00 BAM; the third group of non-governmental organisations is supported with 144,405.51 BAM and the fourth group of nongovernmental organisations with 135,815.00 BAM (Percentage ratio is presented in *Chart No. 2*).

The information given above is equal to the total amount of allocated funds from SIF in BiH. The total of SIF in BiH funds contribution for projects is 818,058.40 BAM in the first round 2010/2011.

Chart 1:

Percentage ratio of the total number of NGOs in relation to the activities of those NGOs

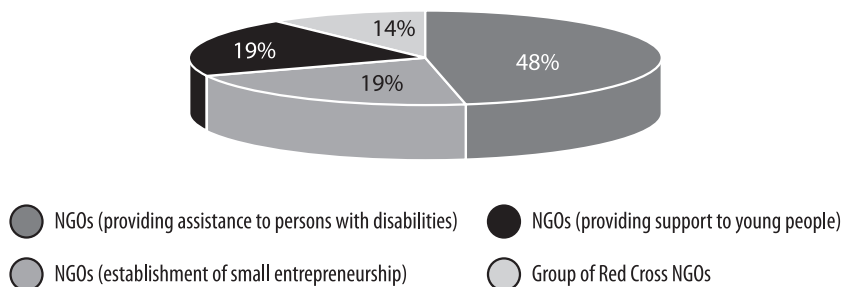
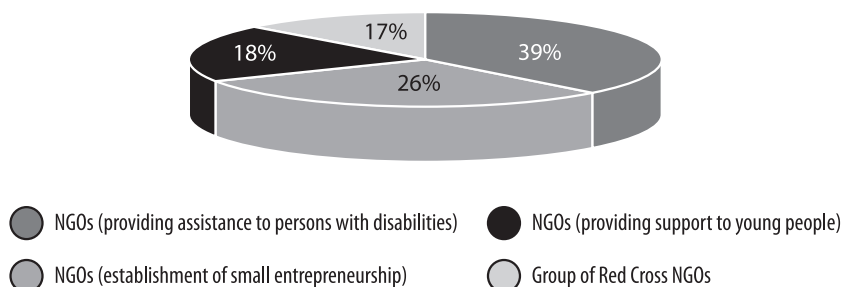


Chart 2:

Percentage share of SIF in BiH funds contribution in relation to 4 groups of NGOs



Different groups of NGOs plan to provide support for various types of beneficiaries:

- NGOs that are providing assistance to persons with disabilities (10 NGOs); their projects aim to provide direct help for 3,736 beneficiaries;
- NGOs that are providing assistance for employment and self-employment of unemployed persons through the establishment of small entrepreneurship (4 NGOs); their projects aim to provide direct help for 845 beneficiaries;
- NGOs that are providing support to young people through volunteering and employment of young persons (4 NGOs); their projects aim to provide direct help for 818 beneficiaries;
- Group of Red Cross NGOs that are providing aid to the most vulnerable and poor groups in Bosnia and Herzegovina (3 NGOs); their projects aim to provide direct help for 2,825 beneficiaries.

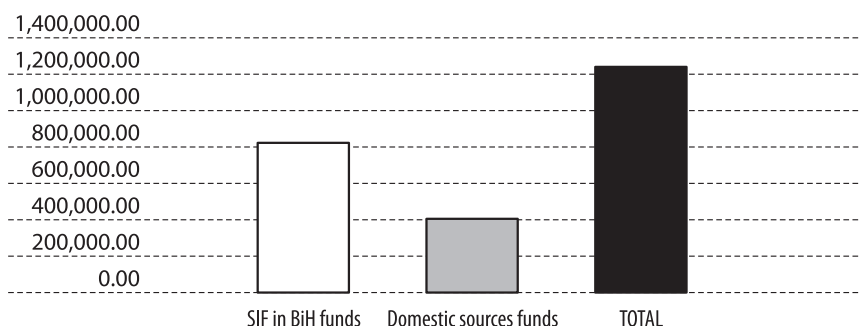
The total number of beneficiaries that will be directly supported through implementation of those projects is 8,224 persons (people with disabilities, children from vulnerable groups, women, minorities, youth, and unemployed) in the first round.

By summing all listed data, it is important to underline that total SIF in BiH funds contribution for projects is 818,058.40 BAM, domestic sources funds contribution for projects is 421,036.67 BAM, while total funds contribution granted for implementation of NGO projects in the first round of financing is 1,239,095.07 BAM.

