



Where will I be in 2015?

MDG UPDATE REPORT
FOR BOSNIA AND HERZEGOVINA

**PRSP,
EUROPE AND
BEYOND**

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Foreword

I am delighted to present this MDG Update Report for Bosnia and Herzegovina. Above all this document underlines the strength of commitment on the part of the UN agencies to the rigorous monitoring and achievement of the MDGs.

In the following we take the opportunity to sophisticate and 'hone' the work undertaken in the 2003 BiH Human Development report which adapted the global goals to the national context. The outcome is a bespoke and functional monitoring framework, which will lay the foundation for UNDP's periodic progress reporting. We have checked and validated the indicators and targets, and we have introduced significant innovations. Our primary objective is to make the framework practical and policy-orientated, since BiH citizens not only need to know where they aspire to be in 2015, but also how to go about getting there.

In addition, we have attempted to synchronise the MDG framework with the social inclusion agenda of the European Union. This is an innovative and noteworthy approach, and is to my knowledge, the first practical example of its kind. I believe this is especially important since BiH's journey to Europe amount to more than a set of technical and legalistic processes. BiH's accession is fundamentally about renewal and unity; it marks Bosnia and Herzegovina's becoming a regular member of the European family of nations.

The MDGs have much to offer to this process as they marry the social with the economic, and provide an agenda which all of Bosnia's peoples can sign-up to. In the following therefore, targets and indicators are purposefully framed in terms of achieving European standards of rights and living conditions.

For me, the MDGs reflect the substance of all that we do in the United Nations, and I am keen to maintain the momentum we in BiH have achieved in mainstreaming the goals within national policy making. We will continue to work with partners in Governments, civil society and the international community to fully realise the potential of this country and its talented and vibrant people.

Jens Toyberg-Frandzen

Resident Representative
United Nation Development Programme
September 2004

Introduction

Bosnia and Herzegovina (BiH) is facing a turning point. Eight years after the Dayton Peace Accords (DPA), the country faces a choice between continued aid-dependency on the one hand, and a genuine ownership of the development process on the other. As data from the UNDP's Development Resources Coordination project makes clear, international assistance is set to decrease markedly in the coming years from a peak of \$750m to approximately \$200m per annum in the next two to three years¹. BiH must therefore mobilise all of the resources at its disposal - physical, social and human endowments - to achieve equitable economic development and sound governance reform.

Membership of the European Union is both central to achieving these objectives and an end in itself. The accession process presents both the opportunity and the means by which BiH citizens can come to secure the same economic prosperity and the social entitlements enjoyed by other Europeans.

The eight Millennium Development Goals (see box), derived from the United Nations Millennium Declaration signed by each of the member nations in 2001 can help to deliver these objectives by providing a powerful framework for defining BiH's long-term strategic priorities and for measuring and evaluating its progress.

The task of adapting these goals to the BiH context was undertaken in the 2003 National Human Development Report on the MDGs, hereinafter referred to as the NHD/MDGR. The United Nations Development Programme (UNDP), along with other UN agencies in BiH, has committed itself, throughout all of its programmed activities, to supporting the achievement of these objectives.

The Global Millennium Development Goals (MDGs):

- I. Eradicate extreme poverty and hunger
- II. Achieve universal primary education
- III. Promote gender equality and empower women
- IV. Reduce child mortality
- V. Improve maternal health
- VI. Combat HIV/AIDS, malaria and other diseases
- VII. Ensure environmental sustainability
- VIII. Develop a global partnership for development

¹ UNDP, RS and FBiH Governments 'International Assistance to BiH 1996-2002: A tentative analysis: who is doing what and where?' (2003)

This report seeks, by providing a succinct overview of the MDGs, to promote a wider understanding of their application within the BiH context, and to set out a functional monitoring and evaluation mechanism by which their achievement can be tracked through time.

We have also taken this opportunity to update the indicators and data specified in the NHD/MDR, set out some of the policy options and challenges faced, and explicitly link the MDGs to European integration. This report not only examines where BiH is now and where it needs to get to, but also how government, civil society and citizens, can contribute to the MDG-achievement process. Therefore this document necessarily makes direct linkages to the policies and benchmarks adopted by the recently published BiH Development Strategy (the Poverty Reduction Strategy Paper or 'PRSP') and the EU's Social Inclusion Framework given by the so-called 'Laeken Indicators'.

The report has three parts. It begins with a very brief review of the context and some explanation of technical issues. In the second and most substantial part, the report introduces each goal in turn, analysing the current position and detailing the targets and indicators by which progress can be measured. The report closes with a discussion of the key challenges and issues to be addressed.



PART I:
BACKGROUND
AND KEY ISSUES



PART I: BACKGROUND AND KEY ISSUES

The purpose of the UNDP sponsored National Human Development MDG Report published in June 2003, was to devise a relevant and realistic set of MDGs for BiH. This involved reflecting both local needs and priorities, but also fitting them within the globally defined framework. This was no easy task, and required a series of difficult judgments. In the main, the authors retained the global goals, recognizing where necessary the particularities of the BiH context and the need to sharpen the rather generic nature of the MDGs. In addition, they took account of the tendency for official statistics to sometimes provide too optimistic, and perhaps, a misleading picture of the country.

This is perhaps best illustrated by education data where performance appears to be as good as in any advanced economy. Yet to an extent this represents an inheritance from the former socialist system, and a position which cannot be taken for granted. A similar example can be found in the health sector where the country still performs fairly well on HIV/AIDS incidence, a benchmark which also cannot be relied upon uncritically. The point being made here is not the denial of such achievements,

but rather the need to ensure they are preserved.

The development of the national MDGs was undertaken alongside colleagues within the BiH governments and has been accompanied by an ongoing consultation exercise with civil society partners. It is fitting that this approach is in keeping with the 'hallmarks' of good governance; transparency, accountability, inclusiveness and responsiveness; since securing improvements in the quality of governance lies at the heart of BiH's future development. As a result of the consultations undertaken, three priority areas have emerged; poverty reduction, fairness between men and women and the need for continuing and constructive cooperation with international partners.

BiH MDG Priorities:

Three goals are of special importance to BiH:

- Goal I: Poverty reduction
- Goal III: Secure gender equality and the empowerment of women
- Goal VIII: Build an international partnership for development

The full NHD/ MDGR which articulates the original BiH MDGs in detail is available from UNDP or at the following link,

http://www.undp.ba/publications/engleseka_final.pdf

This baseline report builds on the work undertaken in the above publication but makes two additions. First, it makes specific linkages with the policy agenda, and especially the PRSP and the EU integration process. Secondly, it strengthens the quality of the monitoring framework and the indicators selected.

Linkages with the BiH Development Strategy (PRSP)

The NHD/MDG Report proposed policy changes for achieving the MDGs, and was developed in active consultation with local civil society organisations (CSOs), the BiH government and the National PRSP team. It was designed to mobilize BiH citizens and civil society by raising awareness of the importance of public participation in the wider social, economic and political development processes; and to highlight the practical actions which need to be taken by government agencies and development partners.

The PRSP provides a medium-term policy programme for BiH (through to 2007), while the MDGs are longer-term (through to 2015). Given their different timeframes, it is essential that the MDGs and the PRSP targets be complementary. The vast majority of the MDG indicators which were defined within the NHD/MDGR have been incorporated into the PRSP, and have thus become part of the official BiH government policy monitoring framework. Within this publica-

tion, the PRSP targets, where given for the MDGs, are quoted as midway milestones for 2007. Work will now be undertaken to further synergise the two frameworks.

European Integration

Bosnia and Herzegovina's future lies with her full integration within the European mainstream, and this directly implies close cooperation, followed by membership of the EU. European integration requires a series of policy and legislative changes associated with adopting the Union's treaties and conventions - known as the *Acquis Communautaire*. This is a vast body of law, and much work will be required to make BiH's legal provisions and technical standards compliant with current EU practice. This agenda is mapped out by the PRSP and is a major focus of the action plan incorporated within it.

It is UNDP's view that the path to Europe should amount to more than a sterile technical process, and rather be one in which BiH citizens come to assume the same rights and obligations as other Europeans. Moreover, it is likely that the accession reforms, particularly those in the economic sphere, will be difficult to accomplish and will potentially have a considerable social fallout. The MDGs therefore have two roles to play; first they afford a broader perspective by which to measure reform, bringing in social and environmental considerations; and second they offer a vehicle by which

The EU's Laeken indicators:

Primary

1. Proportion in poverty (household incomes less than 60% of median income)
2. Distribution of income
3. Persistence of low income
4. Median low income Gap
5. Regional cohesion (variations in unemployment rates)
6. Long term unemployment rate (those unemployed more than 12 months as a % of the active population)
7. People living in jobless households
8. Early School leavers not in education or training
9. Life Expectancy at birth
10. Self perceived health status

Secondary

11. Dispersion around the poverty threshold
12. Poverty threshold at a point in time
13. Low income before (welfare) transfers
14. Gini coefficient
15. Persistent risk of poverty
16. Long term unemployment share (those unemployed more than 12 months as a % of the unemployed)
17. Very long term unemployment (over 24 months)
18. Persons with low educational attainment

the public can be engaged and their support retained.

Thus this report purposefully aims to reconcile the BiH MDGs with the European Social Inclusion Agenda, which was incorporated within the Lisbon Declaration of 2001, and given effect by the so-called 'Laeken indicators', which the member states have been mandated to monitor at national and sub-national levels. This report also recognises that other areas of EU law, notably its environmental provisions and external affairs policies, also have a direct connection with the MDGs.

To date, BiH's preparations for accession have rather neglected these dimensions, yet each applicant nation is required to draft and agree a Joint Inclusion Memorandum (JIM), setting out objectives and policies to ensure social cohesion and convergence with EU norms. This exercise must include the collection of the agreed set of indicators, and MDG reporting clearly provides a natural concomitant to this requirement.

Yet although the EU social inclusion framework addresses similar priorities to those given by the MDGs, it uses very different data sets and is somewhat more limited in scope. A striking difference is the EU's focus on relative rather than absolute deprivations. This extends to the definition of poverty adopted, which is measured in terms of the proportion of the population earning less than 60% of the median

income, rather than those living below a subsistence poverty line. Also, given the developed country orientation of the EU agenda, the other basic entitlements given by the MDGs, notably primary education outcomes and minimum health standards, are not monitored directly.

This divergence from the MDGs is not necessarily problematic for BiH, indeed the EU's focus is arguably more relevant to the national developmental position. The Laeken indicators are also more policy orientated, with explicit measures included for employment rates, participation in training, and adult educational attainment. Much is also made of Europe-wide standards where they exist. The box on page 11 lists the 18 measures used, which are categorised into 10 primary and 8 secondary indicators.

Fitting the Laeken framework to both the MDGs and the BiH context does present certain difficulties. These principally relate to the unavailability of data sources, and it is not possible at this point in time to report all of the required EU data. This report does however include eight of the main indicators alongside the relevant MDGs (see box). These have been selected on the basis of relevance and ability to compile the necessary data from existing sources. Where reliable values are not yet available, the indicators are still listed, but marked as requiring urgent compilation. Clearly at a later stage, the Statistical Institutes will have to compile the entire set and BiH governments should

EU Indicators included within the BiH MDGs:

MDG 1: Eradicate Poverty

- Proportion in poverty (incomes less than 60% of median income)
- Distribution of income (inter quintile ratio)
- Long term unemployment rate
- People living in jobless households
- Gini coefficient
- Early School leavers not in education or training

MDG 2: Secure better education for all

- Persons with low educational attainment

MDGs 4 to 6:

Improve health outcomes

- Life Expectancy at birth
- Self perceived health status

be encouraged to include this within their existing programmes to improve the quality of national and regional statistics.

