

Bosnia and Herzegovina Gap Analysis
Europe and Eurasia Bureau, USAID
Strategic Planning and Analysis Division
January 2011

Highlights

By Southern Tier Central and East European (CEE) averages, Bosnia and Herzegovina (BH) continues to lag considerably in economic and democratic reform progress and remains ranked near the bottom, second only to Kosovo. **Economic reform** advances in recent years have been minimal; no change in 2009 and only one advancement in one second-stage indicator (infrastructure reforms) in 2010. Since 2005, BH's business environment has deteriorated relative to global standards. **Democratic reforms** have stagnated at best in BH since the mid-2000s, not unlike trends in much of the Southern Tier CEE region. BH is below Southern Tier CEE average in both **macroeconomic performance** and **human capital**; only Kosovo and Albania lag more in human capital; only Serbia significantly lags more in macroeconomic performance.

Similar to the pattern of economic growth in the E&E region overall, BH's economic growth from at least 2002 to 2008 exceeded the global average, while in 2009, during the depth of the global recession, the contraction of economic output in BH's economy outpaced the contraction of the global economy. Economic recovery in 2010 in BH has been minimal; BH is among the poorer performers in the E&E region in that regard. BH's integration into the global economy remains fragile and underdeveloped. As elsewhere in the Southern Tier CEE region, high unemployment rates continue to plague BH.

Although BH's population remains relatively healthy and average or above-average within the Southern Tier, human capital scores overall remain substandard. Significant education gaps prevail in BH and likely contribute to the high unemployment rates, particularly among the youth. Enrollment rates at all levels in BH are low by Southern Tier CEE average.

The Federation of Bosnia and Herzegovina (FBH) vs. the Republic of Srpska (RS). Unemployment rates are higher in the FBH than in the RS, particularly among the youth, and particularly among females. The labor force participation rate among women in the FBH is notably lower than that in the RS. The informal economy is much larger in the FBH. The agricultural sector in RS employs a larger proportion of the workforce than does the agricultural sector in FBH. There are also some differences in the perceptions of governance: a larger proportion of the population in the FBH as compared to the RS perceives an array of public services to be of low quality; the greatest gap is in the quality of the education systems.

Overall, BH's **peace and security** score is subaverage compared to its neighbors; only Albania and Kosovo are ranked lower. BH lags behind the Southern Tier CEE average in five of the six peace and security components; all but stabilization and security sector reform.

Introduction

This gap analysis utilizes the dataset and methodology developed by the E&E Bureau's Strategic Planning and Analysis Division in developing the *Monitoring Country Progress (MCP)* system. The core of the MCP system consists of five indices: economic reforms, democratic reforms, macroeconomic performance, human capital, and peace and security. We draw on public, well-established data sources and standardize the metrics to a 1 to 5 scale, in which a 5 represents the most advanced standards worldwide. Primary data sources include the European Bank for Reconstruction and Development (EBRD), *Transition Report* (November 2010); Freedom House, *Nations in Transit* (June 2010); and the World Bank, *World Development Indicators* (May 2010). Supplemental data and analysis are drawn from several Bosnia and Herzegovina-specific documents including the IMF's *Bosnia and Herzegovina Country Report* (December 2010); the UNDP's *Human Development Report of Bosnia and Herzegovina* (2009); the European Commission's *Bosnia and Herzegovina's 2010 Progress Report* (November 2010); the Economist Intelligence Unit's *Bosnia and Herzegovina Country Report* (December 2010); the Agency for Statistics of Bosnia and Herzegovina, *2010 Bosnia and Herzegovina in Figures*; and the Central Bank of Bosnia and Herzegovina, *Annual Report for 2009*.

Economic and Democratic Reforms. *Figure 1* presents the economic and democratic reform progress of Bosnia and Herzegovina (BH) in relation to the three geographic sub-regions that the MCP system has been tracking over the past fifteen years: Northern Tier Central & Eastern Europe (CEE); Southern Tier CEE; and Eurasia.¹ Reform changes from the previous year (2009-2010 for economic reforms; 2008-2009 for democratic reforms) are highlighted by arrows. Compared to the Southern Tier CEE average, BH trails considerably in economic and democratic reform progress. Of the nine Southern Tier CEE countries, only Kosovo lags more in these reforms than does BH. Since early 2009, BH has advanced slightly in economic reforms and has regressed in democratization.

Economic Reforms. Economic reform indicators from the EBRD have been categorized into two stages. First-stage reforms involve price liberalization, trade and foreign exchange reforms, and small- and large-scale privatization; i.e., reforms which reduce government intervention in the economy. Second-stage economic reforms entail building government capacity to regulate and oversee the private sector; in some sense, they involve getting government back in the economic sphere, albeit in a market-friendly way. Second-stage reforms include enterprise reform, competition policy, banking reform, infrastructure reform, and non-bank financial reform.

Figure 2 shows the components of the MCP economic reform index alongside the components of the indices for democratic reforms, macroeconomic performance, and human capital. The greater the blue area (and higher the number), the greater is the progress. In the case of economic reforms, the most notable gaps are found in the second-stage reform areas of enterprise governance, competition policy, and financial sector reform outside of banking. A notable first-stage economic reform gap for BH is

¹ Northern Tier CEE consists of Estonia, Latvia, Lithuania, Poland, Slovakia, Czech Republic, Hungary, and Slovenia; Southern Tier CEE consists of Romania, Bulgaria, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, FYR Macedonia, Albania, and Kosovo; Eurasia consists of twelve countries of the former Soviet Union less the Baltic states.

small-scale privatization; of the twenty-nine transition countries, only Belarus and Turkmenistan lag more on small-scale privatization than does BH.

Figure 3 shows trends over time in Stage 1 and Stage 2 reforms in BH in comparison with the Southern Tier CEE average. Since 1997-1998, or shortly after the Dayton Peace Agreement, economic reform progress in BH has roughly tracked with the pace of change throughout the Southern Tier CEE region, albeit at a lower level of progress in both stages. Economic reform progress in recent years has been minimal; no change in 2009 and only one advancement in one second-stage indicator (infrastructure reforms) in 2010.

According to the World Bank's *Doing Business 2011* analysis, BH ranks 110 out of 183 countries worldwide for ease of doing business (*Figure 4*). This ranking is based on ten microeconomic reform aspects of the business environment influenced by government interventions ranging from rules and regulations needed to start a business, employ workers, register business property, access credit, pay taxes, and close a business. BH's ranking is considerably low by most standards; it ranks 24 out of the 29 transition countries. BH scores particularly poorly on the ease of starting a business (with a rank of 160); dealing with construction permits (160); paying taxes (127); and enforcing contracts (124).

Since the size of the global sample in the *Doing Business* rankings has increased over time, we calculated the percentile rank to compare trends over time (*Figure 5*). Since 2005, BH's percentile rank has decreased, with recent slight improvements. This is in striking contrast to impressive gains in a handful of transition countries during the same time period; e.g., Macedonia and Albania.

The Heritage Foundation provides another global economic reform index, the *2010 Index of Economic Freedom*. The index attempts to measure ten aspects of economic freedoms pertaining to trade, business, investment, fiscal, financial, labor, monetary, property rights, government spending, and freedom from corruption. BH ranks 110 out of 179 countries in this measure; i.e., similar to that of the World Bank's *Doing Business* measure. BH is ranked in the "mostly unfree" category and is last within the Southern Tier CEE countries, although Kosovo is not included in the data.

Democratic Reforms. According to Freedom House, democratic reforms have stagnated at best in BH since the mid-2000s, not unlike trends in much of the Southern Tier CEE region (*Figure 6*). Relapses in democratization took place in two dimensions measured by Freedom House in 2009 (latest year for which data are available): national governance and the electoral process (*Figure 7*). Continued inaction in meeting the goals for EU membership and "destructive, mutually exclusive, ethnic politics" contributed to a lower score in national governance.² A lack of resolution in eliminating discriminatory rules against ethnic minorities regarding the electoral process decreased the electoral process score for 2009, although elections held in October 2010 were deemed to be conducted generally according to international standards and without significant voting irregularities.

Other democratic reform dimensions have continued to stagnate (*Figure 7*). According to the European Commission, the development of the judiciary is considered still at an "early" stage of development and

² Commission for the European Communities, *Bosnia and Herzegovina Progress Report* (November 2010).

is not at the level expected. Freedom House notes that the “existence of 14 different Ministries of Justice, each preparing separate budgets, continues to negatively affect judicial independence in BH.”³ In the case of corruption, legislation was passed in 2009 regarding corruption agency laws and the development of a new corruption strategy. However, it remains to be seen whether these reforms will be implemented. Moreover, corruption remains prevalent throughout public and private sectors and is perceived as among the highest in the Southern Tier CEE (*Figure 9*) according to Transparency International’s global rating in its *Corruption Perception Index*. Freedom House’s measure of corruption shows BH in a somewhat more favorable light; i.e., with corruption slightly better than Southern Tier CEE average (*Figure 10*).

In addition, according to Freedom House, BH’s democratic reform profile is atypical for a CEE country (*Figures 2, 7, and 8*). Most CEE countries fall behind in anti-corruption efforts and lead in civil society development (*Figure 8*). In BH’s case, national governance is the lagging democratization indicator followed by local governance, while the electoral process is the leading indicator. Similarly, BH falls notably behind the Southern Tier CEE average in terms of national and local governance, and to a lesser extent in civil society and independent media. In contrast, progress in electoral process, judicial independence, and anti-corruption efforts in BH is equal to or slightly greater than Southern Tier CEE average (*Figure 8*).

Two other measures of democratization provide a means to compare trends from Freedom House data as well as a way to take the empirical analysis further in democratization sub-sectors: the *Media Sustainability Index* from IREX and the *NGO Sustainability Index* from Management Systems International. In both of these indices, trends in BH are shown to be more favorable than the analysis and measures from Freedom House. While both the *NGO Sustainability Index* and the civil society measure from Freedom House show civil society gains in BH over the past ten years, such gains are somewhat more pronounced according to the *NGO Sustainability Index*. The difference between the *Media Sustainability Index* and Freedom House’s measure of media in BH is more striking: no advances in independent media in BH since 2000 according to Freedom House, versus notable gains in media according to the *Media Sustainability Index* during the same time period (*Figure 7 vs. Figure 11*).

The *NGO Sustainability Index* consists of seven components. Similar to the Southern Tier CEE norm, of those seven components, BH lags the most in *financial viability* and is most advanced in *advocacy*. The *Media Sustainability Index* consists of five components. Of those components, BH is the most advanced in the *legal environment* and the least advanced in the *quality of journalism*. There is also a relatively large difference in the level of progress between those two media dimensions in the case of BH, not an encouraging characteristic.

Economic and Democratic Reforms Projected (*Figure 12*). We averaged the progress of economic and democratic reforms over the past five years in BH and projected the rate forward to see how soon BH might approach the proposed economic and democratic reform threshold (of reform progress on average of Bulgaria, Romania, and Croatia in 2006). Recognizing the limitations of taking projections out

³ Freedom House, *Nations in Transit*, June 2010.

too far, we find that BH will not approach the threshold within the next five years (to 2015) if it continues at the average rate of progress from the past five years.