More details are presented in Chart No. 3.

Chart 3:

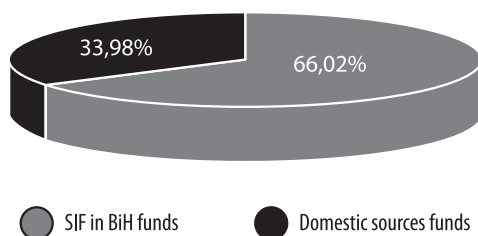
Sum of SIF in BiH funds contribution and funds contribution of domestic sources for NGO projects



Percentage ratio in Chart No. 4 shows that SIF in BiH realized planned results (66.02% of SIF in BiH funds contribution and 33.98% of domestic funds contribution).

Chart 4:

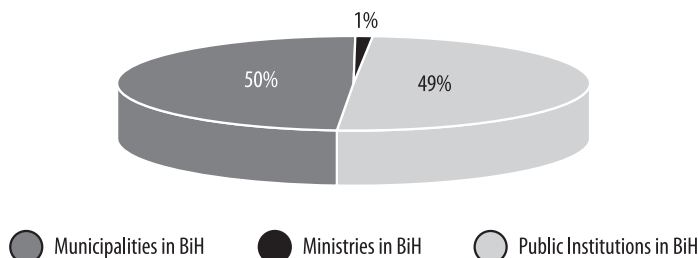
Percentage ratio of SIF in BiH funds contribution and funds contribution of domestic sources in relation to the total amount of 1,239,095.07 BAM



Total funds from domestic sources (municipalities, public institutions, ministries) granted to projects amount to 421,036.67 BAM. Contribution of Municipalities of Federation of BiH (FBiH) and Republic of Srpska (RS) is 206,401 BAM, and contribution of public institutions from FBiH and from RS is 209,635.67 BAM. In this round of co-funding NGO projects, only one Cantonal ministry participated with 5,000 BAM. Chart No. 5 below presents the graphic overview of those relations.

Chart 5:

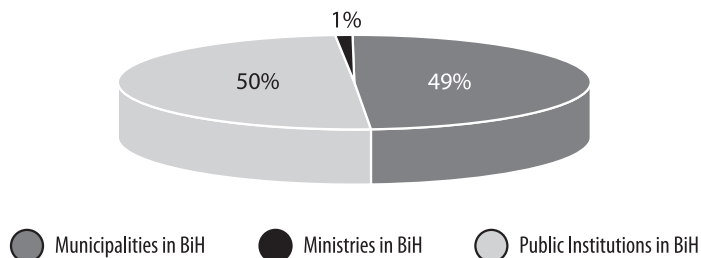
Co-financing share of NGO projects from domestic sources, at the level of BiH



In percentage terms, the Ministries were included with less than 1% share, municipalities with 49% share, and public institutions with 50% share of co-financing of NGO projects. Below (Chart no. 6) presents the graphic overview of the percentage ratio.

Chart 6:

Percentage ratio of co-financing NGO projects from domestic sources at the level of BiH



From the perspective of the entity level in BiH, it is visible that participation in the FBiH is 278,400 BAM, and participation in the RS is 142,637 BAM.

Funds contribution from public institutions in the FBiH is 124,683 BAM, funds contribution from municipalities in FBiH is 148,717 BAM, and funds contribution of one ministry in the FBiH is 5,000 BAM. Detailed overview of these relations and percentages are visible in Chart No. 7.

Chart 7:

Funds from domestic sources, per entities (FBiH and RS)