It is also important to note that the other MDG targets and indicators have, where appropriate, been 'Europeanized', with outcome values set to EU or South East Europe (SEE) standards. Similarly technical requirements, for example performance on implementing the 16 SAA compliance criteria have been included as policy indicators.

Monitoring the MDGs in practice

There are two sets of technical issues to be addressed before the MDG monitoring process can become fully functional, and whilst this is not the appropriate document to labour these questions, it is helpful to briefly outline, and seek feedback on the two most significant topic areas.

First, consideration needs to be given to the period and the time path between the starting point and goal achievement. This includes selection of the base and milestone years, and the nature of the envisaged progression over time. The global MDGs are framed in terms of the period 1990 to 2015. Yet this does not mean that the BiH process has to observe the same base and end years. Equally, the global framework does not prescribe how progress should take place over the intervening years. These matters, like the goals themselves, are subject to local interpretation and adaptation.

In relation to the first issue, the authors of the NHD/MDGR exercised discretion and selected 2001 as the starting point. Underpinning this decision was the statistical inappropriateness of 1990 or indeed any year which predates either the conflict in BiH, or the transition.

The pattern of progress towards the MDGs is a more difficult question and although the researchers sensibly set targets for two intervening years (2007 and 2010) the importance of policies and resource inputs

means that Government policy as articulated in the PRSP, has to play a defining role in this. For now, therefore this report defines the base, the 2015 target, with the 2007 values specified in the PRSP given as 'half-way' milestones. Yet clearly, annual milestones for as key targets need to be developed in consultation with all stakeholders.

A second set of issues concerns the definition and selection of performance targets, and this includes their magnitudes and their categorization. Targets are distinct from regular indicators; a target is a performance measure to be achieved through the decision making process and the allocation of resources. Targets aim to motivate and prioritize, whereas basic data indicators serve simply as diagnostic tools for explaining and measuring trends and changes.

The question of the values they take in each year is still more difficult to resolve and is bound up with the discussion above about the time path to be adopted. But in order to succeed as performance instruments, the targets need to be selected and assigned values which meet certain requirements. These attributes are helpfully summarized in English, by the acronym 'SMART' (Specific, Measurable, Achievable, Realistic and Time-bound).

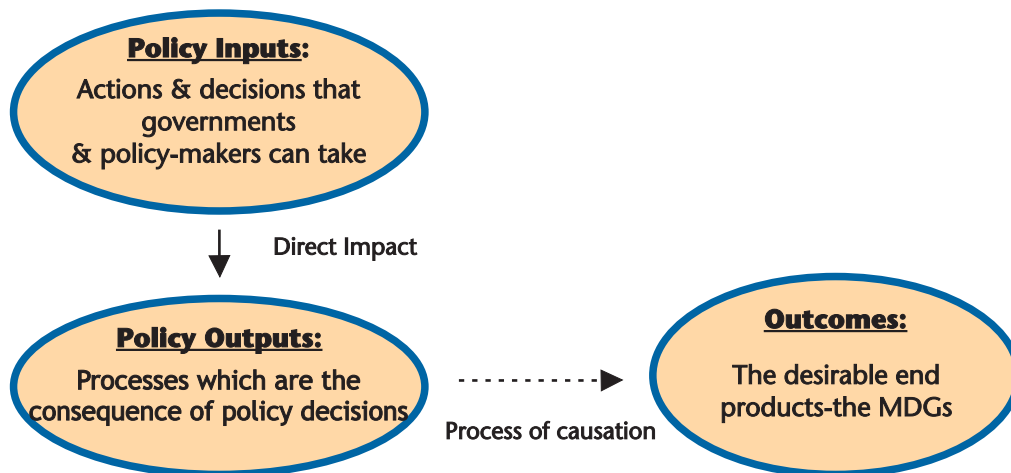
Finally, it needs to be borne in mind, that targets operate at different levels, and crucially some can be directly influenced (by policy decisions and resources), whilst some

higher level targets, like the MDGs cannot. Indeed, the MDGs describe desirable end-products - they can be referred to as outcomes; whereas the actions which contribute to the achievement of the goals can be described as either inputs or outputs of the policy making process. These latter targets are more practical in nature, describing the positive measures which need to be taken in order to achieve the desired outcomes. These relationships are illustrated in the diagram below, and the following text specifies two categories; 'MDG Outcomes' and 'Policy Inputs and Outputs'. Distinguishing the two is helpful because it

enables different stakeholders to be clear about their responsibilities - and who to hold accountable.

Each of the above issues has been taken account of in the following sections, but UNDP recognizes there is still much work to be done before the process can become fully operational - and therefore the views of all stakeholders, and especially of citizens and civil society organizations, will be welcomed. UNDP plans to follow up this report with ongoing consultations, and tailored training sessions for Government, civil society and development partners.

Relationships within the MDG Monitoring Process







PART II:
THE BiH MDGs



PART II: THE BiH MDGs

In this, the main section of the report, each of the MDGs is presented, discussed and made operational through the use of targets and indicators. The process begun in the NHD/MDGR has been enhanced and refined, by ensuring that goals are more adapted to the local context and those targets and indicators are practical and meet the criteria discussed above.

Key to the MDG Tables:

- Where appropriate, a single key indicator has been selected for each target and its data is displayed in a chart.
- Targets are distinguished from data indicators by the inclusive of later year's target values.
- Indicators and targets are categorized as either MDG Outcomes, or Policy Inputs and Outputs.
- Those indicators and targets which are common to both local and global data sets are marked by the UN flag ()
- Similarly those which are common to the EU social inclusion framework are marked by the EU flag ()

To aid clarity a standard presentation has been adopted in each section; first analysis and commentary is provided on the wider topic area, and this is followed by discussion of concrete policy proposals alongside the relevant indicator and target data. The data tables include indicators for the base year, the 2015 value, and the 2007 milestone value taken, where available, from the PRSP . To aid clarity a number of other presentation devices are also used and these are summarized in the box.

Goal I: Eradicate poverty and hunger

Poverty reduction was identified by the NHD/MDG Report as one of BiH's top three priority areas. The 1992-95 war resulted in the displacement of around half the country's population, and left up to 230,000 people dead or missing. This was compounded by immense direct material damage to industrial facilities, the technical infrastructure, and the housing stock. Moreover, this brought with it enormous institutional damage, destruction of the public administration system, and stagnation in the development of knowledge and technological innovation.

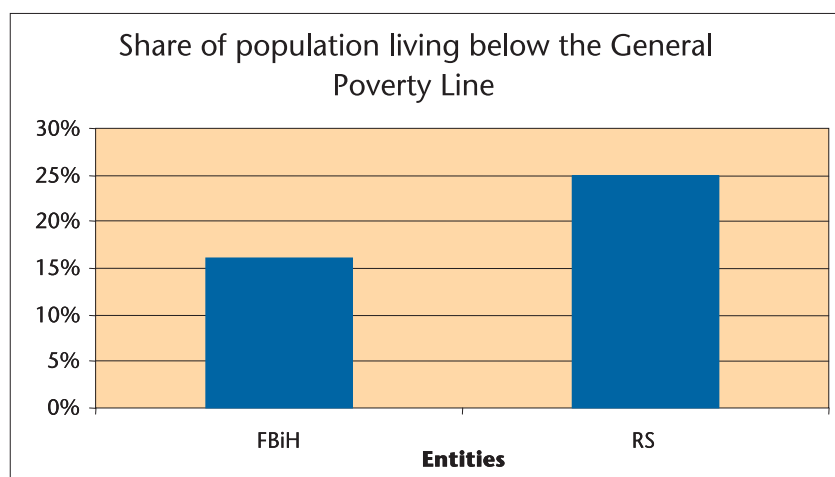
These impacts have all led to a pernicious 'brain drain' of qualified workers and a loss of human capital which will take years to restore. Amongst the most tragic consequences of the war that cannot be

redressed in so short a period of time, is the destruction of the social ties of tolerance and co-existence, the dissolution of families and small communities, and the general collapse of social values and the fabric of normal life, attributes commonly referred to as 'social capital.' These difficulties and weaknesses remain in spite of over eight years of reconstruction and recovery sustained by the considerable international support which followed the signing of DPA. The dramatic decline in GDP, due to economic devastation and the slow recovery, has led directly to serious problems of poverty and unemployment. Yet obtaining hard data to substantiate the true level of poverty and economic dislocation is difficult. As is true for other issues examined in the HDR/MDG Report, reliable sources are difficult to come by and statistical capacities remain weak. A pressing problem is the

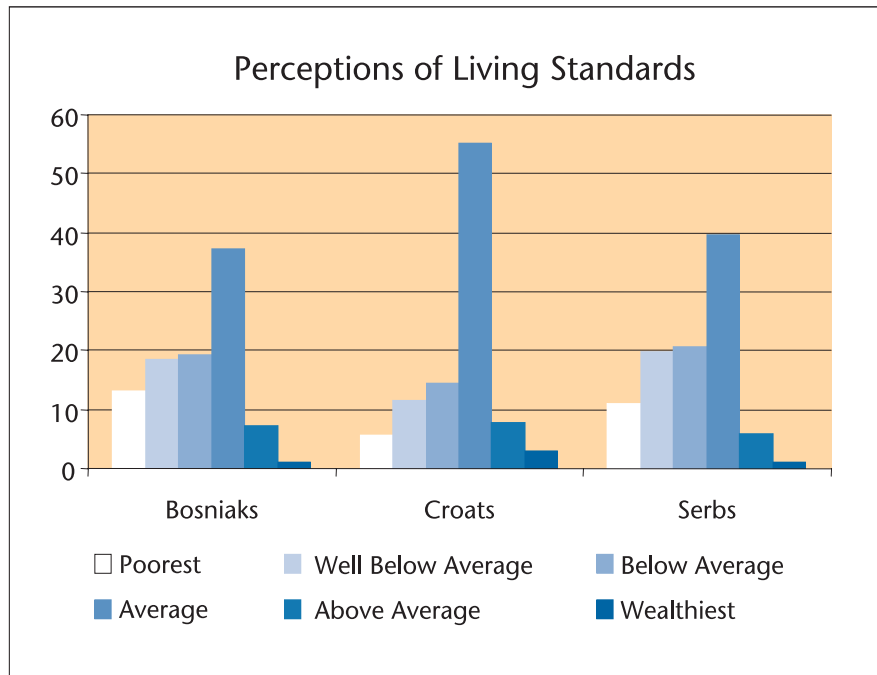
lack of a post-conflict population census, the most recent comprehensive census dates back to 1991.

A so-called 'new' poverty has emerged as a special feature of the problem. A considerable proportion, estimated to be 19%, of the population which enjoyed a relatively high living standard before the war now finds itself on or below the poverty line as defined by the Living Standard Measurement Survey (LSMS)³.

Socially and politically, this phenomenon makes the situation more complex. Given that the reference points of citizens are the relatively high level entitlements guaranteed under the former Socialist Federal Republic of Yugoslavia (SFRY), there is a public perception of absolute poverty levels as being considerably more dramatic than they actually are.



³ LSMS was conducted in November 2001 by Statistical Institutes in BiH, with support from UNDP, WB and DFID



This phenomenon is illustrated well by responses to the UNDP-supported Early Warning System (EWS) survey on perceptions of living standards. The data presented in the second chart is for the third quarter of 2003, but the results are fairly consistent over time. In contrast to the LSMS findings, close to 30% of the total population regard themselves as being in the bottom two categories, those synonymous with European-style definitions of poverty. Still more striking is that around 45% see themselves as being below the average. Yet interestingly, there are also cross community differences in perceptions. Unfortunately thus far, no systematic sample data based

on the EU definition is available to test these findings.