Economic Performance and Human Capital. *Figure 13* presents a bird's-eye view of progress in macroeconomic performance and human capital across the transition region. The economic performance index is composed of key structural economic indicators as well as indicators focused on macroeconomic stability and growth. The human capital index is composed of health, education, and income indicators. To provide some assurance that progress in economic and democratic reforms is sustainable, it is important to see sufficient progress in macroeconomic performance and human capital.

BH is below Southern Tier CEE average in both indices; only Kosovo and Albania lag more in human capital; only Serbia significantly lags more in macroeconomic performance. BH's profile on these two dimensions is very similar in the aggregate to Macedonia's profile.

Economic Performance. Similar to the pattern of economic growth in the E&E region overall, BH's economic growth from at least 2002 to 2008 exceeded the global average, while in 2009, during the depth of the global recession, the contraction of economic output in BH's economy outpaced the contraction of the global economy (*Figures 14 and 15*). Economic recovery in 2010 in BH has been minimal; BH is among the poorer performers in the E&E region in that regard (*Figures 14, 16 and 17*).

BH's economy is still well below its pre-transition size; its GDP in 2010 is roughly 84% of its 1989 GDP (*Figure 18*). In CEE (in addition to BH), only the economies of Montenegro and Serbia have current GDPs less than 1989 GDPs; in Eurasia, this situation holds only in Georgia, Moldova, Ukraine, and Tajikistan. Perhaps no other transition economy experienced a comparable magnitude of economic output collapse early in the transition years as did BH.

BH's integration into the global economy remains fragile and underdeveloped. The size of the export sector relative to GDP, although larger today than what it was in the early 2000s, remains relatively small; at 32% of GDP in 2009, it is among the smallest in the 29 country transition region (*Figures 19 and 20*). Much of BH's exports have relatively low value added; in 2009, 35% of its exports were base metals or mineral products (which are subject to large and uncertain price fluctuations). In 2008, less than 3% of BH's exports were considered high-tech exports. BH's economy remains dependent on remittances; remittances as a percent of GDP in BH are high by global standards (*Figure 21*). Foreign direct investment as a percent of GDP remains modest, at roughly 5%, and has not increased since at least the early 2000s (*Figure 19*). Current account deficits have been very high for many years, averaging 14% of GDP from 2002 to 2009 (*Figure 19*).

As elsewhere in the Southern Tier CEE region, high unemployment rates continue to plague BH (*Figure 22*). The most recent (2010) estimate has the unemployment rate at 27%. This is nevertheless considerably lower than unemployment rate estimates in the early to mid-2000s. Unemployment rates are higher in the Federation of BH (FBH) as compared to the Republic of Srpska (RS) (*Figure 23*). This differential is more pronounced among the youth in the two entities, particularly among females; the female youth unemployment rate in the FBH may be as high as 68% versus 47% in the RS. The agricultural sector in the RS employs a significantly larger proportion of the workforce than is the case in

the FBH, and therefore may provide somewhat more of a buffer to open unemployment in the RS as compared to the FBH (*Figure 24*).

As noted in the IMF *Bosnia Country Report* (December 2010), BH's labor market is also characterized by relatively high wages, the second highest in Southeast Europe, only surpassed by Croatia. These high wages are driven in part by a large proportion of employment in the public sector and a public sector wage significantly above the private sector levels. Combined with a large labor tax wedge (the difference between the cost to the firm for employing a worker and the worker's take-home pay), these high wages have undermined the competitiveness of the economy and have encouraged the existence of a large informal economy. One estimate (cited by the IMF) has the informal economy in the FBH much larger than that found in the RS; 37% of GDP versus 21% of GDP.

Consistent with a large informal economy, BH's labor force participation rate remains one of the lowest in Europe. This is due to a very low activity rate of women, and particularly in the FBH, where only around 40% of working-age women participate in the formal labor force. Seventy-five percent of BH's unemployed have been out of work for more than two years, and fifty percent for more than five years.

Human Capital. BH's population is a relatively healthy one. Life expectancy at 75 years is slightly above the CEE average (*Figure 25*); it has been increasing at a steady pace since the mid-1990s. BH leads the Southern Tier with the lowest adult mortality rate at 107 per 1000. Adult mortality rates reflect the probability of dying between the ages of 15 and 60. This indicator tracks the noncommunicable disease and injury (NCDI) rates, which reflect the chronic diseases familiar to more developed countries and also may highlight risk factors such as tobacco and alcohol use and inactivity and/or unhealthy diets leading to chronic diseases. BH's under five mortality rate is 15 deaths per 1,000 children, slightly higher than that found in Romania and Albania (both 14 deaths per 1,000) although much lower than that found in Kosovo (approximately 49 deaths per 1,000); it continues to fall. The tuberculosis incidence rate is slowly declining at 50 per 100,000, and BH is in the middle range for incidence rates for Eastern Europe and Eurasia, although it is ranked 8 out of 9 for the Southern Tier CEE region (*Figures 26 and 27*). HIV prevalence is estimated to be below 0.1%.

Selected Millennium Development Goals (MDGs). The eight MDGs were developed in 2000 as a strategy to reduce worldwide poverty by one-half by 2015. Although the E&E region has modest goals to reach compared to the developing world, selected health indicators illustrate both strengths and weaknesses in BH. For example, approximately 1.6% of BH's children are underweight (no regional average given), and measles immunization coverage for one-year olds is at 84%, behind the regional average of 94%. BH ranks second lowest in Europe for maternal mortality death rates, 3 per 100,000 live births (average 27 per 100,000). The adolescent fertility rate is 16 per 1000, which is well above the European regional average of 23 per 1000.⁴

Significant education gaps prevail in BH and likely contribute to the high unemployment rates, particularly among the youth. Analysis of the trends, however, is made more challenging due to data that are missing and/or inconsistent across different sources. In that context, we have found that pre-

⁴ World Health Organization, *Health-Related Millennium Development Goals*, 2010.

primary enrollments in BH, at less than 10%, are among the lowest in the transition region, perhaps only lower in Tajikistan. Primary and secondary enrollment rates are low for Southern Tier CEE average; *Figure 28* highlights the recent trends in secondary enrollments in BH relative to the E&E region. According to the World Bank (cited in the IMF December 2010), approximately two-thirds of secondary school students are enrolled in four-year technical schools or three-year vocational schools with “narrowly-specialized and sometimes outdated programs and leave the system ill-equipped with core work skills that are in high demand in the labor market.” Progress in education continues to be slowed by the continued division of children into ethnic schools with separate curricula and decentralized budgets.

BH was one of 48 countries that participated in the Trends in International Mathematics and Science Study (TIMSS) tests in 2007. The eighth grade students scored an average of 456 in math and 466 in science (with 500 as the scale average), and placed BH approximately in the middle of the Southern Tier CEE regional scores, or roughly 90% of the OECD level of performance (*Figure 29*). According to the 2009 Business Environment and Enterprise Performance Survey by the World Bank and EBRD, the number of businesses in BH that considered skills and education of the workforce to be a business constraint more than doubled from 2005 to 2008 (*Figure 30*).

The Federation of Bosnia (FBH) versus the Republic of Srpska (RS). We have noted some differences in economic and social characteristics between the FBH and the RS. Unemployment rates are higher in the FBH, particularly among the youth, and particularly among the female youth. The labor force participation rate among women in the FBH is notably lower than that in the RS. The informal economy is much larger in the FBH. The agricultural sector in RS employs a larger proportion of the workforce than does the agricultural sector in FBH. *Figure 31* sheds some light on differences in the perceptions of governance: a larger proportion of the population in the FBH as compared to the RS perceives an array of public services to be of low quality; the greatest gap is in the quality of the education systems.

Peace and Security. The MCP peace and security index was developed to mirror the six primary elements of the peace and security objective developed several years ago by the Director of Foreign Assistance. These elements include combating weapons of mass destruction, combating transnational crime, counter-narcotics, counter-terrorism, stabilization operations and security sector reforms, and conflict mitigation. Overall, BH’s peace and security score is subaverage compared to its neighbors; only Albania and Kosovo are ranked lower (*Figure 32*). BH lags behind the Southern Tier CEE average in five of the six peace and security components, all but stabilization and security sector reform (*Figures 33 and 34*). Since 2008, there has been slight deterioration in two of the six dimensions in BH: counter-terrorism and counter-narcotics. The government’s continued inability to combat terrorism and financing through state institutions led to a score of “1” in that subarea of the counter-terrorism indicator, causing the largest gap vis-à-vis the Southern Tier norm. BH’s transnational crime score improved slightly after the BH government became fully compliant with the Trafficking Victims Protection Act minimum standards, although BH continues to be a country of “origin, transit, and destination” for trafficking of women and girls, according to the most recent EC Progress Report.