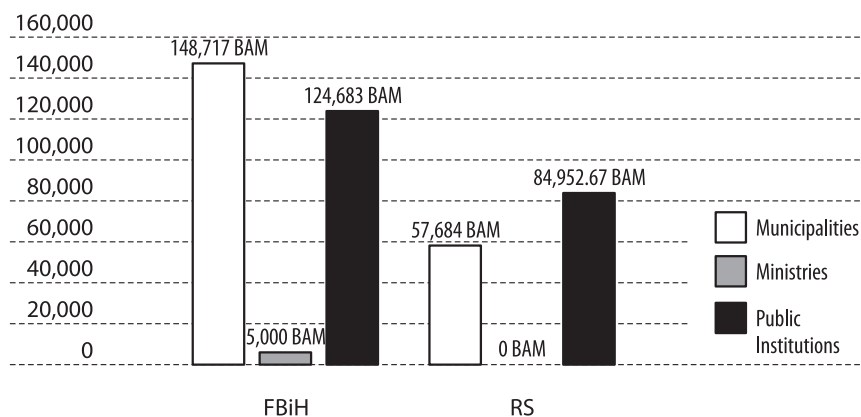
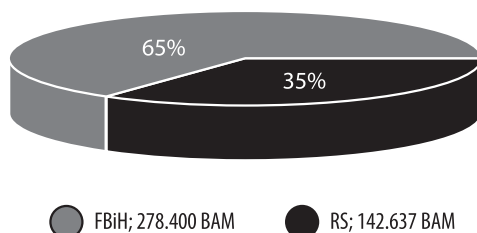


Chart No. 8 shows that 142,637 BAM from the RS budget and 278,400 BAM from the FBiH budget will be granted for the implementation of 21 NGO projects in period July 2010 – January 2011.

Chart 8:

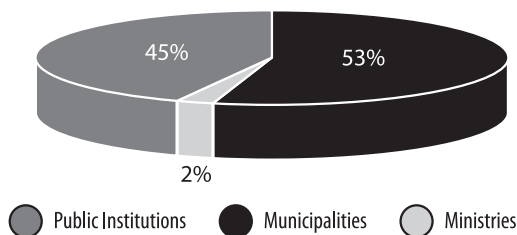
The aspect of financial contribution from domestic sources from two entities (FBiH and RS)



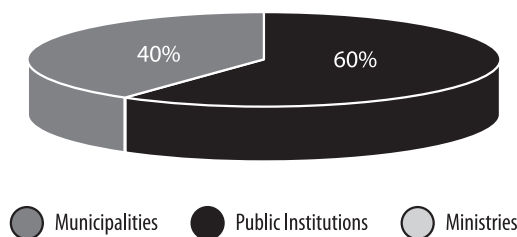
Percentage ratio of financial contribution from domestic sources to NGO projects, in relation to the entity origin of budgets is visible in Chart No. 9, which shows the percentage ratio of domestic sources in the Federation of BiH. Chart No. 10 shows the percentage ratio of domestic sources in the RS.

Chart 9:

Percentage ratio of domestic sources in the Federation of BiH

**Chart 10:**

Percentage ratio of domestic sources in the RS



All the results in SIF in BiH charts (Chart No. 3 to Chart No. 10) have been analyzed in accordance with the Protocols on partnership as well as budgets sent by NGOs in their tender documents to the address of SIF in BiH.

14.9.2. SIF IN BIH TRAINING FOR NGOS

One Training for NGOs was held. This training was related to general administrative and legal issues and topics related to the implementation of procurement procedures, as well as financial reporting and financial management in NGO.Fin application. During the three-day training a package of materials was distributed to participants. A presentation about SIF in BiH Approach and Methodology was made by the SIF in BiH Director. Resident

Advisor of TACSO BiH Office was a guest at the training and she presented the project to Nongovernmental organisations as well as TACSO BiH TRAINING COURSE CATALOG for NGOs (June 2010-June 2011). Close contacts with NGOs provided SIF in BiH with the opportunity to identify potential problems in NGOs functioning and to try to undertake preventive actions.

14.9.3. CONTRIBUTION OF THE SIF IN BIH ACTIVITIES TO THE IMPLEMENTATION OF GENDER AND GOOD-GOVERNANCE

The concept of social inclusion is in itself one of the main features of good governance. Well-being and prosperity of one society depends on ensuring that all members of a given society participate in it and are not excluded, especially the most vulnerable groups. SIF in BiH vision corresponds to principles of good governance promoting an active and vibrant civil society with committed and functional NGOs promoting equal opportunities and full realisation of social rights for all citizens.

The consequences of the crises are evidently having impact on the reduction of budgetary allocations for social programs (especially for non-governmental organisations) at all levels and creating the atmosphere of instability. The danger of leaving the already established model of the inter-sectoral partnerships and cooperative provision of social services for their integration into strategic documents of governmental institutions is occurring.