In addition, although official BiH statistics suggest that the unemployment rate is as high as 40%, research by local authors and estimates published by the IMF suggest that the actual rate is probably closer to 20%. This data tends to cloud the picture still further, and casts additional doubt on the severity of absolute poverty levels.

The point is not however, that poverty does not exist, but rather that the situation is more complex and nuanced than is often suggested. BiH faces less a severe deprivation of the few, and more a vulnerability of the many. The LSMS along with other studies suggest that a large proportion of the

population subsists around the general poverty line, giving rise to a very sizeable proportion of the population who are constantly at risk.

The long term solution to these vulnerabilities, and to entrenched poverty, remains the need to secure employment generating economic growth. Many factors limit this, but an important one is the comparatively high level and misallocation of public expenditures. In the period 1996-2000, public sector consumption within in BiH was \$ 9.2bn. Yet if it had been at the level of the regional average during that period, around \$1.6bn would have been saved and been available for public and private investment.

The poor targeting of the budget is equally significant; public spending in BiH is inefficient and poorly prioritised. Commentators are increasingly coming to the conclusion

Public expenditure, although high in BiH, does not adequately fund those sectors that are critical for poverty reduction and human development.

that expenditure reductions can be achieved without negative consequences for poverty reduction, if the budget was properly reoriented towards the social sectors (education, health, social welfare) and the principal public services were reformed. There is a two-way link between poverty

and good governance; poor governance leads to, and sustains high levels of poverty, while poverty itself restricts and complicates attempts to improve governance. If solutions are to be sustainable and lasting, both must be addressed together.

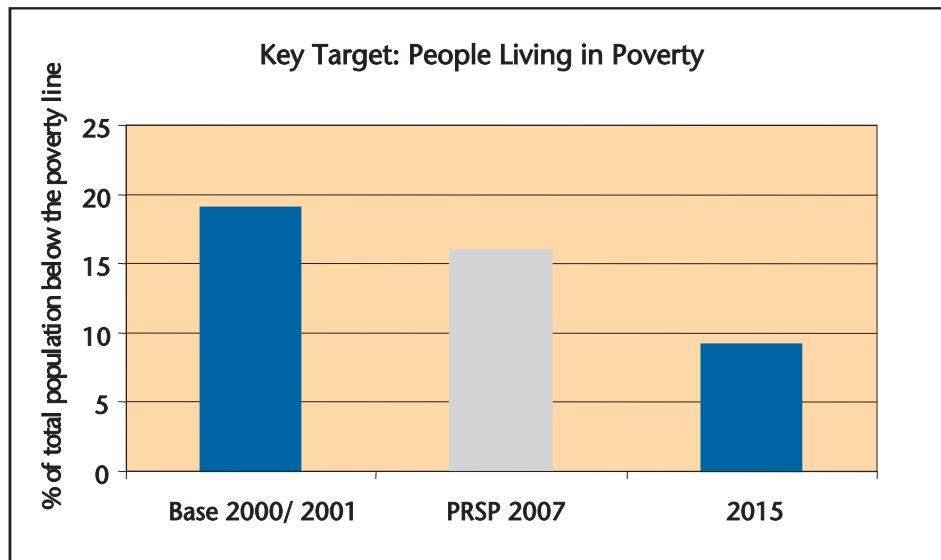
MDG1 targets and what is to be done?

The NHD/MDGR and the global MDG framework specifies two general targets in respect of MDG 1; reducing the numbers living in poverty and halving those who live in hunger. These follow below and are supported by a series of data targets and indicators, drawn from local, global and EU specifications.

Target 1: Reduce, by 2015, the proportion of people living in poverty












This first target is one of the most significant and substantial within the MDG framework and the planned reduction in the headline indicator for BiH, those living below the LSMS poverty line, is graphed out below and set in terms of achieving the EU average (of the pre-accession 15) by 2015⁴. Alongside this outcome we have also specified the poverty gap and relativistic measures of poverty, which figure highly in the Laeken indicators as key outcome measures (see table).

⁴ Referring the 15 member states as at 1st January 2004



How to go about achieving these outcomes is far more challenging, and the NHD/ MDGR makes a number of proposals yet the main guarantor of equitable and sustained poverty reduction is pro-poor economic growth. This requires both a vibrant economy and fairness in the distribution of income. Governments have two principal duties here; boosting growth, through maintaining macroeconomic stability, securing higher levels of competitiveness and promoting investment; and ensuring the benefits of better economic performance are targeted on the poor through facilitating employment generation and the effective allocation and management of the budget. In practical terms this implies:

- Successful control of inflation through appropriate monetary and fiscal policies, but at the same time avoiding too restrictive and inflexible a regime, which would hurt entrepreneurs and inhibit reduce investment.
- Measures to reduce economic insecurity, encourage thrift, and boost savings levels.
- Providing a regulatory environment in which businesses can thrive, but one which also has regard to the rights and entitlements of ordinary citizens
- Removing distortions which discourage high employment industries.
- Ensuring the budget is allocated to ensure the maximum exploitation of human capital.

Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
% of people below the poverty line ⁵ 	LSMS ⁶	19.1%	16%	EU of 15 average
Poverty gap ratio 	LSMS	4.6%	Not given	4.6%
Income share of the poorest fifth 	LSMS	9.6%	-	-
Inter-quintile ratio (richest: poorest 20%) 	LSMS	To be estimated (TBE)	-	-
% earning less than 60% of median income 	LSMS	TBE	-	-
Policy Inputs & Outputs				
Real Annual GDP growth rate	IMF/PRSP ⁷	4.4	5.5	5.0
Gini index/quotient  	NHD/ MDGR	0.26	-	-
Unemployment rate for 15-24 year olds 	HDR 2002	34.8%	Not given	12%
School Leavers not in Education or Training 	To be developed	TBE	-	-
Unemployment rate	National Estimates ⁸	20	-	-
Long term unemployment rate 	Not yet available	TBE	-	-
Persons living in jobless households 	Not yet available	TBE	-	-
Informal Sector Share in GDP	LSMS	33%	-	-
Inflation Rate	CBBiH / IMF	3.1	2.2 rate plus 2%	Up to ECB

⁷ For BiH, the LSMS methodology specified a general poverty line

⁸ UNDP, DFID, WB, "LSMS: BiH Living Standards Measurement Survey"; report released by the BiH Statistics Agencies.

⁹ Current growth as per IMF Article IV Consultation Report, December 2003 and PRSP

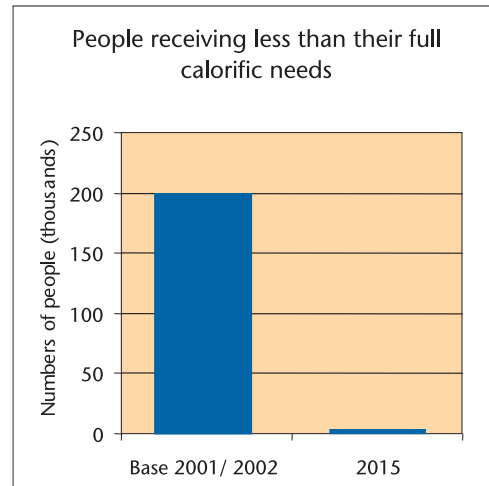
¹⁰ Unemployment rate is a judgmental figure based on the work of local analysts and supported by IMF (2003)

Target 2: Halve by 2015, the proportion of the people who suffer from hunger

It is salutary and depressing fact that data for 2001 and 2002, demonstrates that a very sizeable number of BiH citizens are not receiving their full recommended daily calorific intake of food. This must rank as a priority for all levels of government, and the target below envisages this issue being entirely eliminated by 2015.

Policies to achieve this run alongside those to reduce general poverty levels, however specific actions need to be considered and these include:

- Basic food entitlements programmes for the poor.
- Ensuring the economic activity in the





informal sector is not stifled through measures to encourage its formalisation.

- Bearing down on food price inflation; improving the functioning of the agricultural sector, its supply response and the operation of markets.

Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
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MDG Outcomes

Malnourishment of children under 5 	UN Statistics Division, UNICEF	4% (2000)	Not given	0
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People receiving less than daily energy needs (malnourishment) 	UN Statistics Division, FAO	200,000 (1998)	Not given	Close to zero
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Policy Inputs & Outputs

Food Price inflation	BIH Central Bank	(TBE)	Not given	<2.0
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Average Income of the poorest fifth of the population	TBE	TBE	-	-
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Share of employment accounted for by informal sector	LSMS	33%	-	-
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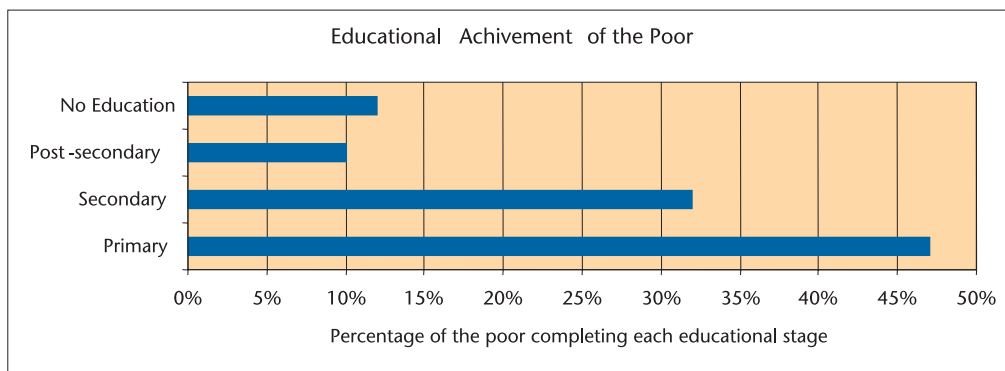
Goal II: Secure a better education for all

The comparatively high educational standards of pre-war BiH have been negatively affected by the legacy of destruction, displacement and poverty which accompanied and followed the hostilities. While near-universal primary schooling has been achieved, the share of non-enrolled children continues to increase and has now reached an estimated 4% of the total. Children with developmental difficulties and disabilities have particular problems receiving appropriate schooling. The same is true, but for different reasons, for many ethnic minority groups.

A surprising 31.5% of primary school graduates do not continue to their secondary schooling. This is due to poverty and poor performance.

Almost 32% of those completing primary schooling (ages 6 to 15) do not stay on for secondary education. Moreover, this number conceals a considerable disparity between students from poor and more affluent households; 43% of the former versus 23% of the latter fail to proceed to secondary level. This gap is even more pronounced in higher education, with only 9.3% of students from poor backgrounds attending university - the percentage for students from wealthy families, are three times greater (at 27.3%). Weak educational performance perpetuates poverty through successive generations.

Questions about the quality of education are pertinent to all levels of the system. A persistent criticism is that teaching methods as well as curricula are not responsive to the needs of today's labour market or the wishes of parents. These failings have their roots in the pre-war, socialist system and a collectivist approach to education which meant that the same goals were set for all



students, regardless of their talents or needs. The focus was on reproducing knowledge rather than on developing analytical or critical faculties. Such a situation has left students unprepared for the demands of a market-driven economy.

The conflict has added a nationalistic dimension, which is irreconcilable with a truly democratic and open society. BiH's fragmented system of government, which allows Cantons as well as Entities to conduct what are effectively, wholly autonomous education policies, has played into the hands of those who use the educational system to perpetuate a partisan political and social agenda. Furthermore, the entire educational infrastructure, ranging from libraries, to school IT equipment is poorly developed and in need of urgent repair and upgrading.