Bosnia and Herzegovina MCP Gap Analysis

USAID

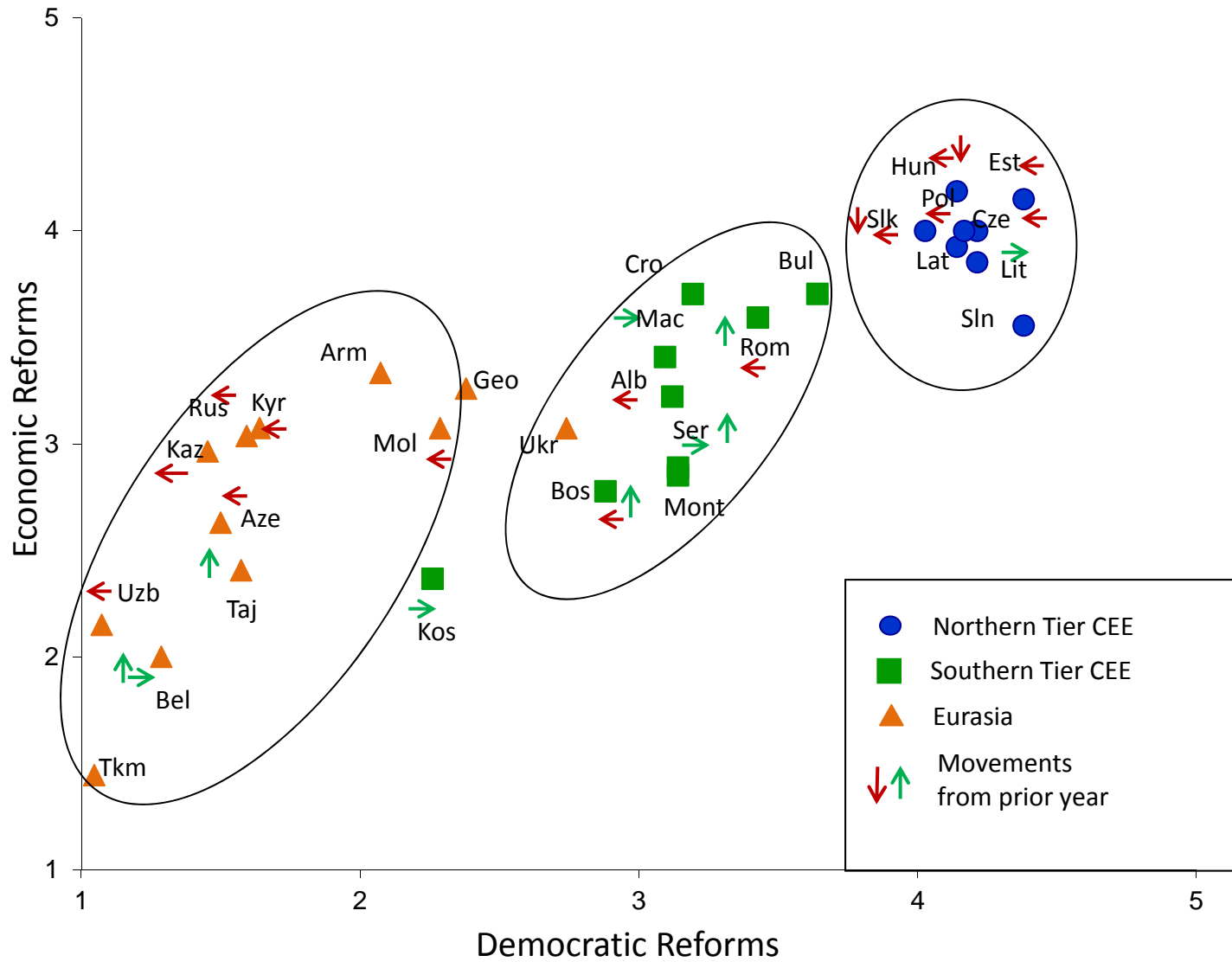
E&E Bureau

Strategic Planning and Analysis Division

January 2011

Figure 1

Economic and Democratic Reforms in 2009-2010

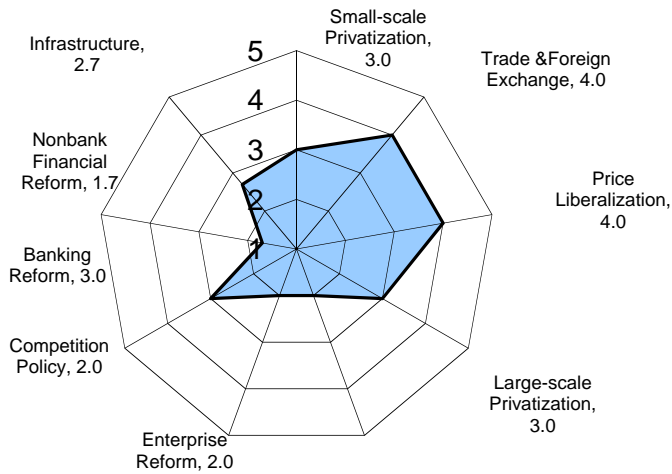


Ratings are based on a 1 to 5 scale, with 5 representing most advanced. Freedom House, *Nations in Transit 2010* (2010); and EBRD, *Transition Report 2010* (November 2010). Economic reform data are 2010; democratic reform, 2009.

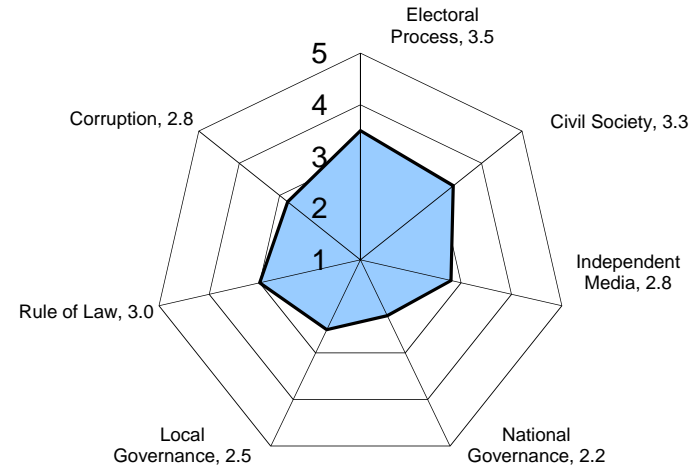
Figure 2

Bosnia and Herzegovina

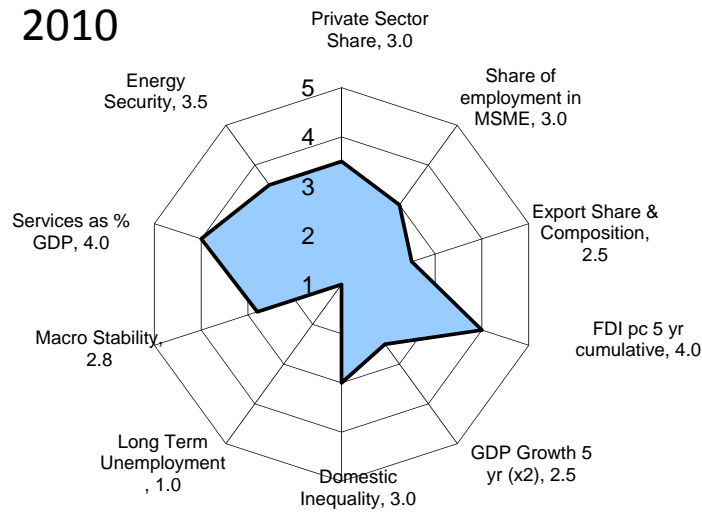
Economic Reforms, 2010



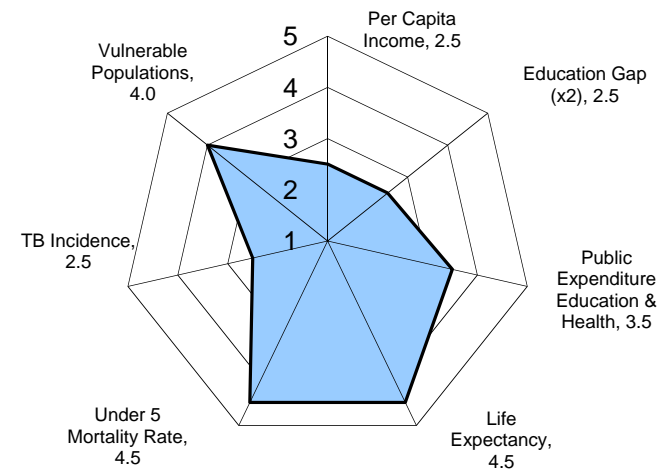
Democratic Reforms, 2009



Economic Performance, 2008-2010



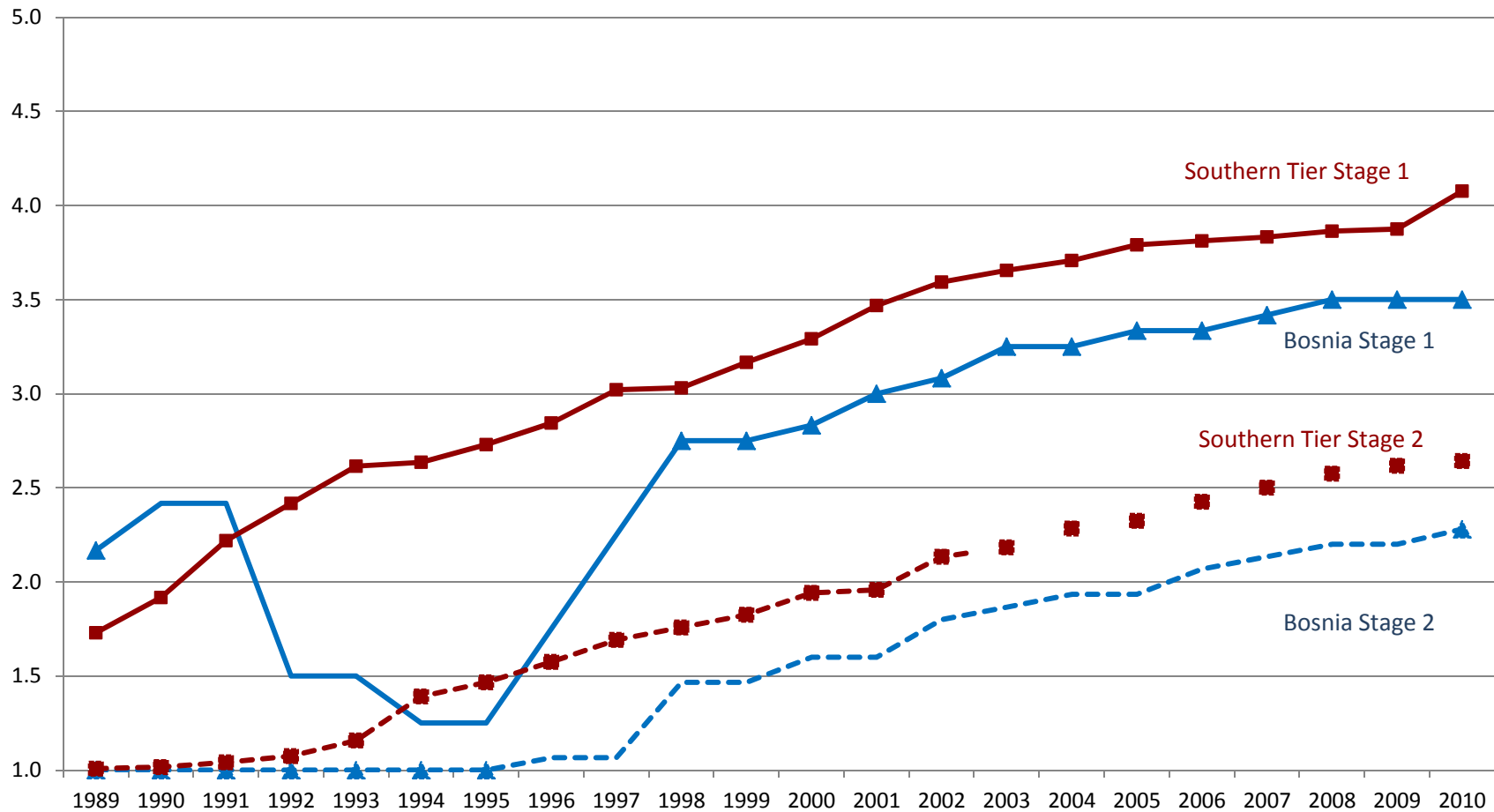
Human Capital, 2008-2010



Ratings are based on a scale from 1 to 5, with 5 representing the best score. Freedom House, *Nations in Transit 2010*; World Bank, *World Development Indicators 2010*; EBRD, *Transition Report 2010*