Fulfilling the basic objective of the Social Inclusion Foundation in Bosnia and Herzegovina requires intervention on many levels, and especially facilitating cooperation among decision makers at different levels of relevance to the processes of social inclusion. The SIF in BiH uses a combination of their work approaches that enable the transfer of experience developed at the local level to higher instances of decision making (bottom-up) and the approach that provides equal opportunities in all local communities (top-down).

The result of this approach is: Practical support for the implementation of the BiH Social inclusion strategy at local level - through the NGO projects (implemented in partnership with public institutions and other actors), which will strengthen the financial commitment of local authorities implementing the Strategy at national level, creating a proposal for policies based on the already functioning examples of good practice of synergic action of the NGO and other sectors at the local level in providing services to socially excluded groups and individuals. The main principle, i.e. condition for receiving SIF in BiH funds was matching funds and partnership with public institutions from all levels of authority. Participation of domestic funds for the first year had to amount to 33.33% out of the total budget. Domestic participation amounted to 33.98% after completion of selection of 21 NGO projects. Participation by both men and women is one of the important segments of good governance.

In accordance with the SIF in BiH approach and methodology, gender balance is an important criterion for distribution of grants in accordance with defined priority activities. Gender equality is an important segment of all SIF in BiH activities while respecting specific needs of women and men and ensuring equal level of access to social services and adequate protection is a precondition for implementation of activities of all NGO projects selected for funding in the first round, 2010/2011.

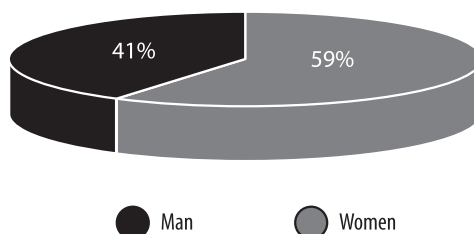
The Gender approach of SIF in BiH focuses on the structural causes of gender-specific discrimination, and aims to achieve gender equality. Within this projects implementation period, financed projects were taking into account equal representation of both women

and men, where applicable (direct beneficiaries of one NGO project are only unemployed women over 40).

SIF in BiH also promotes Gender sensitive budgeting and reporting. In accordance with information from the field, total number of beneficiaries involved in the first two months of NGO projects implementation (period from July to August) is 995, out of whom 587 are women (59%) and 408 men (41%).

Chart No. 11:

Percentage of women and men involved in current NGO projects activities:



There are two main reasons for SIF in BiH working on gender equality in providing of social services. The first is political and ethnical, since discrimination on the ground of sex is considered as violation of basic human rights, just like any other discrimination. The second reason is economic, and discrimination against women implies costs for society and that acts as an obstruction of social and economic development in BiH. Thus, this is seen as something which should be surmounted.

A detailed review of the concept of SIF in BiH and its activities so far was necessary to show that partnership, matching of funds, focus on local needs and orientation to beneficiaries can indeed function and provide practical results. In this context, the role of NGOs and SIF in BiH make up a significant aspect of the reform of social protection and social policy in Bosnia and Herzegovina.

14.10. SIF IN BIH FIRST CYCLE OF NGO SELECTED PROJECTS 2010/2011 – DETAILED INFORMATION

Name of the organisation:	Association of parents and children with special needs "Sun is what we have in common" Trebinje
Project title:	"Day-care centres, good way to socially include children and youth with special needs"
Partner organisations:	Centre for Social Work Trebinje, Centre for Social Work Gacko, Association "Bright smile" Bileća
Number of beneficiaries:	around 640 beneficiaries
Name of the organisation:	Association of People with Muscular Dystrophy Teslić
Project title:	"Mobility and Education - Path towards Equality"
Partner organisations:	Teslić Municipality, Centre for Social Work Teslić
Number of beneficiaries:	around 24 beneficiaries
Name of the organisation:	Association of the Blind RS, Banja Luka
Project title:	"Rehabilitation and recreational service for people with disabilities RRSI"
Partner organisations:	Fund for Professional Rehabilitation and Employment of People with Disabilities RS
Number of beneficiaries:	around 320 beneficiaries
Name of the organisation:	Red Cross Livno
Project title:	"Home care"
Partner organisations:	Livno Municipality
Number of beneficiaries:	around 100 families
Name of the organisation:	Hi neighbour, Banja Luka
Project title:	"Fight against peer violence in BiH"
Partner organisations:	Primary school "Aleksa Šantić" Banja Luka, Primary school "Mejdan" Tuzla
Number of beneficiaries:	around 143 beneficiaries
Name of the organisation:	Agency for economic development of Herzegovina – REDAH, Mostar
Project title:	"Support to vulnerable groups in the area of Konjic and Široki Brijeg Municipalities, through cultivation of berries fruits"
Partner organisations:	Konjic Municipality, Široki Brijeg Municipality
Number of beneficiaries:	around 60 beneficiaries