Teacher training is also unsatisfactory; nineteen percent of all primary school teachers in BiH are not sufficiently well qualified. According to material published by the Federation Ministry of Education, there is a shortage of 792 classroom-based teachers for years one to four of primary schooling in the FBiH alone and as a result these positions are currently occupied by unqualified staff.

These deficiencies put at risk the commendably high levels of literacy and numeracy enjoyed by the general population. Indeed, it is already possible to discern a post war decline in educational attainment. Yet like many policy objectives in the social sector, turning

around such a trend is limited by bureaucratic inertia and the weak budgetary position.

This is all very unsatisfactory for, as analysis provided in the NHD/MDG Report shows, a sound and well-rounded education is a critical ingredient both for the development of an individual's capabilities, and the wider economic and social development of BiH.

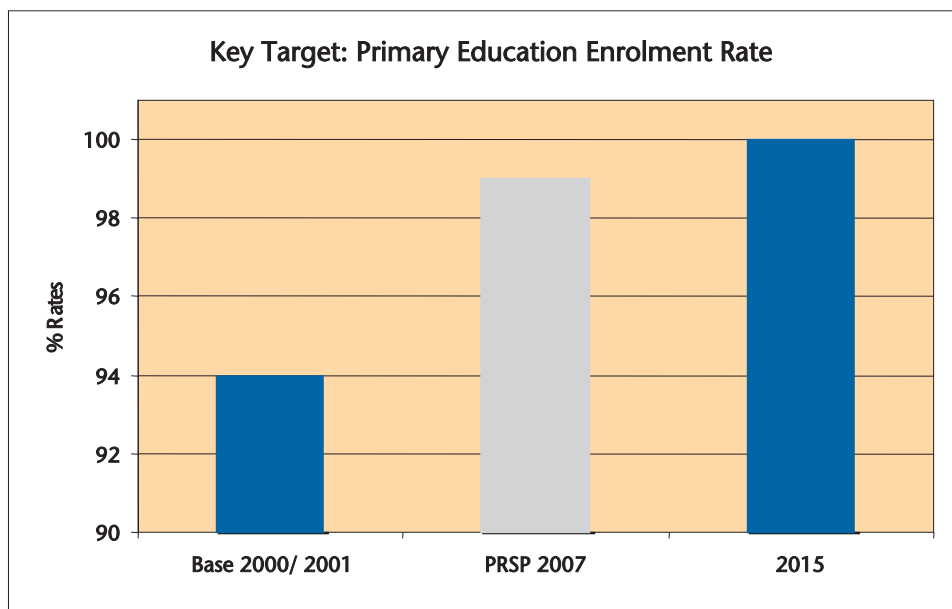
MDG2 targets and what is to be done?

Enrolment rates for BiH schools are comparatively high at 94% of the eligible population, yet this level is not ambitious enough for a modern European country, with ambitions of joining the EU.

Target 3: Ensure by 2015 that boys and girls everywhere receive primary education




Target 3 therefore commits BiH to achieving 100% enrolment in basic primary schooling by 2015 (see graph), seeking to boost enrolment at all levels, and in line with Laeken, improving educational attainment both at school and within the wider population.

Achieving these and the other targets below, implies greater resources must be devoted to education and especially education at the most basic primary level. This need not require the raising of public expenditure, but its better targeting and better management.



Reforms must also be pursued towards improving both the quality of teaching in schools and the way they are run. All schools must be encouraged to take a range of measures including; improving teacher/pupil ratios, promoting new methods of learning, encouraging creative thinking, involving parents to a greater extent in schooling, and increasing the responsiveness of schools to pupil and student-specific needs and demands.

The curriculum should not be implemented rigidly, and outdated methods, such as using a single prescribed textbook for a particular subject, applying uniform obligations for all pupils and students, and strict numerical methods of evaluation should be abandoned and replaced by modern teaching practices. Attention also needs to be given to adult education to address both the existing deficiencies, and to head off key problems, specifically adult illiteracy, before these emerge as serious issues.

Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
Primary school enrolment 	Median taken from several studies	94%	99%	100%
% of students reaching year 5 	BH Common Country Study Development Indicators, Final Draft, 2002	99.0% (97.9% ^m , 98.2% ^f)	-	-
Literacy rate 15-24 year olds 	BH Common Country Study Development Indicators, Final Draft, 2002	99.6% 99.6% ^m 99.7% ^f	-	-
Secondary school enrolment	BiH HDR 2002	56.8% ¹⁰	75%	85%
Higher education enrolment rate	BiH NHDR 2002 estimate	19.8% ¹¹	25%	35%
Literacy rate popn. Over 15 years	BiH NHDR 2002, estimate	85.9% ¹²	90%	99%
Low adult educational attainment i.e. below ISCED2 ¹³	LSMS	TBE	-	-
Policy Inputs & Outputs				
Percentage of children attending pre-schooling	NHD/MDG Report BiH from Aid Dependency to Fiscal Self-Reliance, ECSPE, 2002	4.3%	12%	25%
Share of GDP devoted to education	NHD/MDG Report	5.2% ¹⁴	5.6% FBiH 4.5% RS	7.5%
Per pupil expenditure for secondary schools	Relevant Ministries	TBE	-	-

⁹ The specified value is the median of 5 studies undertaken between 2000 and 2003; BiH HDR2002 (97%), WB Poverty Assessment 2003 (95%), From Aid Dependency to Fiscal Reliance (92.8%), ECDPE 2002 (94), LSMS (98.9)

¹⁰ Other sources quote different values for this indicator, ECPSE (2002) 72.6% and LSMS (2003) 68.3%.

¹¹ Other sources quote different values for this indicator, ECPSE (2002) 24.2% and LSMS (2002) 23.0%.

¹² An alternative source, LSMS (2003) quotes this figure as 88.9 %

¹³ International Standard Classification of Education, level 2 approximates to Primary Level.

¹⁴ An alternative source, ECSPE (2002) quotes this figure as 6.0 %

Goal III: Secure gender equality

The promotion of gender equity in post-war BiH

Groups dealing with gender issues have been amongst the most active and successful CSOs in post-war BiH. They have made significant contributions not merely to the identification of needs, but also in finding the resources for activities to improve the status of women and gender relations generally. International organisations have supported the self-organisation of women, helping them to meet new challenges, especially in relation to the structural and economic changes taking place and the evolving legal framework.

With the requisite political will and budgetary support, government institutions have established some exemplary structures to promote and monitor the status of gender equality at all levels. These range from neighbourhood communities in Travnik municipality to the Office of the Chairman of the BiH Council of Ministers; and from the Committee for the Promotion of the Status of Women in the Prijedor municipal assembly, to the Gender Committee of the BiH parliament.

Gender equity, the economy and the political process

Women and men constitute roughly equal shares of the general population and of

those graduating from the educational system, yet the gender disparities in the economy and the political sphere are dramatic. Perhaps the starkest example is evident in the low female share of the labour market, which amounts to only 37.2% in BiH. This is lowest of the all countries comprising South East Europe¹⁵ and this is why the relevant MDG was reformulated to reflect the need to expand the greater levels of equality apparent in the educational sector to the economy and political life.

BiH has the lowest female share of the labour market in South East Europe, at only 37.2%.

BiH, in line with developments observed in other countries in the region, has experienced an across-the-board increase in gender-based inequality as the transition to the market has progressed. The NHD/MDG Report discusses in some detail the representation of women in politics, which is still an area dominated by men, and follows this up by presenting recommendations for developing a framework for effective gender mainstreaming.

Efforts to promote gender equity are obstructed by two sets of arguments; first, it is asserted BiH faces a difficult economic situation,

¹⁵ Numbers of formal sector jobs held by women, the percentage of women in positions of executive authority in BiH is only 2.38%.

hence poverty should be the over-riding priority; and second that gender issues relate to women alone, and thus only women should address them. Yet both of these lines of thought are fallacious. Study after study has confirmed that gender disadvantage is both a source and cause of poverty. The systemic discrimination of women and the squandering of 50% of the available human capital hurts both household incomes and the national economy. Secondly, gender issues affect the lives of men too. Either specifically, as a result of a myriad of problems, ranging from alcoholism to premature deaths, which disproportionately affect men, or in terms of the general quality of gender, and hence household, relations. The message is clear, gender matters, for the quality of all our lives and for the level of development.

The establishment of 'Gender Centres' in both Entities, set up to serve their respective governments, marks an important milestone in the strategic approach to gender equality. The FBiH and RS Gender Centres have developed a gender-mainstreaming network that includes focal points nominated by ministers and mayors at all levels.

The NHD/MDG Report highlights and discusses the gender gap in employment and unemployment, where the choice of 'male' and 'female' subjects in secondary school tends to predetermine the share of women in certain professions; the gender gap in highly-paid jobs; and the issue of labour rights violations affecting women.

Domestic and gender-related violence

Post-war data indicates a terrifying increase in domestic violence, and some evidence suggests that this is a reaction to the trauma of war. If so, this would not be without precedent in post conflict situations. Yet regardless of cause, this is an issue which requires urgent attention. Indeed, certain commentators have highlighted the need to reform the legal framework and train police officers to respond more effectively to incidents of domestic violence¹⁶.

Gender equality law

The state-level Gender Equality Law was adopted on 5 March 2003 by the BiH parliament. All other state-level or entity laws and regulations will have to be harmonised with the provisions of this statute within one year. The Gender Centres of FBiH and RS, the Ministry of Human Rights and Refugees of BiH and relevant CSOs were involved in this process, and they have committed themselves to working together to enforce the new law.

In addition the UN Gender Group (UNGG) consisting of UNDP, OHCHR, UNICEF ILO and UNFPA has embarked on a project, financed by UNDP, for the implementation of the law. UNGG will facilitate the partici-

¹⁶ Caution should be exercised in monitoring the incidence of domestic violence; data was not previously available (thus, no baseline exists) & recent follow-up surveys have potentially resulted in a number of past offences being reported.

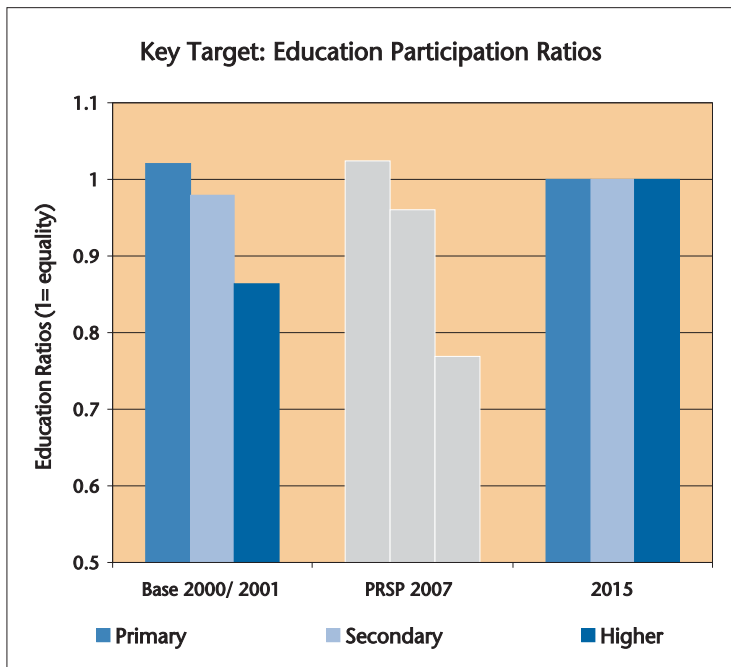
pation of the Gender Centres and civil society organizations.