Figure 3

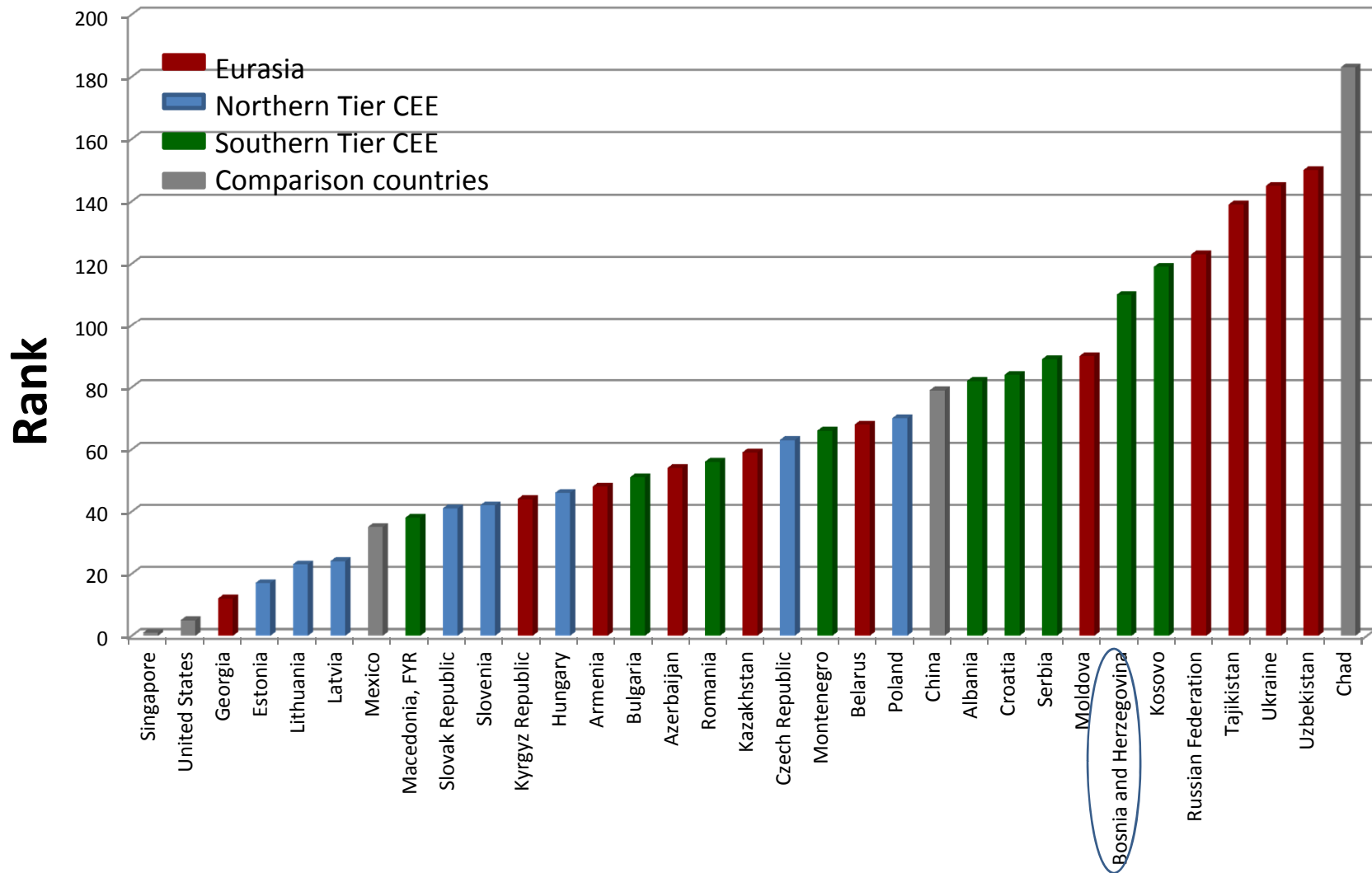
Economic Reform in Bosnia & Herzegovina, Stage 1 vs. Stage 2



Stage 1 Reforms: Small Scale Privatization, Trade and Foreign Exchange, Price Liberalization, Large Scale Privatization. Stage 2 Reforms: Enterprise Reform, Competition Policy, Banking Reform, Competition Policy, Banking Reform, Non-Bank Financial Reform, Infrastructure. Ratings are based on a 1 to 5 scale, with 5 representing most advanced. Data are drawn from the EBRD, *Transition Report 2010*

Figure 4

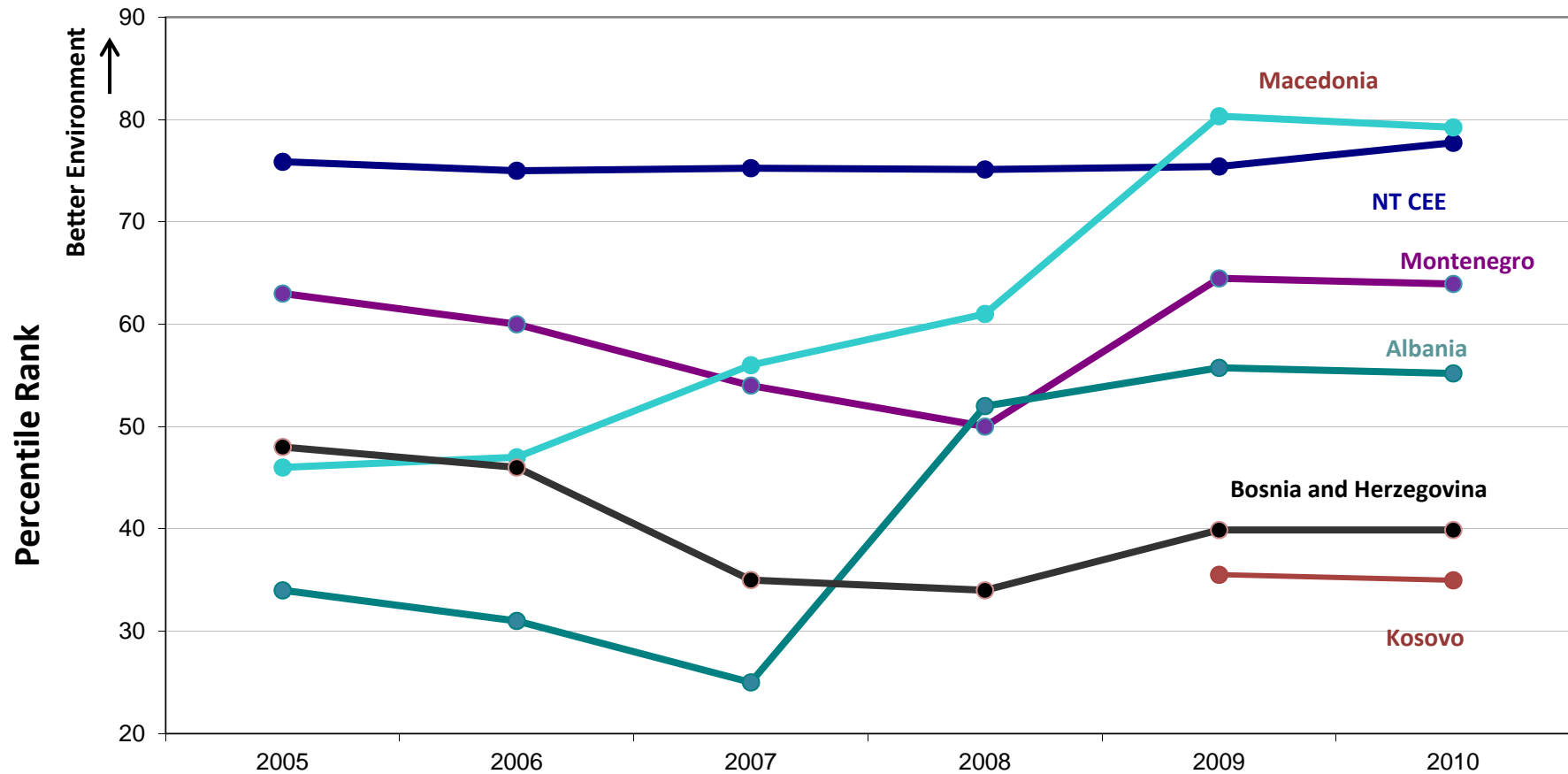
Business Environment in 2010



World Bank Doing Business in 2011 (October 2010), 183 countries are included in the analysis. The business environment is gauged based on 10 aspects: starting a business; dealing with construction; hiring and firing workers; registering a property; getting credit; protecting investors; paying taxes ; trading across borders; enforcing contracts; and closing a business.

Figure 5

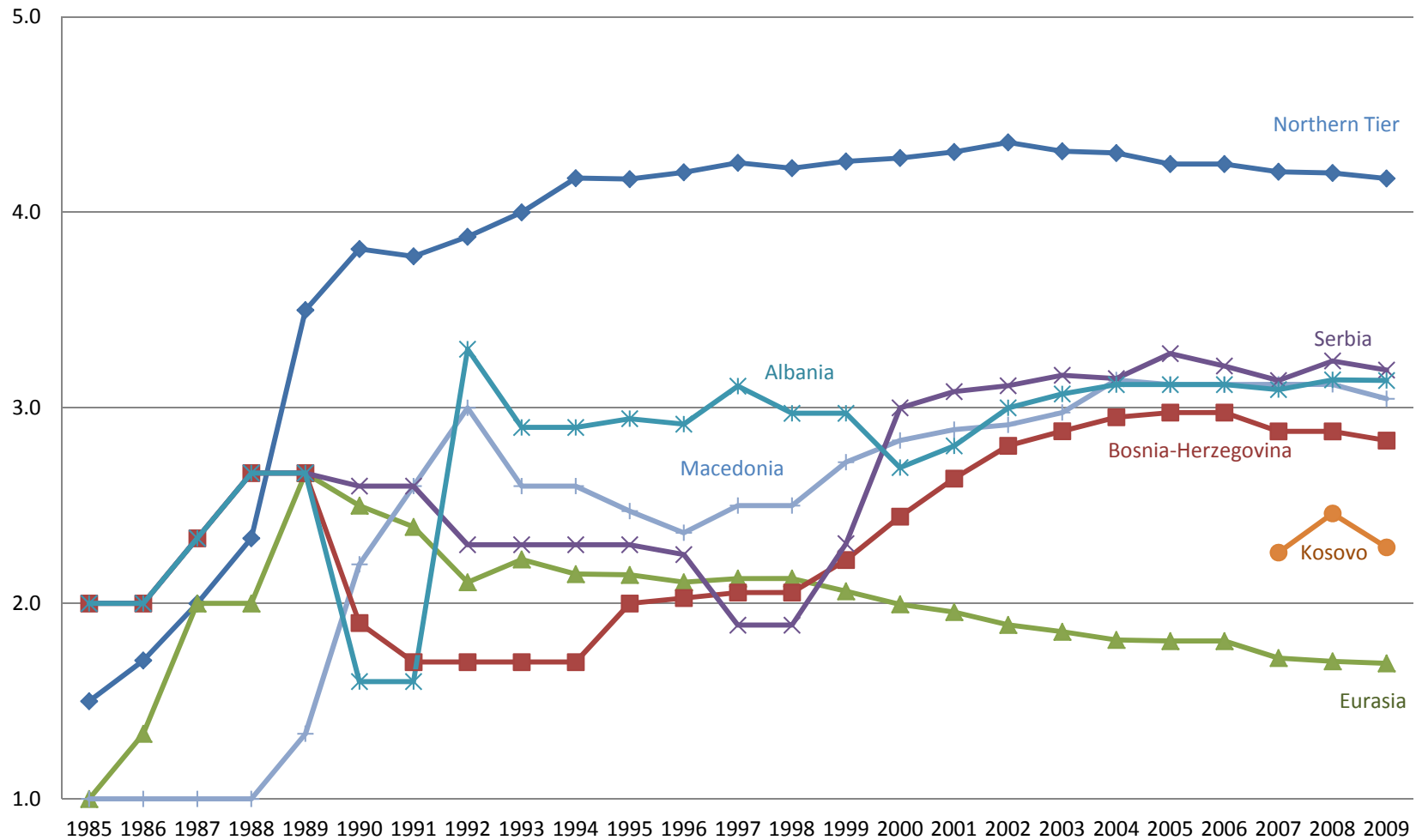
Business Environment



World Bank, Doing Business 2011 (October 2010). The analysis is based on 10 aspects: starting a business; dealing with construction; hiring and firing workers; registering a property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; and closing a business.