Name of the organisation:	Association of Entrepreneurs and Employers, Žepče
Project title:	"To stay and survive in Željezno field"
Partner organisations:	Association of raspberry growers and subcontractors Žepče, Žepče Municipality, Centre for Social Work Žepče
Number of beneficiaries:	around 170 beneficiaries
Name of the organisation:	Humanitarian organisation "Partner", Banja Luka
Project title:	"Promotion and realization of preconditions for independent living of persons with disabilities"
Partner organisations:	Centre for Social Work Gradiška, Centre for Social Work Prijedor
Number of beneficiaries:	around 600 beneficiaries
Name of the organisation:	Red Cross of Canton Tuzla
Project title:	"Youth for elderly"
Partner organisations:	Tuzla Municipality, Centre for Social Work Tuzla, Primary school "Pazar" Tuzla
Number of beneficiaries:	around 2,565 beneficiaries
Name of the organisation:	Foreign Trade Chamber of Bosnia and Herzegovina - Institute for Education ECOS
Project title:	"Social, Entrepreneur, and Economic inclusion of woman 40+"
Partner organisations:	Federal Employment Agency
Number of beneficiaries:	around 600 beneficiaries
Name of the organisation:	Association "Land of children", Tuzla
Project title:	"Social inclusion of children from settlements for displaced persons Ježevac and Mrdići through structures of Youth centre "Pinkland" in Banovići"
Partner organisations:	Banovići Municipality
Number of beneficiaries:	around 80 beneficiaries
Name of the organisation:	Association "Living with Down Syndrome", Sarajevo
Project title:	"Developing support system in teaching in primary schools of Sarajevo Canton"
Partner organisations:	Centre Sarajevo Municipality, Ilidža Municipality, Sarajevo City Administration, Association "Society of United Civil Actions"- DUGA
Number of beneficiaries:	around 1,500 children

Name of the organisation:	Little school, Mostar
Project title:	"Social inclusion of families of persons with disabilities, and youth with emotional development changes"
Partner organisations:	Ministry of Health, Work and Social Welfare Herzegovina-Neretva Canton (HNŽ), Department of Health Insurance HNŽ, Health Centre Mostar, Primary school for children with special needs Mostar
Number of beneficiaries:	around 200-400 beneficiaries
Name of the organisation:	Association for support to persons with special needs "Hope", Rudo
Project title:	"Together for better tomorrow"
Partner organisations:	Rudo Municipality, Centre for Social Work Rudo, Primary school Rudo
Number of beneficiaries:	around 15 beneficiaries
Name of the organisation:	Association of parents of children and adults in the autistic spectrum – URDAS, Sarajevo
Project title:	"Mjedenica 2010/2011" (Implementation of a comprehensive ABA system of education in classroom with children with special needs)
Partner organisations:	Federal Ministry of Education and Science, Ministry of Education and Science of Sarajevo Canton, PI Institute for Special Education and Upbringing of children "Mjedenica"
Number of beneficiaries:	around 39 beneficiaries
Name of the organisation:	Municipal Organisation of Red Cross Laktaši
Project title:	"Give me your hand"
Partner organisations:	Laktaši Municipality, Centre for Social Work Laktaši, Youth Centre Laktaši
Number of beneficiaries:	around 60 beneficiaries
Name of the organisation:	Youth Communication Centre, Banja Luka
Project title:	"Developing and promoting volunteering among youngsters"
Partner organisations:	Children's home Rada Vranješević, Social-geriatric centre Banja Luka, Centre "Protect me" Banja Luka, Institute for physical medicine and rehabilitation dr. Miroslav Zotović Banja Luka
Number of beneficiaries:	around 515 beneficiaries