MDG₃ targets and what is to be done?

Gender inequality is an issue which blights lives of BiH citizens individually and collectively. The successful resolution of the issues requires across-the-board policy actions, but especially within education, where opinions and opportunities are formed. The NHD/MDGR enthusiastically adopted the global target of eliminating all educational inequalities by 2015, and this in time will have a progressive effect within the wider BiH society.

Target 4: To eliminate gender inequalities in primary and secondary education, if possible by 2005, and at all education levels by 2015 at the latest





But achieving the target above is not sufficient on its own, and the BiH framework adopts a series of indicators, reflecting women and men's participation in the labour force and in political life. It is worth noting that the EU framework does not address these issues in isolation, but by collecting sex-disaggregated data for other indicators, and



this is an issue which should be returned to as the accession process gathers pace.

The NHDR/MDGR also discusses gender perspectives in further contexts, and proposes actions to be taken in the field of balancing family life and work. It recommends looking more closely at issues which have been neglected, such as gender stereo-typ-

ing in higher education which gives rise to a gender gap in employment, the pay gap, gender-balanced language and stigmas about sexual orientation in BiH society. Moreover, it is clear that reproductive health issues and gender-based violence are not being tackled effectively by official responses.

Indicators	Source	Base Data		
		for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
Male/female ratio in primary, secondary and higher education 	BiH HDR , 2002 estimate for 2000	98:96 =1.0 (primary)	98.8:96.5 (primary)	100:100 (primary)
		56:57 = 0.98 (secondary)	73:76 (secondary)	84:84 (secondary)
		18:21 =0.86 (higher) ¹⁷	20:26 (higher)	40:40 (higher)
Literacy ratio for men and women aged 15- 24 	Common Country Study Indicators, 2002	1.01 (99.7 : 99.6)	-	-
Percentage of women in paid non-agricultural employment 	FZS BiH, RZS RS, March 2001, calculation in MDG Report	39.2%	40%	45%
Percentage of women representatives in the state parliament 	CEDAW, Art. 7, participation of women in political and public life	14.3%	16%	25%
Policy Inputs & Outputs				
% of women in executive authority	CEDAW, Art. 7, women in political and public life	2.38%	4%	10%
Share of women among employed population	BiH HDR 2002, estimate	37.2%	28%	40%

¹⁷ LSMS (2002) yields marginally different ratios for each of these sectors: Primary at 0.99; & Secondary at 0.97.

Goals IV-VI: Improve health outcomes

This section covers the three goals related to health: reduce child mortality, the improvement of maternal health, and combating AIDS/ HIV infection. These are presented together for two reasons; first to bring a strategic perspective to these matters; and second to better fit the MDGs to local conditions. Indeed, the global MDGs in this sector have required significant modification, underpinning this is BiH's relatively high pre-

The Health MDGs:

- Goal IV: Reduce Child Mortality
- Goal V: Improve Maternal Health
- Goal VI: Combat the spread of AIDS/ HIV

war level of development. Yet as elsewhere, although satisfactory by world standards, the quality of health in BiH is some way below that of its European counterparts.

The relative decline in the health situation has three distinct but interrelated causes; the legacy of conflict, including stress and impoverishment; the impact of transition on the socialised health sector, especially the level of overall resources available; and the familiar ailments of a modern society, alcohol and drug abuse, smoking, and unhealthy eating habits.

General social and economic insecurity has created a downward trend in the birth rate

(10.5 per 1000 population in 2000 to 9.9 per 1000 population in 2001). Post-war BiH has also seen a slight decrease in the mortality rate, which is still at a medium-low level and stood at 8.0 per 1000 population in 2001. Unfortunately precise and standardized figures on life expectancy are not available.

Increasing morbidity

Morbidity, meaning the proportion of the population living with a long term illness which limits their activities and their quality of life, has, as in other European nations, become a major issue in BiH. Morbidity levels are increasing and being driven by poor lifestyle choices: eating habits, smoking, alcohol and drug abuse, and a lack of exercise, alongside stress related to uncertainty and lack of financial security.

Mental health

Migration, unemployment, changing family conditions, post conflict stress and the associated rise in violence, along with other risk factors have led to an increase of almost all mental and behavioural disorders, and a growing suicide rate. On average, depression and most neuroses affect women two to three times more than men. On the other hand, men are more frequently affected by developmental disorders such as autism and attention deficit problems, as well as by alcoholism and behavioural dysfunctions. The lack of institutions and ade-

quate care for those in need of mental protection is often an obstacle to the return of refugees with such needs.

Contagious diseases and immunisation

By their nature, contagious diseases are of a special importance for the community and require the implementation of special supervision measures. A difficult socio-economic situation; an insecure supply of clean drinking water; inadequate waste disposal; and poor housing conditions have all contributed to an increased risk of infection.

Vaccination records show that between 81% and 95% of the population are covered by basic vaccinations and 75% to 93% by revaccinations. Over the past few years there has been a corresponding steady decline in the number of cases of tuberculosis, meningitis, measles and glandular infections.

However, some serious operational problems have come to light, notably the current inadequate state of the registration and information system. The improvement of these systems is a fundamental requirement for the timely planning, implementation, and assessment of national immunization activities. Additionally, significant and ongoing migration flows have contributed to the poor quality of registration data, thus leading to a low rate of vaccination coverage of Roma children, refugees, and displaced persons.

The health of vulnerable groups

The NHD/MDGR looked in some detail at the health situation of several particularly vulnerable groups: children and youth, women, the elderly, and persons with disabilities. The report finds:

- With regard to youth; an important conclusion is that the health of adolescents is greatly affected by their lifestyles. Topping the list of risk behaviours are smoking, abuse of alcohol and psychoactive substances, and having unprotected sex. According to surveys conducted in 2000, 45% of young people smoke tobacco regularly, 21% of the respondents consume alcohol, and 17% soft drugs (predominantly marijuana). Among girls aged 15-19, almost 70% of respondents who live with a man, do not use any form of contraception.
- Women's health issues include; declining fertility rates; limited use of contraception and use of abortion as a method of family planning; an increase in early sexual activity; a growing rate of unwanted pregnancies; and an increased incidence of sexually transmitted diseases (STDs). The increase in rape, abuse, and prostitution has also contributed to this latter trend. A special problem for the health care of women is the uneven availability of health care services, particularly between urban and rural areas.
- The disabled are a further group at particular risk. Evidence suggests that the health

sector fails, in particular, to protect and support the mentally handicapped. Efforts will be required to abolish the segregation of children with special needs and insist on their placement within families or communities rather than in closed institutions.

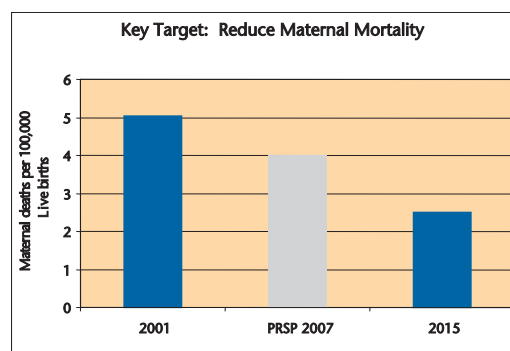
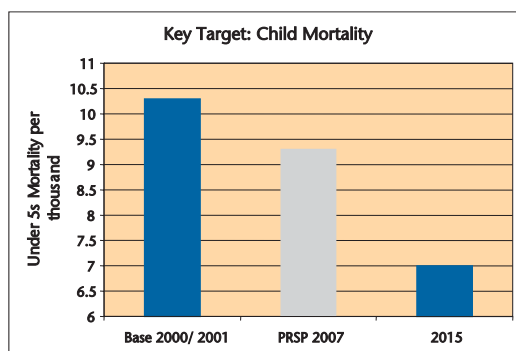
- No accurate data exists, but estimates put the number of persons with disabilities at almost 10% of the total population of BiH. These persons form a very vulnerable group and require special forms of care. Unfortunately, this population is often left isolated by the poor quality and availability of support services, which in turn further affects their already vulnerable psychological condition.
- Finally, elderly returnees constitute another group with specific health needs. Their requirements do not arise out of a particular pathology, but the cumbersome and confused administrative arrangements for health care provision within BiH. In spite of years of discussions, the arrangements for meeting their needs have yet to be fully determined between the entity governments.

MDG 4, 5 & 6 targets and what is to be done?

The global MDG framework includes four targets specific to health issues, covering child mortality, maternal health, HIV/ AIDS and disease prevention. Each of these is adopted below and tailored to the National context. BiH's performance on basic health outcomes, such as maternal and child mortality (see charts), are like those for the education indicators discussed above, good but not good enough for a country aspiring to be become a member of the European Union. Thus the framework below plans for BiH to meet EU standards in respect of these two crucial areas, which are explicitly included within the global MDGs.

The NHD/MDGR argued BiH has urgently to commit itself to meeting developed world standards as soon as possible, and matching those of the best performers by 2015.

These commitments are also in line with 'Health for All in the 21st Century', the UN health compact, adopted by the global





community including BiH, in May 1998. In addition, these basic targets are reflected in the BiH PRSP.

Thus the framework below seeks to encourage government to take a number of sup-

porting practical steps to address these key areas of provision. These range from greater immunization coverage to better gynaecological provision.



Target 5: Substantially reduce the child mortality rate

Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
Under 5s mortality (per 1000) 	BiH Statistical Institutes	10.3 (2001) ¹⁸	9.3	7.0
Infant mortality (under one year of age) per thousand 	BiH Statistical Institutes	8.5 (2001)	7.0	5.0
Policy Inputs & Outputs				
Percentage of children under one year of age immunized against smallpox	UN Statistics Division, UNICEF, BiH Statistical Institutes	83% (80.74-95.06%)	98%	100%
Percentage of newborn children weighing 2,500 grams or less	BiH Statistical Institutes	4%	3%	1%
Percentage of breastfeeding children under 6 months	BiH Statistical Institutes	2.1%	5%	15%
Number of women attending pre-natal examinations ¹⁹	Relevant Ministries	TBE	-	-

¹⁸ The value for 2000 is recorded as 13.0; other sources quote different values; UN Statistics (18.0) and BiH Common County Assessment (11.3).

¹⁹ To be derived

TARGET 6: Reduce, between 1990 and 2015, the mortality rate of child-bearing women

Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
Maternal deaths (per 100,000 live-born children) 	UN Statistics Division	5.05 ²⁰ (estimate)	4.0	2.5
Policy Inputs and Outputs				
Percentage of deliveries that were assisted 	BiH Statistical Institutes	99%	-	-
Number of Gynaecologists and Qualified Midwifery staff per 1000 women ²¹	Relevant Ministries	TBE	-	-
Number of women attending pre-natal examinations ²²	Relevant Ministries	TBE	-	-

Target 7: By 2015, halt and begin to reverse the spread and incidence of HIV/AIDS

The global MDGs also includes (as target 7) a specific commitment to stabilising and then reducing the prevalence of AIDS and HIV infection. Although current BiH infection rates are low and well below, either regional or EU levels, the NHD/MDGR authors rightly determined that this desirable position cannot be relied upon without proactive action and monitoring. It is disquieting that no such target has been included in the PRSP - Government needs to pay attention to this issue, if it is to

prevent the kind of epidemic now sweeping through North Eastern Europe.

Below therefore we also offer several practical input policy indicators to monitor the effectiveness of HIV prevention work; prevalence of condom use, financial support to NGOs working in this sector, and access to HIV testing. Unfortunately, as yet, there is no reliable source for these data sets and this is an issue that requires urgent attention.