Figure 6

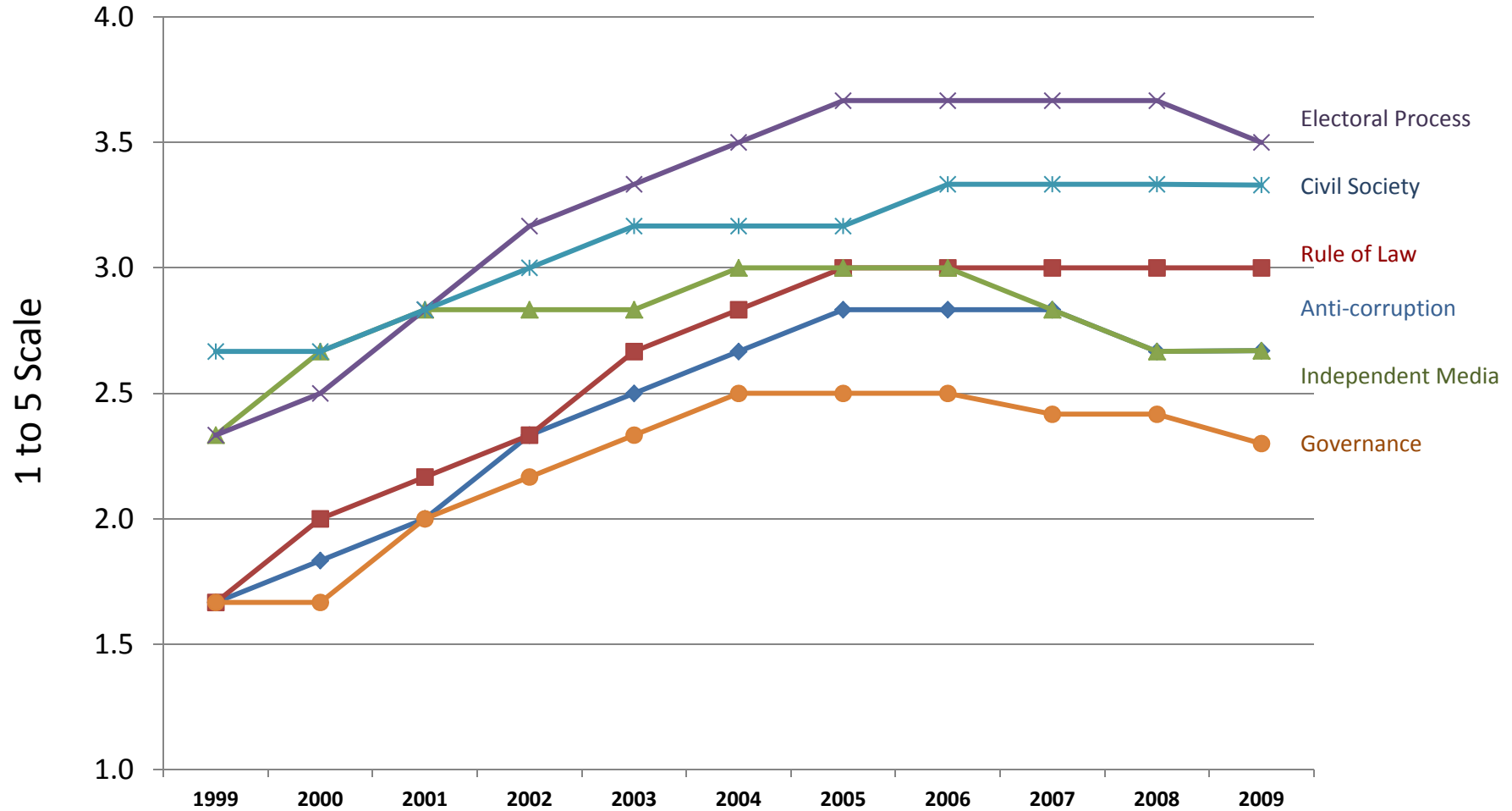
Democratic Reforms, 1985 - 2009



Ratings from 1 to 5, with 5 representing greatest development of democratic reforms. Freedom House, *Nations in Transit* 2010 .

Figure 7

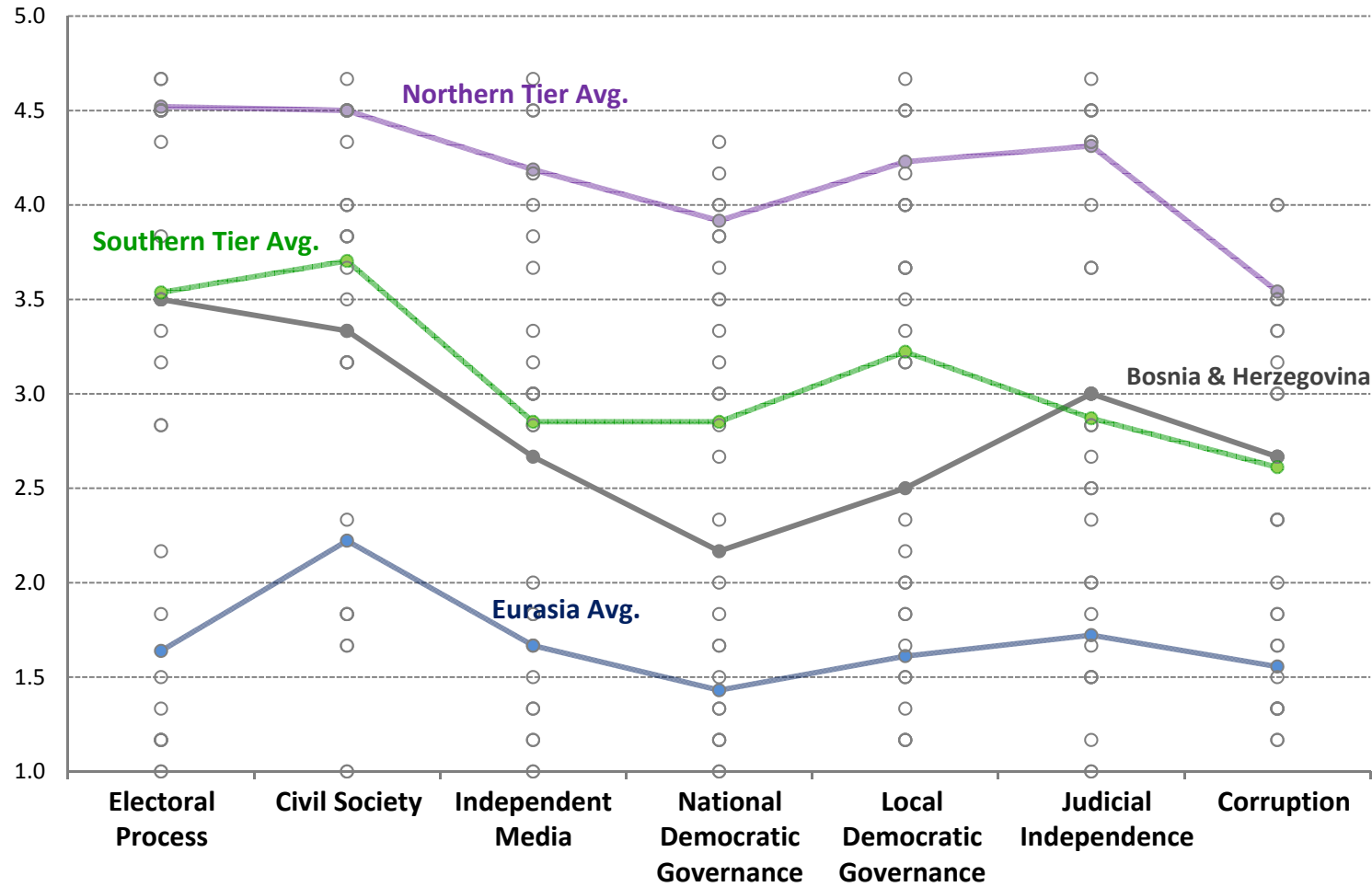
Democratic Reforms in Bosnia & Herzegovina, 1999-2009



Source: Freedom House, *Nations in Transit 2010*.

Figure 8

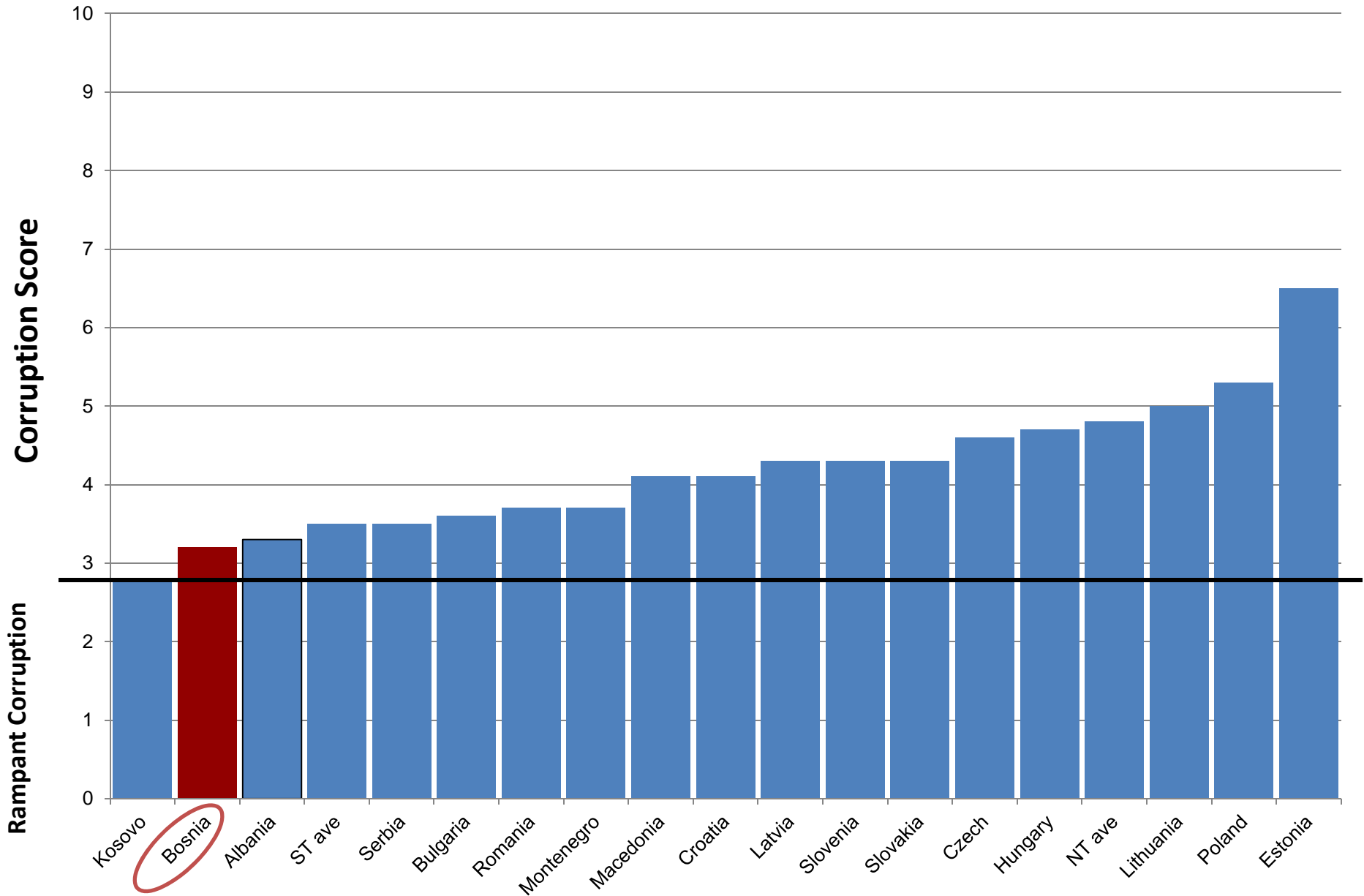
Democratic Reforms



Source: Freedom House, *Nations in Transit 2010*.