Name of the organisation:	Ecological Coalition of Una flow, Bihać
Project title:	"Self-employment of vulnerable persons through organised vegetable production"
Partner organisations:	PI Employment Agency USK, USK Department of Agriculture
Number of beneficiaries:	around 15 beneficiaries
Name of the organisation:	Association of foster parents of Tuzla Canton, "Family", Tuzla
Project title:	"Through partnership toward social inclusion"
Partner organisations:	Kalesija Municipality, Centre for Social Work Kalesija
Number of beneficiaries:	around 80 beneficiaries
Name of the organisation:	Association of Patients with Morbus Crohn and Ulcerative Colitis in Bosnia and Herzegovina, Sarajevo
Project title:	Therapeutic, educational and rehabilitation centre "Illness is not the end"
Partner organisations:	None
Number of beneficiaries:	around 240 beneficiaries
Name of the organisation:	NGO Altruists "Svjetlo", Sarajevo
Project title:	Fund-raising campaign for adaptation and furnishing of educative Centre for social inclusion "S..."
Partner organisations:	None
Number of beneficiaries:	around 58 beneficiaries

The total number of beneficiaries that will be directly supported through implementation of these 21 NGO projects is around 8,224 persons.

14.11. SIF IN BIH PARTNERS AND PARTNERSHIPS



Banja Luka:

- Humanitarian organisation Partner
- Association of the Blind of Republika Srpska
- Youth Communication Centre
- Hi Neighbour

Bihać:

- Ecological Coalition of Una Flow EKUS

Laktaši:

- Red Cross Laktaši

Livno:

- Red Cross Livno

Mostar:

- Little School
- Agency for Economic Development of Herzegovina – REDAH

Rudo:

- Association for support to persons with special needs Nada/Hope

Žepče:

- Association of Entrepreneurs and Employers

Sarajevo:

- Association of Parents of Children and Adults in the Autistic Spectrum - URDAS
- Life with Down Syndrome
- Association of Patients with Morbus Crohn and Ulcerative Colitis in BiH
- NGO Altruists Svjetlo/Light
- Foreign trade chamber of BiH - Institute for Education ECOS

Teslić:

- Association of People with Muscular Dystrophy

Trebinje:

- Association of Parents and Children with Special Needs "Sun is what we have in common"

Tuzla:

- Association of Foster Parents of Tuzla Canton Familija/Family
- Red Cross of Canton Tuzla
- Land of children

15. RECOMMENDATIONS

15.1. RECOMMENDATIONS TO CIVIL SOCIETY ORGANISATIONS IN BiH

- We recommend that Civil Society Organisations become proactively involved in the process of creating cooperation and dialogue between BiH governments and CSOs through further development and implementation of the Intersectoral Cooperation Agreement in all levels of government, foremost through the further development and implementation of Agreement of Cooperation between the BiH Council of Ministers and the NGO Sector in BiH;
- We recommend, especially to NGOs, the development of partnerships with governmental institutions in regard to strengthening social inclusion in all levels of government, as well as mechanisms enabling it, such as SIF in BiH;
- CSOs are encouraged to strengthen cooperation through sectoral networking and forming of coalitions, in order to lobby more efficiently for issues of mutual interest to authorities and donors;
- In order to strengthen their credibility, responsibilities and transparency of their activities, CSOs are encouraged to actively promote and adhere to the basic principles of the already existing NGO Code of Conduct, as well as to jointly place their efforts to build more efficient mechanisms for their consistent practical application;
- CSOs are advised to introduce and promote a system of quality control for civil society organizations, with the aim of their professionalization and standardization;
- CSOs and the media should cooperate mutually to increase their public presence and expression of independent stands and opinions regarding key issues of social exclusion and poverty in BiH society, and become more engaged in the implementation of the BiH SIS and its monitoring;
- We also recommend that CSOs become more active in regard to establishing and maintaining different mechanisms of formal, as well as informal, consultations between the governments and the civil society, that would enable CSOs to become more involved in all stages of processes leading to the creation of reform policies, strategies (such as the SIS) and laws. In this regard, they should rely more on possibilities offered to them by Rules of Consultations in the Process of Creating Legal Regulations of the BiH Council of Ministers;
- CSOs are also advised to initiate the obligation of submitting independent reports on BiH progress in the process of EU integrations, and to become involved in monitoring and evaluation processes realized by the BiH Council of Ministers Action Plan for the Implementation of the Strategy for the Introduction of a Decentralized Governance System of EU Aid Programmes in BiH;
- CSOs are recommended to work on the establishment of a positive environment for the development of the civil society in BiH within the Agreement of Cooperation between the BiH Council of Ministers and the NGO Sector in BiH. This can be achieved through lobbying for positive changes and/or amendments of the existing regulations, as well as passing of new regulations, regarding the work of civil society organizations;
- CSOs are also recommended to actively promote the establishment of clear and transparent mechanisms for support and funding of CSO activities from budgets at

all levels of government through drafting and adopting a Code of Funding, as well as through the application and further development of funding mechanisms set forth in annexes of local Agreements;