²¹ Source: BiH Statistical Institutes

²² To be derived

²³ To be derived

Indicators	Source	Base Data		
		for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
Adults with AIDS, number of (new AIDS cases)	WDI 2002 HDR 2001	51	Not given	50-55
Prevalence of adults with HIV (%)	WDI 2002 HDR 2001	0.004	Not given ²³	0.004
Policy Inputs & Outputs				
Condom Use	WHO ²⁴	TBE	-	-
Financial support to NGOs working on sexual and health education	UNDP/ NGOs ²⁵	TBE	-	-
Percentage of population with access to HIV testing	NGO Estimate ²⁶	TBE	-	-

Target 8: Halt, and begin to reverse, the incidence of major diseases

The version of this target within the global framework addresses a number of diseases, like Malaria which have no relevance to BiH, and thus this target has been adapted to the local context, and is used as a 'catch all' to monitor the key health challenges faced, aside from those above that are specifically targeted.

As a key indicator we have selected the prevalence of tuberculosis as a major infec-

tion which is still active in BiH. The target below requires its incidence be more than halved by 2015.

We have purposefully included other generalised measures of health quality within this category including two provided by the EU Laeken data set. Also specified is the national premature death rate, which anecdotally at least is thought to be high, a phenomenon which is common to post conflict societies.

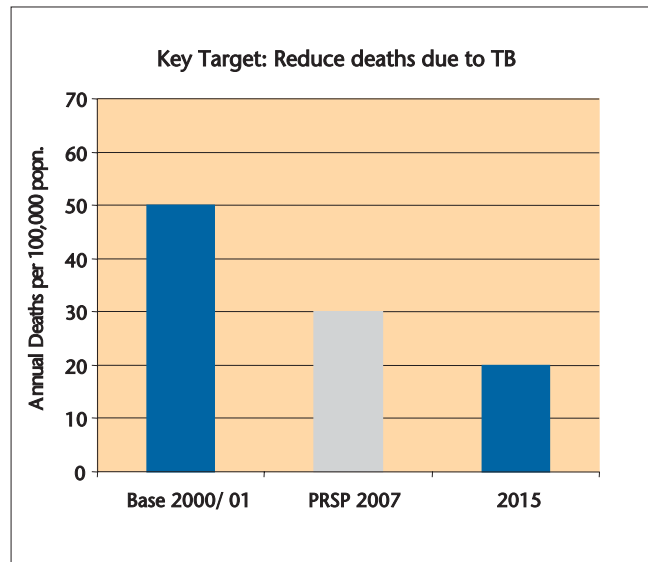
Policy indicators include input measures, such as resources devoted to health, access to medication and insurance scheme coverage.

²³ Although PRSP does not provide target for the incidence of HIV the NHD/MDGR authors specify maintenance of the current level of infection.

²⁴ To be derived

²⁵ Ditto

²⁶ Ditto








The NHD/MDR finds much wrong with the state of the health sector in BiH and provides a plethora of recommendations for change ranging from resourcing levels and structural changes, to local management innovations. The overall objectives must be securing a higher level of resources for the health sector within the existing state budget, and its better management and allocation. BiH desperately needs to rebuild and re-vitalise its system of health coverage and network of health care providers.

The current governance and management of healthcare is plagued by a series of failures. The retention of responsibility at entity level makes it difficult to guarantee a minimum of basic health rights for each citizen of BiH regardless of their place of residence. Health care reforms began with the adoption of new health care and health insurance laws in the entities and the for-

mulation of the related strategic plans. The goal of reform in both entities is the creation of efficient, financially self-sustainable, and patient-friendly health care systems that offer quality health care. This is coupled with an emphasis on re-orientation of activities towards strengthening primary care and public health. Another goal is the reorganisation of the pharmaceutical sector to ensure optimal access to safe, high-quality, and affordable medicines.

However, the reforms are being carried out at too slow a pace. There is a general lack of harmonized and co-ordinated action within the sector. For instance, a national network of health institutions, hospitals and clinics, has yet to be defined. The current health information system and the supervision arrangements, have also not yet been reformed or realigned with the new realities of needs, and thus neither are reliable.

Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
TBC cases and deaths /100,000 	WHO	50 cases 4 deaths	30 0	20 0
TBC cases detected and treated under DOTS/100,000 	WHO	90		
Deaths due to suicides and high risk behaviors (misadventure)	WHO	TBE	-	-
Life Expectancy at Birth (2001) 	UNDP HDR	73.8	-	-
Percieved ill-health 	Not yet available	TBE	-	-
Policy Inputs & Outputs				
Percentage of population with regular access to essential affordable medication ²⁷ 	HDR/MDG Report, UN Statistics Division	50% (2000)	60%	95%
Percentage of GDP devoted to health expenditure	HDR/MDG Report	4.8% (2001) ²⁸	6.7% FBiH 5.9% RS	8%
Percentage of insured citizens	BiH Statistical Institutes	78% (2001)	100%	
Number of physicians per 1,000 population	BiH Statistical Institutes	1.3 (2000) 1.5 (2001)		- -
Average resposne time to accidents in minutes	Relevant Ministries	TBE	-	-

²⁷ Within the Global MDG Framework, this is listed as target 17 within MDG 8, it is felt as more appropriate within the BiH context to list it here within the health goals as a policy input.

²⁸ Another source, BiH from Aid Dependency to Fiscal Self-Reliance, ECSPE, 2002 has this figure as 7.3% for 2000

²⁹ To be derived

Goal VII: Achieve environmental sustainability

Various authoritative studies have shown that BiH is facing serious weaknesses in the field of environmental management and regulation. These include:

- Weak environmental policy and legislation, especially at the state level.
- Insufficient technical capacity, which is weakened still further by the division, poor delineation, and hence duplication, of responsibilities between entities and cantons.
- An absence of public participation in the decision-making process.
- Inadequate monitoring and a lack of the equipment necessary to support this
- No effective economic incentives (taxes, fees and charges) to promote compliance with environmental objectives (in keeping with the 'polluter pays' principle);
- Personnel issues; an insufficient level of training and lack of expertise, poor management, and a lack of staff and funding;
- Low political interest in environmental problems, as well as a lack of general information in the public domain.

In general, the development of legislation has been a very slow process, and this has delayed the establishment of an effective regulatory framework. Underpinning this is the low political priority attached to the environment and a lack of expertise and capacity within official circles. The weaknesses of the

existing legislation, especially detailed by-laws and regulations, are compounded by insufficient capacity of those agencies charged with protecting the environment.

Review of Policy Developments

Environmental protection suffers from the same institutional sclerosis suffered by other regulatory functions in BiH. The Ministry of Foreign Affairs is responsible for negotiating the many environmental treaties applicable to BiH, whereas it is the Ministry of Foreign Trade and Economic Relations that is charged with implementing environmental programmes related to those treaties. The Ministry of European Integration, transformed in early 2003 into a directorate, has overseen environmental projects covered by the Stability Pact, whilst at the same time, the Ministry of Civil Affairs and Communications is responsible for formulating environmental legislation at the state level. This division among the ministries is a recipe for failure. This fragmentation and duplication of policy-making extends down to the entity level.

Only gradually are the necessary institutions being established. These include the Steering Board for Sustainable Development and Environment and the proposed environmental protection agency. Since joining the Global Environment Facility (GEF) in October 2001, BiH has been obliged to establish a body to coordinate and manage GEF programmes and implement international environmental treaties. Consultations regarding the creation of such

an organisation in BiH took place throughout 2002. It was decided that the focal point for GEF in BiH would be the Ministry of Foreign Trade and Economic Relations. The next step was the establishment of the National Board for GEF and focal points for ozone, water protection, climate change, and bio-diversity in early 2003.

From March 2001 to December 2002, the World Bank supported the development of the National Environmental Action Plan (NEAP) for BiH to identify problems and priorities. The NEAP is a document of great importance for BiH. Its Memorandum of Understanding is one of the most significant agreements concluded thus far between the two Entities, as it establishes a joint Environmental Steering Committee (ESC), which is tasked with harmonising environmental legislation and standards; monitoring activities; developing information systems and contingency plans; spatial planning; and maintaining good relations with the international community.

MDG7 targets and what is to be done?

The HDR/MDG Report details a number of recommendations for the improvement of environmental protection in BiH. Amongst these, the following are ranked as priorities:

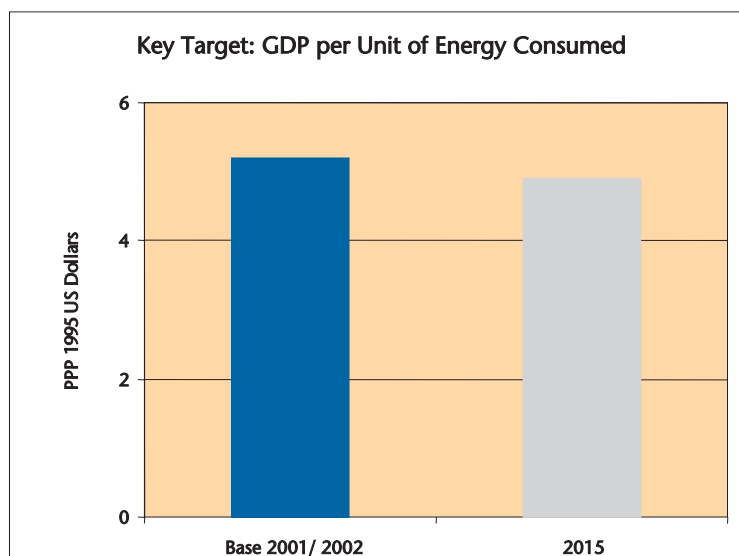
- Creation of a functioning environmental protection agency at the state level
- Development of by-laws and regulations to give practical effect to the law





- A unified, state-level land use policy to be adopted with mechanisms to regulate the real estate market, including property taxation issues.

The pressure for reform in these areas will strengthen as accession looms, and national laws will have to be made consistent with the EU Aquis. Although the Laeken indicators do not deal with environmental quality, targets noted below have been cast in terms of EU standards.

Target 9: Integrate the principle of sustainable development into country policies and programmes and reverse the loss of environmental resources

This first target provides a broad means for tracking environmental reforms and is consistent both with the Kyoto protocol and European environmental laws. The planning framework envisages output efficiency stabilising at current OECD levels by 2015. Yet setting policy level targets for BiH and their magnitudes requires careful consideration. The conflict and its aftermath left devastated industrial capacity and severely compressed domestic consumption and investment. Thus the targets below have been framed with the objective of preserving BiH's natural wilderness whilst permitting its economic revitalisation and explicitly recognise that the current level of energy consumption are unrealistic.



Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
Percentage of forested land 	WDI 2002, WRI	45% ³⁰	52%	60%
Output (GDP) by unit of energy (kg of oil) consumed in 1995 PPP US\$ 	HDR 2003 and 2004	5.2	N/A ³¹	4.9
Electricity consumption /pc (kwh/pc)	HDR 2003	1,473	1050	SEE Average
Carbon dioxide emission /pc (1,000 kg) 	HDR/MDG Report	3.2	3.5	3.2 ³²
Policy Inputs & Outputs				
Percentage of land protected to maintain biodiversity 	WDI 2002, WRI	0.5%	1.5%	6.0%
Taxes on non-renewable energy sources as a % of total taxes ³³	BiH Governments	TBE	-	-

³⁰ The NHD/MDGR (2003) records this as 55.6%.