Figure 9

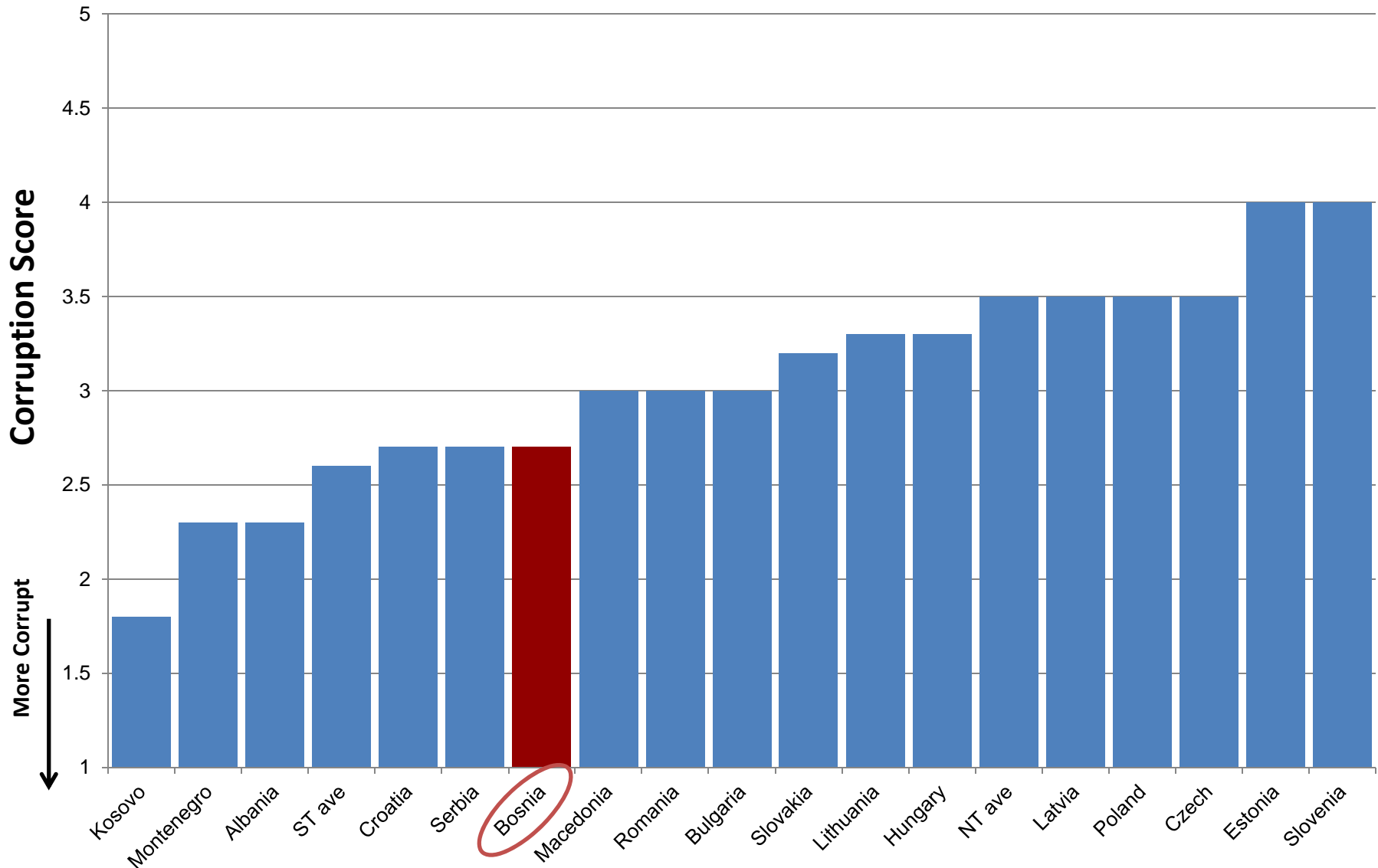
Corruption Perceptions in Central and Eastern Europe



Transparency International, Corruption Perception Index (2010).

Figure 10

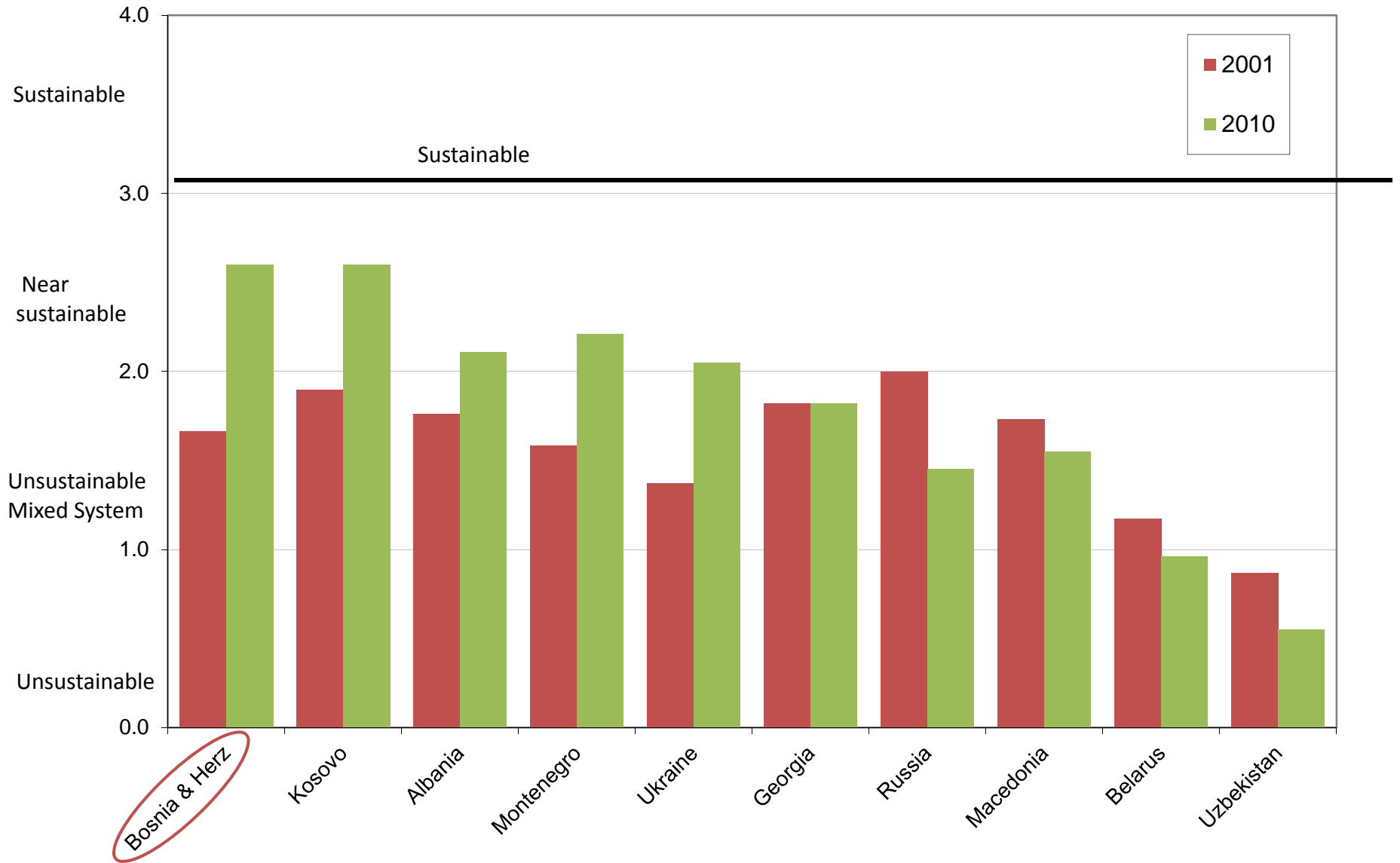
Corruption in Central and Eastern Europe



Source: Freedom House, *Nations in Transit*, 2010.