- Civil society organizations in Bosnia and Herzegovina should encourage networking and cooperation between research organizations (think-tanks, institutes) and lobby CSOs in regard to drafting and implementation of joint projects and programmes from the area of drafting, monitoring and evaluation of results and effects of public policies regarding social inclusion and the reduction of poverty.

15.2. RECOMMENDATIONS TO GOVERNMENT REPRESENTATIVES IN BIH

- To identify a legal framework for activities and development of civil society and introduce a law regarding voluntary work that the BiH civil society desperately needs;
- To identify an institutional framework for offering government support to the development of sustainable civil society;
- To identify a system of funding and supporting the development of NGOs in the area of strengthening social inclusion, and to financially support (from the budgets) partnership between public institutions and NGOs;
- To actively financially support the activities of mechanisms, such as the Social Inclusion Foundation in Bosnia and Herzegovina, for the engagement of NGOs in strengthening of social inclusion and implementation of the BiH SIS;
- To establish a single digital registry of associations in Bosnia and Herzegovina regardless of the place of registration and the law on which the registration is based;
- To clearly define association activities of general social interest or public welfare (activities which, if not within the scope of associations, would have to be dealt with by the state);
- To define priorities of cooperation between the governmental and non-governmental sectors in accordance with the entity / state development plans and priorities in the SAA;
- To practically demonstrate the expressed political will and readiness to develop dialogue and cooperation with civil society organizations in regard to social inclusion and the reduction of poverty, on the basis of equality, independence and partnership through consistent implementation and further development of the Agreement of Cooperation between the BiH Council of Ministers and the NGO Sector in BiH. This is especially relevant in regard to the section of the Agreement that refers to the establishment of institutional mechanisms of cooperation with CSOs (i.e. the establishment of the Office for cooperation with CSOs and the Council for the development of CSOs of the BiH Council of Ministers);
- To establish a **functioning** and **independent** organisational unit within the Council of Ministers for cooperation with associations, which would play a coordinating role between ministries at the entity and state levels and which could coordinate and administer European Union funds for the development of civil society;
- To establish a council for the development of civil society as an advisory and expert body within the Council of Ministers of Bosnia and Herzegovina;
- Should an interest or a need arise, to establish entity offices for cooperation with civil society and civil society councils but, as in the case of state level, they would have

to be independent organisational units able to coordinate cooperation between the governmental and non-governmental sectors and to use activities of this organisational unit to develop capacity building programmes for civil society of interest for the state and necessary for receiving resources from the European Union pre-accession funds;

- To actively support and invest in the strengthening of technical and institutional capacities of governmental institutions in charge of social inclusion and the reduction of poverty, through promotional and educational programmes and projects. It is advised that the concepts of social inclusion be included in training programmes of government officers and employees working in service provision;
- Government representatives are also advised to enable systematic participation and partnership of CSOs in processes of public policy-making, in the form of informal exchange of information, as well as inclusion of representatives of the civil society in permanent and temporary work groups, committees, boards and other organs of authority dealing with social inclusion and the reduction of poverty;
- As part of activities of implementation and further development of the Agreement, mechanisms for transparent programme and project funding from budget funds should be established through passing a Code on good funding practice, in order to ensure application of funding mechanisms prescribed in annexes of local Agreements;
- Within the creation of a favourable legal and fiscal environment for the work of CSOs, laws and regulations should be passed to implement tax, fiscal and other benefits which would improve the work of CSOs dealing with social inclusion;
- To actively support existing and the creation of new networks and coalitions of CSOs dealing with social inclusion and the reduction of poverty, in order to ensure conditions for better, more efficient coordination and cooperation of government organs in charge with CSOs, on the basis of principles set forth in the Agreement;
- Identify precise models and institutional mechanisms for consultation with citizens, citizen initiatives and civil society organisations, and modes of their participation in creating, implementing and evaluating public policies (positive consultation practice code), i.e. to establish more efficient, inclusive models/mechanisms of consulting with CSOs in relation to key reform issues of social inclusion and the reduction of poverty, that would rely on comparative analysis and good practice seen in other countries ("roof organizations", CSO Councils, CSO Platform, etc.);
- To establish efficient mechanisms that would ensure proper application, monitoring and evaluation of Rules of Consultations in the Process of Creating Legal Regulations of the BiH Council of Ministers, as well as to lead a campaign that would encourage CSOs and citizens to use these Rules;
- It is highly recommended that CSOs be enabled easier access to European and other donation funds through the establishment of appropriate co-funding mechanisms of financial support and aid (fund, foundations, etc.);
- Harmonise among entities and adopt at all the levels a good practice code with regard to the funding of associations and their projects, and impose it as a law on local self-governance units throughout Bosnia and Herzegovina.