³¹ NHD/MDGR used differently specified indicator

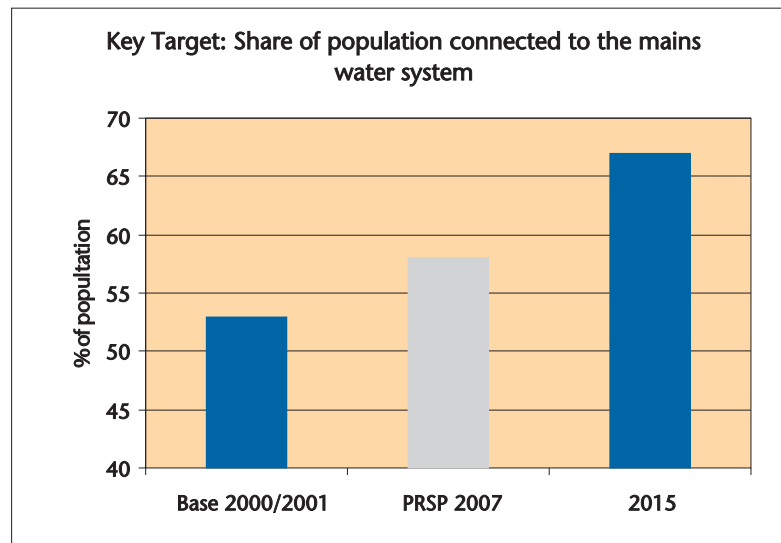
³² This target has been revised on that given in the original MDGR.

³³ To be derived

Target 10: By 2015 halve the number of people without access to a secure water supply

safe water supplies, and for BiH focuses on the surprisingly high proportion of homes without access to the mains water and sewage system. Resolving this issue is a long term challenge and requires renewed investment in water delivery infrastructure, which is incorporated into the policy level targets below.

This second target is an adaptation of its global equivalent which requires access to



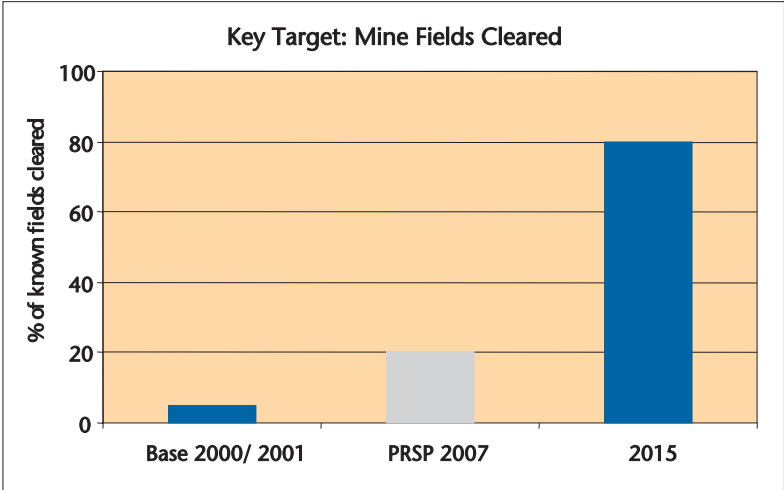
Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
Percentage of population connected to mains water supply system	HDR/MDG Report	53%	58%	67%
Percentage of population with sewerage disposal	HDR/MDG Report	33%	36%	40%
Policy Inputs & Outputs				
Capital investment in the water supply system (KM 000s)	TBE	TBE	TBE	TBE

Target 11: By 2020 achieve significant improvement in the lives of those living in slum or highly challenging conditions

and unacceptable limitation on the quality of ordinary daily life, and that their removal is therefore an appropriate and positive replacement for the target given in the global framework.

This third environmental target is again an adaptation of the global equivalent which seeks to improve the conditions of slum dwellers. We consider that the prevalence of land mines in the BiH context serves as a major

Indeed, it is saddening that eight years after the end of hostilities 75-80% of the known mine fields still remain to be cleared, and the matrix below sets an ambitious target for de-mining efforts.



Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
MDG Outcomes				
Percentage of de-mined fields	HDR/MDG Report	5%	20%	80%
Policy Inputs & Outputs				
ODA and Government Resource devoted to mine clearance KM 000s ³⁴	UNDP BiH	TBE	TBE	TBE

³⁴ To be derived

Goal VIII: Develop a global partnership for development

Why include MDG8 within the BiH MDGs?

- As a large aid recipient, BiH has to ensure good relations with donors & the effective use of the resources provided.
- BiH must redefine its relationship with the international community if it is to become a sustainable nation state.
- Unlocking the potential of globalization requires that all nations meet international standards of rules-based financial stewardship.

BiH has been the recipient of considerable international financial assistance both for humanitarian purposes, and to promote post-conflict reconstruction. Yet these flows, which totalled around \$750 million per annum at their peak, are in decline, and receipts for 2004 are expected to total no more than \$270 million.³⁵ In contrast, Direct Foreign Investment (DFI) recorded an annual increase of some 70% in 2002, to \$241 million. BiH needs to respond to these changes;

get the most from the aid it receives; and progressively replace development assistance with ever higher levels of DFI.

In addition, the Dayton accords established a structure of international supervision which is unprecedented in the modern world. These arrangements are complex, lack transparency and are antithetical to BiH's development as a sovereign state. BiH therefore needs to redefine its relationship with the international community, and build a genuine partnership with donors and international institutions. MDG 8 is thus uniquely relevant to BiH.

From international supervision to a partnership for development

Dependency on external support must urgently be replaced with local ownership of the country's development. Two key ingredients are required for the reorientation and normalisation of BiH's relations with the international community:

- Building the capacity of state institutions, and not least the streamlining of its administrative structures.
- Development of a tailored medium term economic strategy and State-level apparatus for effective economic management, enabling BiH to take on genuine responsibility for economic stewardship.

Given the priority attached to poverty reduction and the centrality of the weak economic situation, securing a renewed and reworked commitment from the inter-

³⁵ International Assistance to BiH, 1996-2002: A tentative Analysis - who is doing what, where? UNDP and the BiH Ministry of Foreign Trade and Economic Relations

national community remains of critical importance for BiH. This requires governance and institutional reform on the part of BiH policy makers, coupled with a rethinking of relationships, and the conditionalities exercised by donors. BiH governments, at all levels, need to be given the 'space' to govern if they are to realize their full potential and to begin to acquire the rights of sovereignty guaranteed to all self governing states. It is important to emphasize that this does not imply the wholesale dismantling of international oversight within BiH, but rather, the beginning of a staged path to normalization.

The EU Accession Process: why relevant to PRSP and MDGs?

Achieving EU membership is central to BiH's future; it would confirm the country's status as a 'regular' European nation, offer up vast trading and economic opportunities - and in the interim will provide, via EU structural funds, a substantial resource for desperately needed renewal and public investment.

In November 2003, the European Commission prepared a feasibility study, as a basis for the negotiations for the establishment of a Stabilization and Association Agreement (SAA) between BiH and the EU. This study acknowledged and commended the country's considerable progress since the end of the war, but highlighted sixteen priorities which must be addressed before negotiations for the SAA can start in earnest.³⁶

Crucially, this study recommended that BiH establishes a single agency for the coordination of international assistance. Much progress has been made towards this via the UNDP Aid Coordination Project and other donor-supported initiatives, which have provided the tools to accomplish this, including a bespoke aid monitoring database. Further work is now required to encourage national ownership of these arrangements, and this requires that state institutions take professional and managerial control.

Although many of the EU economic and structural reforms have been articulated in the PRSP, in time a national integration strategy will be required as a formal vehicle to ensure the successful completion of accession negotiations and the acceptance of the EU's *Acquis Communautaire*. The PRSP action plan provides a template for this and the most favourable outcome would be one in which the Action Plan 'evolves' into the national integration strategy. This report has purposefully included policy indicators to ensure that the necessary legal and institutional reforms are tracked effectively.

The MDG's distinct and complementary contribution to EU integration, lies in their socio-economic character and their ability to chart BiH's wider assimilation within Europe and this is bolstered by the relative-

³⁶ The European Community is also providing financial assistance to support the reforms under the aegis of the CARDS (Community Assistance for Reconstruction, Development and Stabilization) assistance programme.

ly close correspondence between the major MDG targets and the Social Inclusion Framework. The MDGs effectively fill a 'lacuna' apparent in the EU's 16 point plan which does not address the social dimension. Moreover, they offer a means of securing popular support for EU accession. This is not only given in terms of dealing with the outcomes of the reform process (issues such as redundancies and structural unemployment), but also by BiH's becoming a modern European nation, with all the rights and obligations this confers on citizens.

Paying for the MDGs and getting the most from available resources

Efforts should be undertaken to cost the resources required to achieve the MDGs, and so assist donors to better target support, and guide governments in allocating budgets.

Allied to all the developments above, efforts need to be undertaken to provide an approximate estimate of the resource implications of achieving the BiH MDGs. Whilst it is recognised such exercises cannot provide a definitive costing of the MDGs, this sort of analysis will indicate where the financing gaps exist, and highlight to donors and governments alike, the funding priorities which have to be addressed.

MDG 8 targets and what is to be done?

The NHDR/MDG Report makes a number of specific policy recommendations to strengthen local ownership of the development process, reinvigorate BiH's relationship with the international community and boost investment and trade, these include;

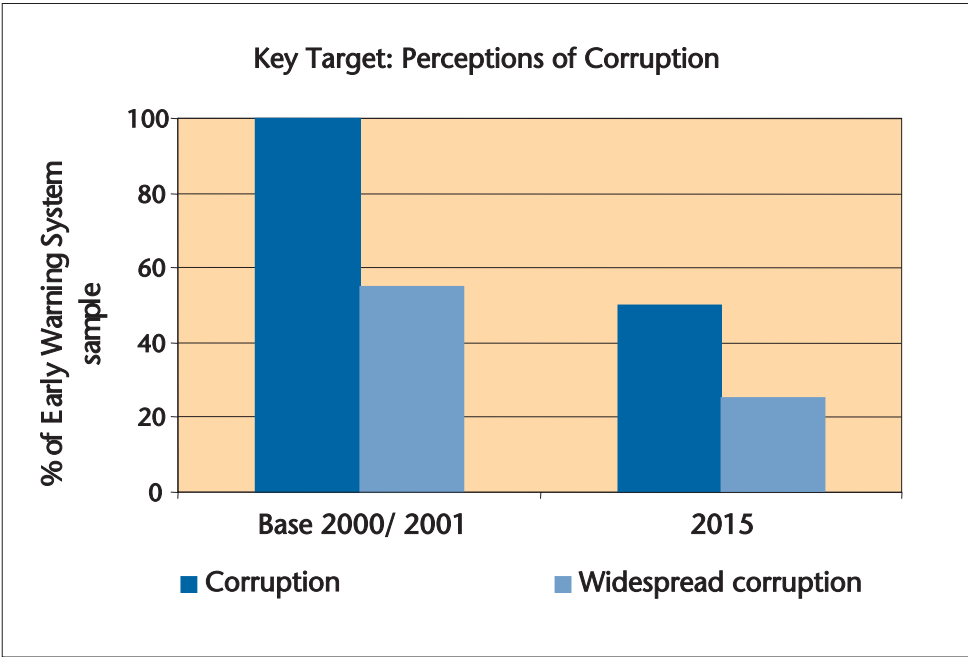
- Regional sharing and interchange of civic and democratic initiatives.
- Creation of a common economic space in South East Europe.
- The development of a modern trade and industrial strategy consistent with WTO rules, whilst also strengthening the competitiveness and export capacities.
- The reprogramming of foreign debt.
- Reforms to mitigate the social dislocations of the transition to the market.
- Synchronizing the EU economic reform agenda with the Laeken social objectives.