Figure 11

Media Sustainability Index

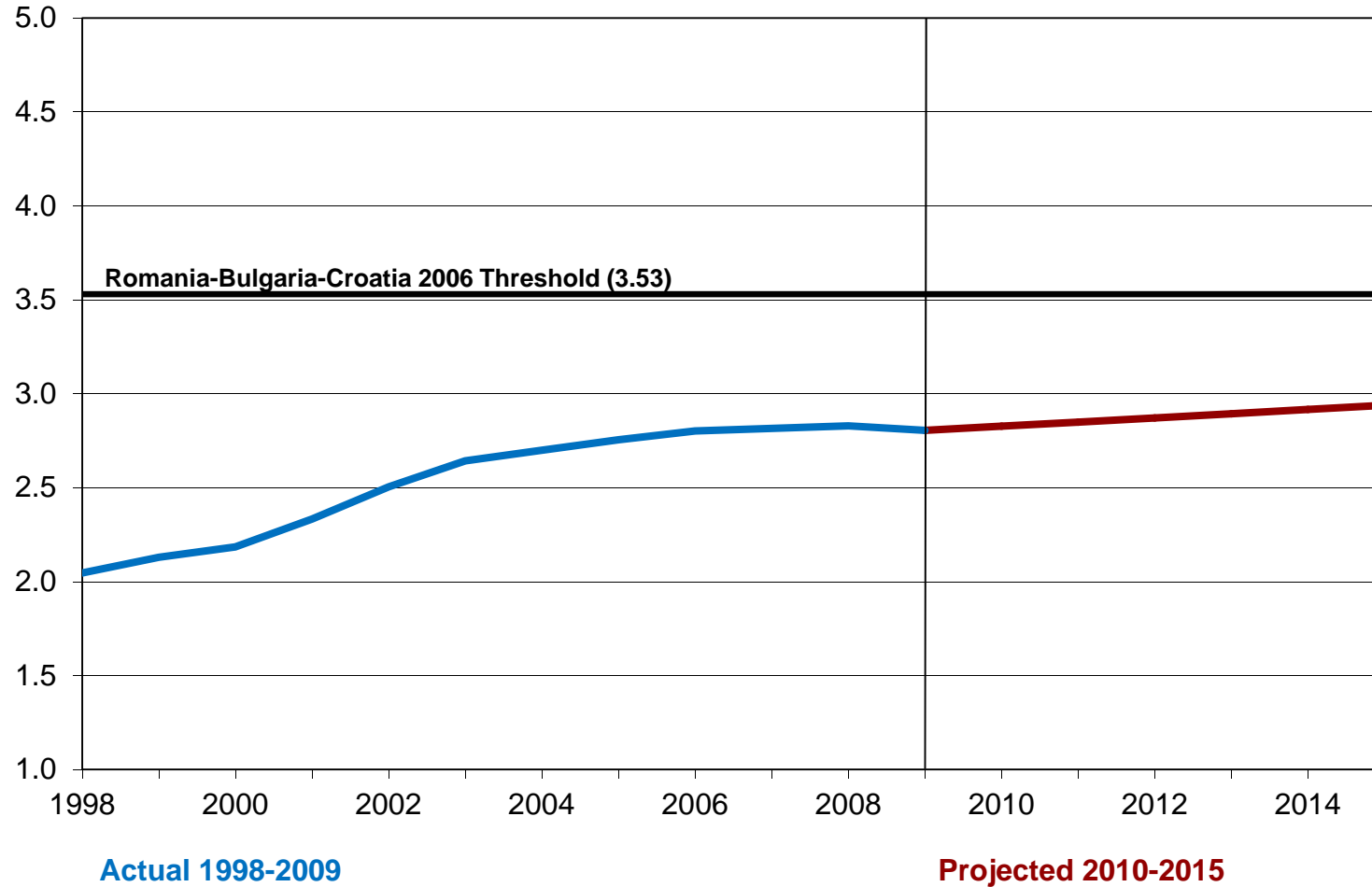


IREX, Media Sustainability Index 2010. Scale of 0 to 4 where 4 is the most sustainable.

Figure 12

Bosnia & Herzegovina

Economic & Democratic Reforms



Source: EBRD Transition Report; Freedom House Nations in Transit (various years). Extrapolation based on annual average rate of change from 2004-2009.

Figure 13

Economic Performance and Human Capital in 2008-2010

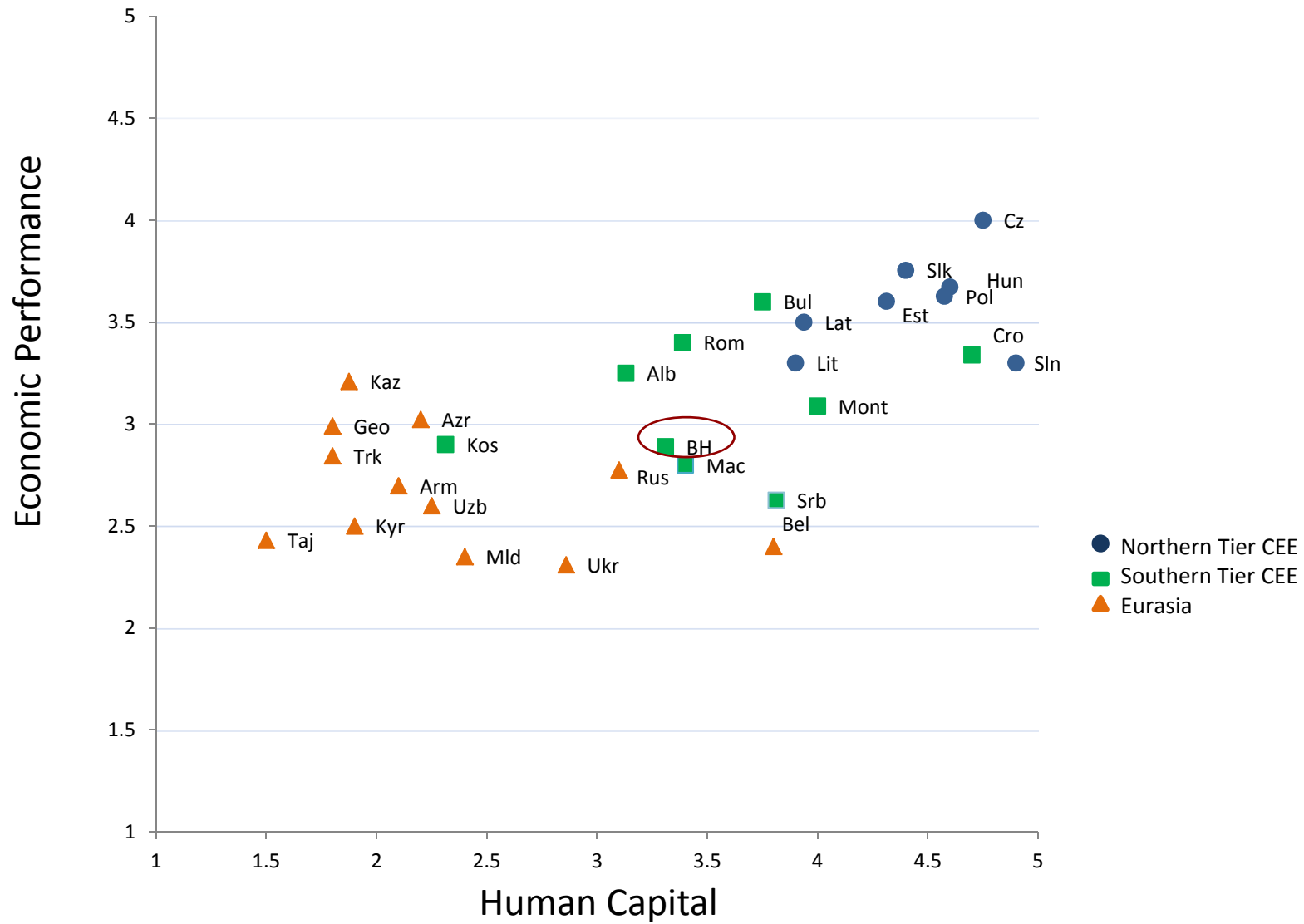
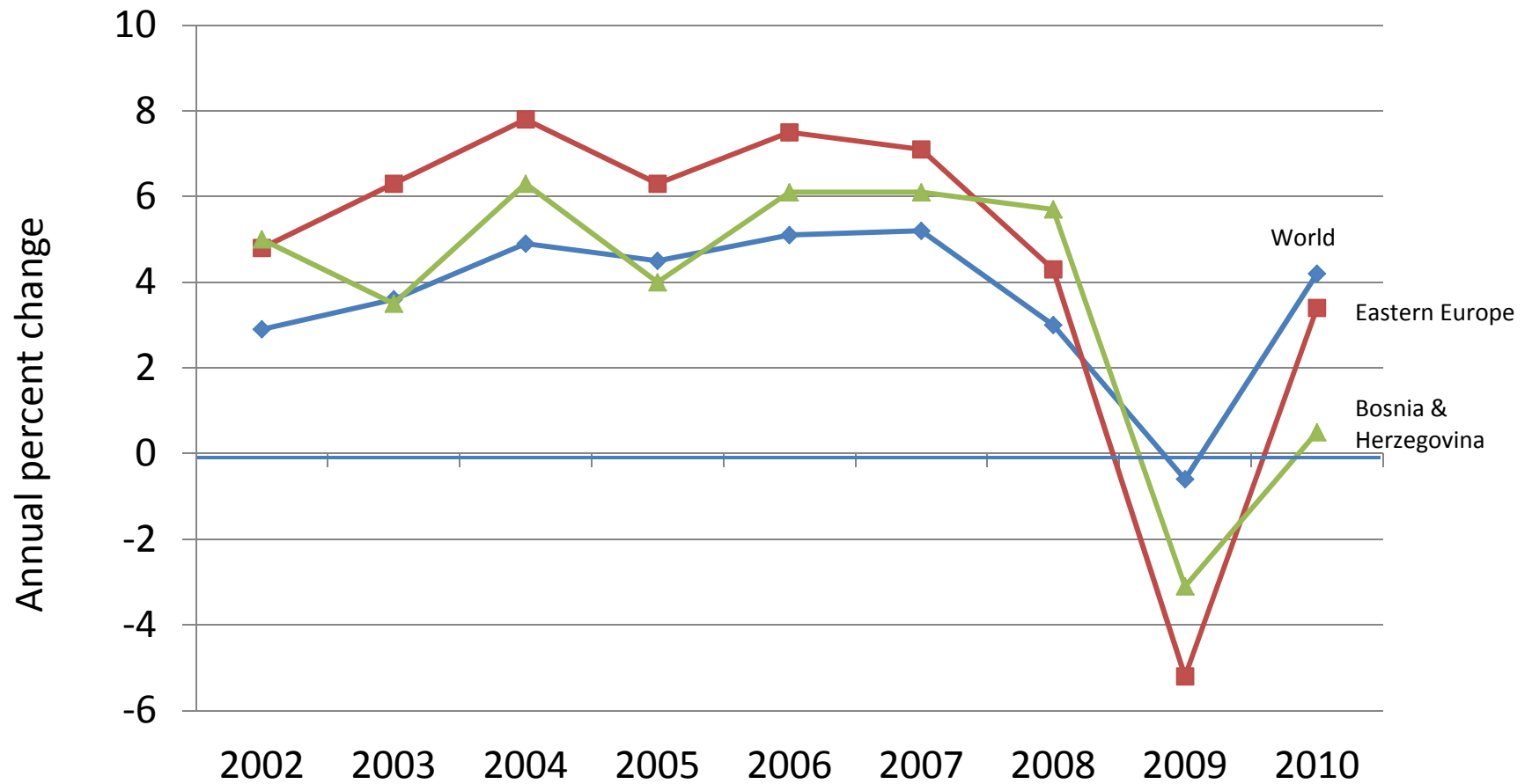


Figure 14

Economic Growth in Bosnia Compared to Eastern Europe and the World



Source: IMF, World Economic Outlook October 2010.