15.3. RECOMMENDATIONS TO EU DELEGATION AND INSTITUTIONS IN BiH

- EU institutions in BiH are recommended to report regularly on the application of dialogue and partnership with CSOs in the process of social inclusion and reduction of poverty, as well as to produce guidelines for consultations with CSOs in all phases of drafting, implementation, monitoring and evaluation of reform strategies, programmes and policies;
- The EU Delegation and other EU institutions are also recommended to make obligatory the application of dialogue principles, as well as partnership of authorities and CSOs as one of the key principles of enhancing social inclusion and reducing poverty in BiH, thus enhancing the process of BiH's integration into the European Union;
- The EU Delegation should also have a communication strategy with civil society organizations that would set forth the channels and methods to enable faster exchange of information in regard to social inclusion and poverty issues, which would also be based on open dialogue and cooperation between BiH Government bodies, CSOs and the EU (tripartite dialogue and cooperation);
- The initiative of the EU Delegation in cooperation with DEI (Directorate for European Integration) for consultations with CSOs in the process of drafting MIPD 2011-2013 is positive, but only the first step towards establishment of mechanisms for systematic consultations, coordination and exchange of information with civil society organizations. We advise that consultations be applied also in the process of drafting other planning documents, design, implementation, monitoring and evaluation of priority programmes and projects. We also advise that the selection of local civil society organizations with which consultations will be held, be based on principles of competency, experience, representation and quality management;
- EU institutions in charge are expected to question the current rules and procedures of programme and project funding supported by the EU, as well as to improve them, making them more flexible and accessible to CSOs that provide services to enhance social inclusion and reduce poverty;
- In the process of selecting priority programmes and projects for support, EU institutions are recommended to promote projects and mechanisms in the field of social inclusion and reduction of poverty;
- Support to the development of civil society organizations that deal with issues of social inclusion and poverty on a local level can be best provided through supporting the establishment of regional organizations for supporting CSOs (resource centres, forums, etc.);
- EU should consider introducing several support and aid models appropriate to the development level of the civil society in BiH, and their combination would provide comprehensive, multi-component programmes to enhance social inclusion and reduce poverty;
- EU institutions should also support the establishment more efficient, inclusive models/mechanisms of consulting with BiH government and CSOs in relation to key reform issues of social inclusion and the reduction of poverty.

15.4. RECOMMENDATIONS TO THE DONOR COMMUNITY IN BIH

- Donor projects and programmes should be coordinated better in order to ensure an effect of synergy of organizations dealing with social inclusion and poverty, as well as to avoid unnecessary repetition of activities and irrationally targeted allocations of funds and other resources. This coordination should be visible both in public and in private sources of funding, because it is becoming more and more clear that public funds are insufficient to ensure successful social protection and inclusion;
- Representatives of the civil society should be involved in the system of the Donor Coordination Forum, for better communication and exchange of information;
- The donor community in BiH, along with the EU Delegation, is recommended to direct some of their support and aid to programmes and mechanisms working on matching of local and donor funds, such as the Social Inclusion Foundation in Bosnia and Herzegovina, aimed at strengthening technical and institutional capacities of civil society organizations dealing with issues of social inclusion and poverty, as well as to their activities;
- Donors in BiH are advised to support the strengthening of the capacity of the civil society to conduct research and analysis that would serve as a base for better targeting and allocation of funds, as well as to propose alternate public policies from the area of social inclusion and the reduction of poverty through programmes supporting local think-tanks and their increased involvement in policy-making processes.

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