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

This target drawn from the global set aims to track progress towards establishing better economic governance both for its own sake, and in order to attract high levels of investment and cross-border trade. Outcome targets and measures track improvements in the perceptions of citizens

and foreign and domestic businessmen, of corruption and governance, and the growth in DFI and exports. The practical policy indicators which back this up are monitored by reductions in aid

dependency and compliance with WTO and EU accession conditionality. These are all actions which are vital and firmly within the competence of BiH policy makers.




Indicators	Source	Base Data		
		for BiH (2000/2001)	2007 PRSP	2015

MDG Outcomes

Perception of presence of corruption	EWS	Almost 100%	Not given	Below 50%
Perception of corruption as being widespread	EWS	Around 55%	Not given	Below 25%
GRICS ³⁷ : Political Stability index	World Bank Institute	-0.26	-	-
GRICS indices: Control of Corruption index	World Bank Institute	-0.50	-	-
Exports as a share of Imports	MDG Report	31%	N/A	80%
FDI as a % GDP		4.7 ³⁸	N/A	7% ³⁹

Policy Inputs and Outputs

Share of total ODA in GDP 	IMF Stand-by arrangement First revision, December 2002	16.8%	N/A	1% ⁴⁰
Number of EU compliance measures to be undertaken each year	BiH Ministry of Foreign Trade and Economic Relations	16 (current from 2002)	-	-
Status of WTO accession negotiations	BiH MOFTER	WTO assessment	N/A	Fully compliant
Share of GDP occupied by public consumption	BiH From Aid Dependency to Self-Reliance, 2002	63.9%	-	-

³⁷ Governance Research Indicator Country Snapshot, World Bank Institute see www.worldbank.org/wbi/governance

³⁸ As per global HDR 2003

³⁹ Based on Slovenian level (2003), as highest former SFRY FDI recipient

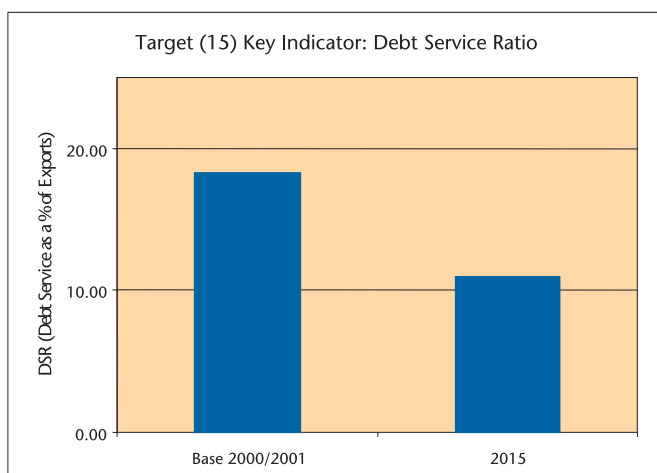
⁴⁰ Based on EU candidate countries values for 2001 per Global HDR (2003)

Target 13: Deal comprehensively with the debt burden

This target, which again is directly taken from the global framework, aims to measure progress towards stabilising and managing BiH's national debt.

In contrast to other institutions, UNDP

agrees with national commentators, that the focus of these efforts should be on debt management in line with securing higher levels of growth, and not the absolute reduction in debt as share of GDP. Thus the principal target selected is that of the Debt Service Ratio, whilst policy indicators aim to measure improvements in export performance.



Indicators	Source	Base Data for BiH (2000/2001)	2007 PRSP	2015
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MDG Outcomes

Total debt/GDP %	BiH Treasury, calculation in HDR/MDG Report	54.4	-	-
Debt Service Ratio, service payments in % of exports	UN Statistics Division	18.3% ⁴¹	Not given	11% ⁴²

Policy Inputs and Outputs

Exports/GDP	Global HDR 2003	27%	Not given	43% ⁴³
Manufactures as a % of exports	BiH MOFTER	TBE	-	-

⁴¹ Global HDR (2003)

⁴² Based on Middle Income Nations figure 2003, (Global HDR, 2003)

⁴³ Consistent with Exports: Imports ratio target

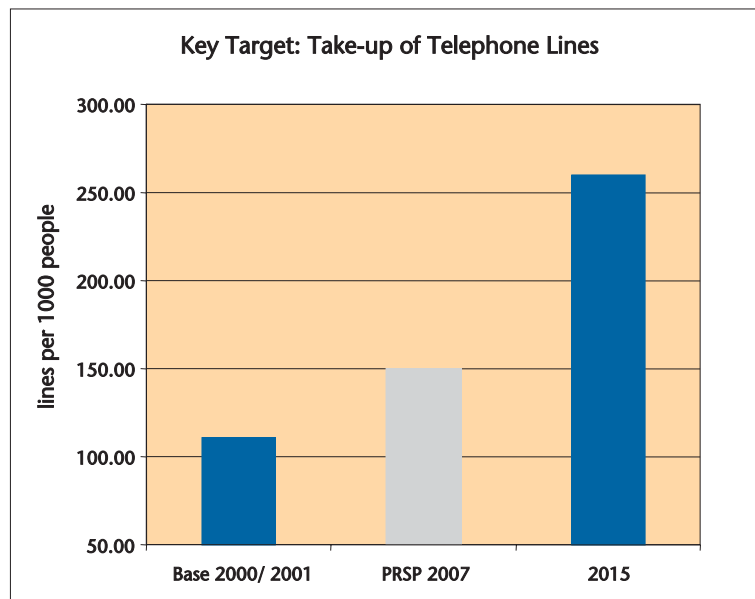
Missing Global Targets?

Global MDG Target 14 (relating to landlocked nations) and Target 15 (debt relief and assistance to the least developed countries) are not considered to be relevant to BiH and are therefore not reported on.

Target 16 (develop strategies for appropriate and productive work for youth) has been included implicitly with the poverty reduction (MDG1) indicators. Similarly Target 17 (provide essential drugs) has been included as an indicator within the Health MDGs.




Target 18: In cooperation with the private sector, make available new technology, and especially information and communications technologies

This final target refers to the spread and diffusion of information and communications technologies in furtherance of development outcomes. The technological revolution is a key facet of the globalization phenomenon that continues to change the character of world trading conditions and hence shapes economic performances. In addition there are educational and cultural advantages to be secured from an



interconnected and technology-literate world. BiH cannot afford to be left out of this movement, and the indicators below track the take up of new technologies, and encourage the involvement of local actors

in securing advances. A related policy issue is the need for DFI in BiH to secure effective technology transfer as an integral part of the 'deals' secured between governments and international investors.

Indicators	Source	Base Data		
		for BiH (2000/2001)	2007 PRSP	2015
<u>MDG Outcomes</u>				
Phone lines per 1,000 population 	WDI 2002, WTDR 2001 Transition Report 2003, EBRD	111	150	260
PCs per 1,000 population 	Global project: Politics of Science in FBiH, ANUBIH, 2002	30	40	120
Number of internet users per 100 population 	UN Statistics Division	1.11	4.0	15.0
<u>Policy Inputs & Outputs</u>				
Expenditure for research and development as % of GDP	Politics of Science in FBiH, ANUBIH, 2002	0.05	0.4	1.0
Number of academic papers published in reference journals per 100,000 population	Global project: Politics of Science in FBiH, ANUBIH, 2002	0.61	-	-



PART III:
CONCLUDING
REMARKS



PART III: CONCLUDING REMARKS

The MDGs offer a holistic framework for guiding BiH's long term development, and its path to becoming a prosperous and sovereign European democracy. In the above sections this report has built on the preceding NHD/MDG Report, to improve and further tailor the monitoring and evaluation framework. This has included:

- Reviewing and refining the targets and indicators, improving their quality and better fitting them to the local context and the objective of meeting European standards.
- Specifying, as objectively as possible, which data sets are performance targets to be achieved, from those data indicators to be collected for analysis and diagnosis purposes.
- Dovetailing the targets with those specified within the PRSP and the EU Social Inclusion Framework.

But although much has been achieved, we also acknowledge that this report is the starting point and not the conclusion of the process. Achievement of the MDGs will require substantial policy changes and resource inputs, and with this in mind we highlight below the ongoing challenges to be tackled:

The SFRY inheritance and the dangers of complacency

BiH's performance already meets minimum European standards in the areas of health and education. Yet declining enrolments and worsening access to health care are undermining this positive inheritance from the former system. BiH cannot take the status quo for granted, and without renewed attention a downward trend and disparities in provision will become increasingly visible. The country must proactively and immediately tackle the fragile economic outlook and insufficient public revenues through the implementation of a comprehensive development strategy.

The centrality of good governance for MDG achievement

Good governance is a prerequisite condition for social and economic progress. In BiH all of the characteristics of good governance - accountability, transparency, participation, professionalism, and efficiency, are called into question. For instance, the disproportionate and crippling level of public administrative expenditure has exacerbated the public sector crisis in BiH. Delays in pursuing reforms will lead to stagnation, and a failure to make progress towards the MDGs.

Therefore, ongoing efforts in public administration reform should be supported in a concerted manner through the Inter-Governmental Task Force (IGTF) to both

secure genuine reform and ensure sustainability through increased national ownership. Furthermore, good governance cannot be achieved without the protection and promotion of human rights. In the BiH context, empowering local governments, especially the municipal authorities is to be encouraged as they are the tier of government which is closest to the people, and hence able to advocate for, and deliver, rights-based development.

The institutional arrangements for the MDGs and PRSP monitoring

Achievement of each MDG requires concerted support to develop various national institutions. Of specific importance, is the strengthening and coordination (if not unification) of national statistical institutions to create a reliable and coherent system for data collection. A further priority is the holding of a comprehensive national population census.

These institution-building initiatives are essential to ensure the success of the monitoring and evaluation process for the MDGs and the BiH Development Strategy/PRSP. The establishment of a dedicated unit under the Council of Ministers builds upon experiences and capacities gained during the PRSP process.

It is envisaged that this unit will coordinate and monitor implementation of development strategies in cooperation with relevant institutions in both entities and the

District of Brcko. It is also planned that an advisory board will provide feedback and advise the BiH Governments on PRSP implementation. Its role will also be of relevance to the MDG monitoring process as approximately 75 percent of the MDG indicators included within this document have been reflected in the PRSP, indeed it would be ideal if the two reporting process could be fully synchronized.

Citizens and Civil Society participation as a driving force

As underscored by the United Nations Development Assistance Framework (UNDAF), active CSOs and citizens are vital for the effective monitoring and the achievement of the MDGs. It is important that linkages be developed, especially with those CSOs aligned with particular MDGs. In order to make these commitments more than merely gestures, efforts should be made to increase awareness and policy literacy on the MDGs and PRSP.

Achieving complementarities with the EU accession process

As the opening statements of this report make clear, the UNDP in Bosnia and Herzegovina views the National MDG process as more than a reporting and lobbying activity, but as a practical tool for citizens to realise their full potential and secure the same prosperities and entitlements as those enjoyed by other Europeans.

Whilst we acknowledge that the Stabilization and Association Agreement (SAA) is a crucial step towards meeting the criteria for the EU pre-accession process, we consider that it has a rather narrow focus on technical and economic issues. The MDGs offer a complement to this, bringing in the social and developmental spheres of

European convergence, thus providing a device for bolstering public support and governmental commitment to accession. This report has sought to underline these complementarities by fully integrating the EU's Social Inclusion Indicators agreed at Laeken in 2001, within the BiH MDGs.

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**MDG UPDATE REPORT
FOR BOSNIA AND HERZEGOVINA:
PRSP, EUROPE AND BEYOND**

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