Figure 15

GDP Growth Estimates, 2009

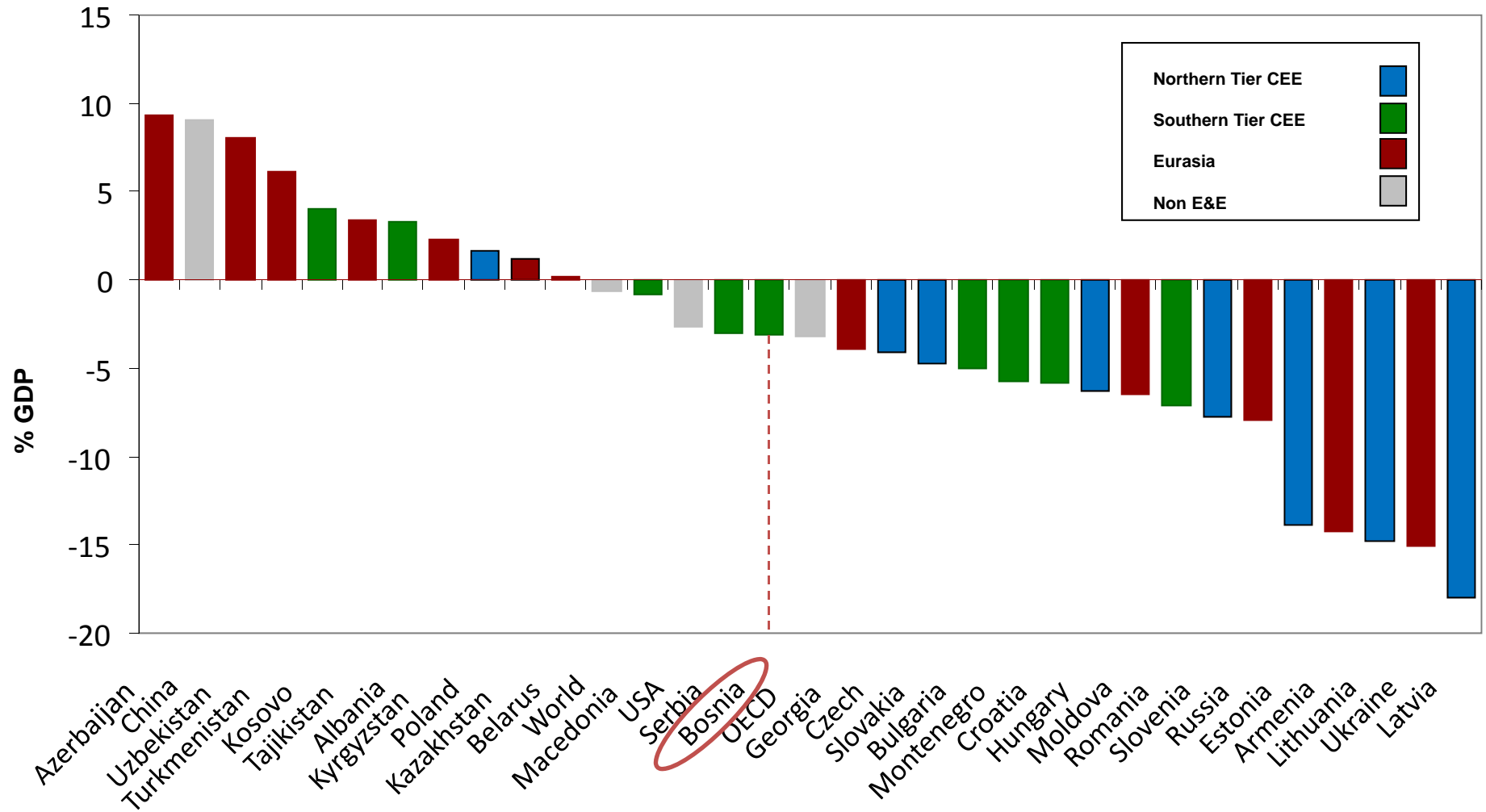


Figure 16

Economic Growth and Contraction: The Better Performers in 2010

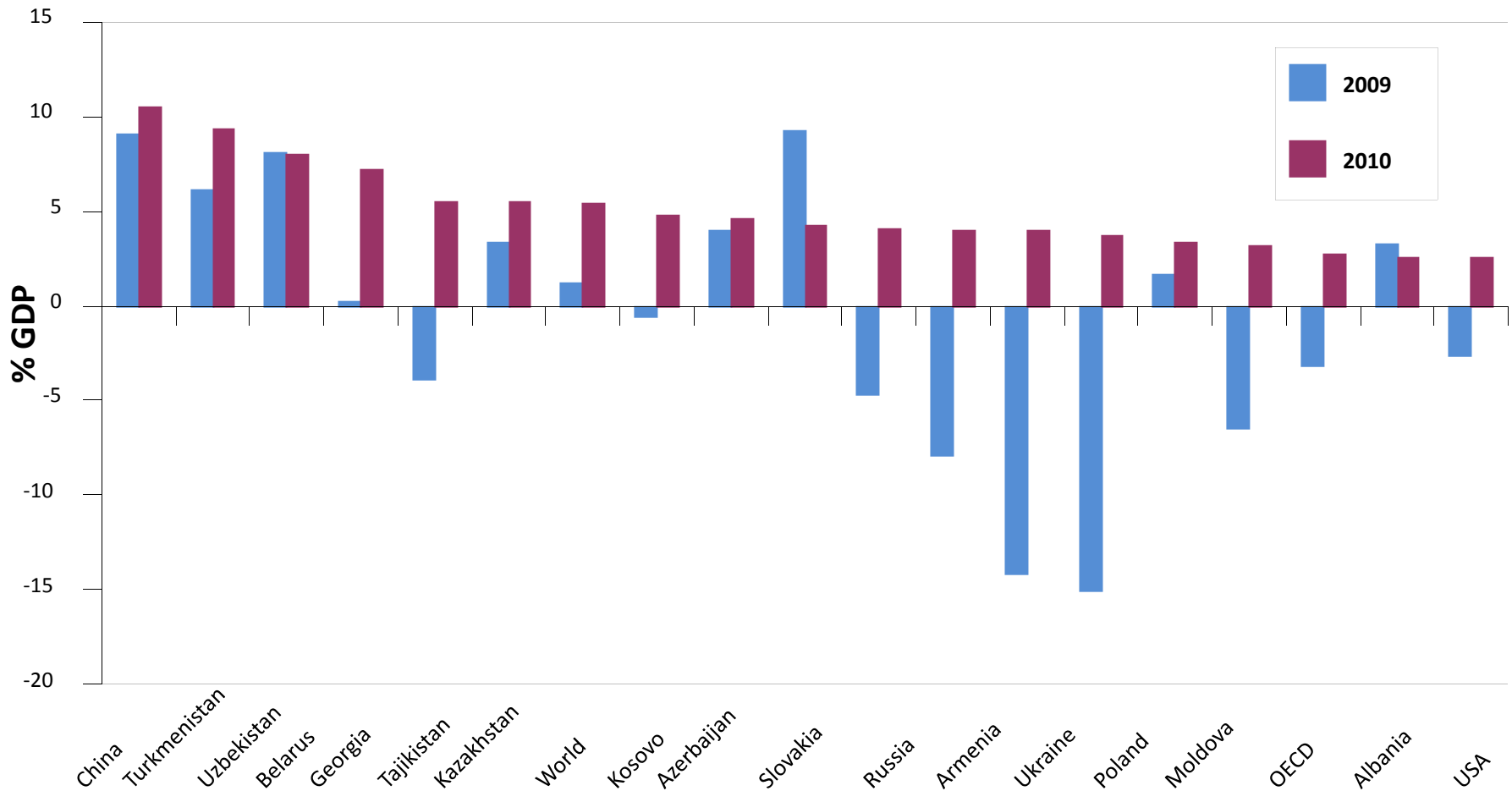


Figure 17

Economic Growth and Contraction: the Poorer Performers in 2010

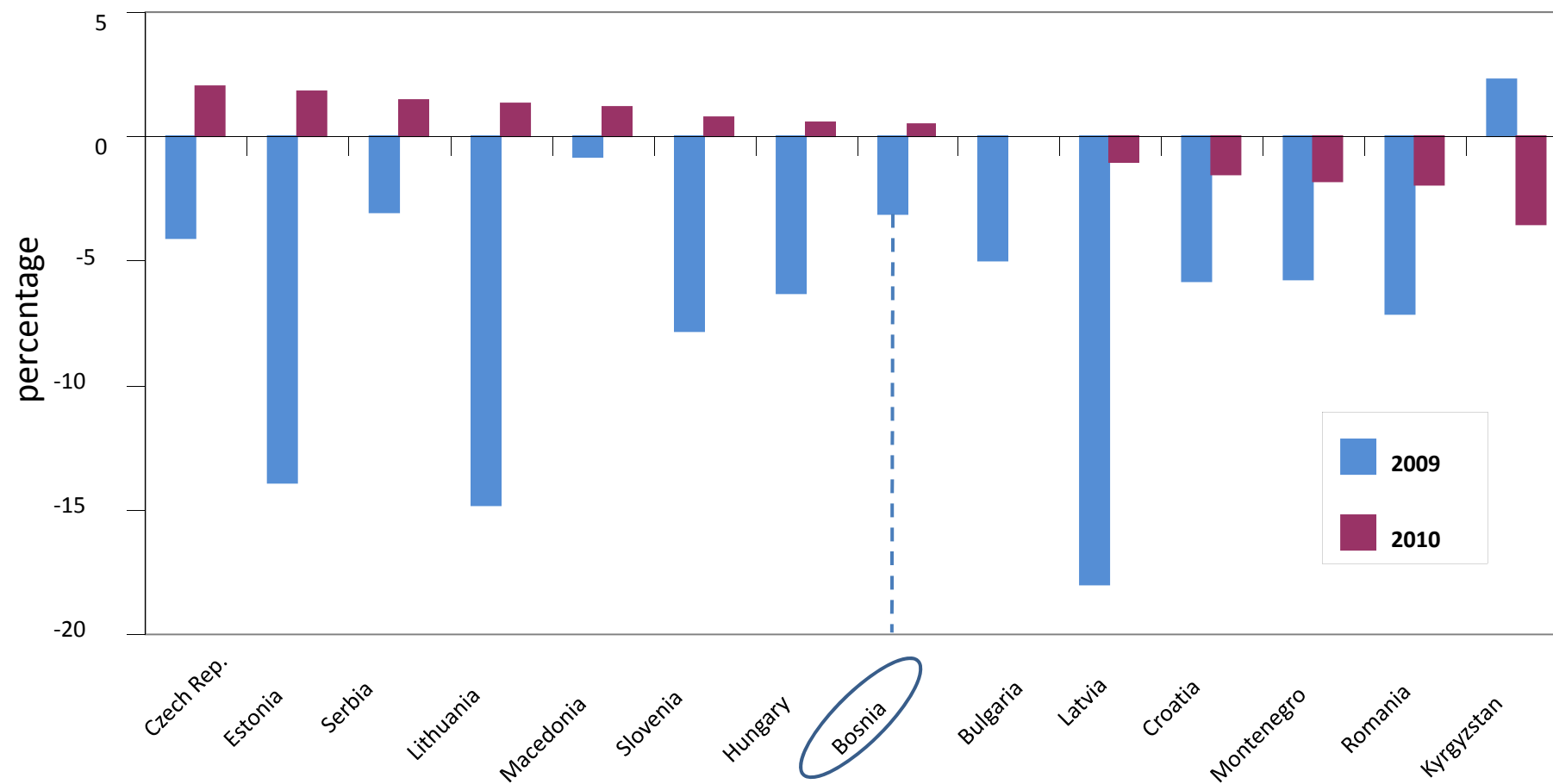
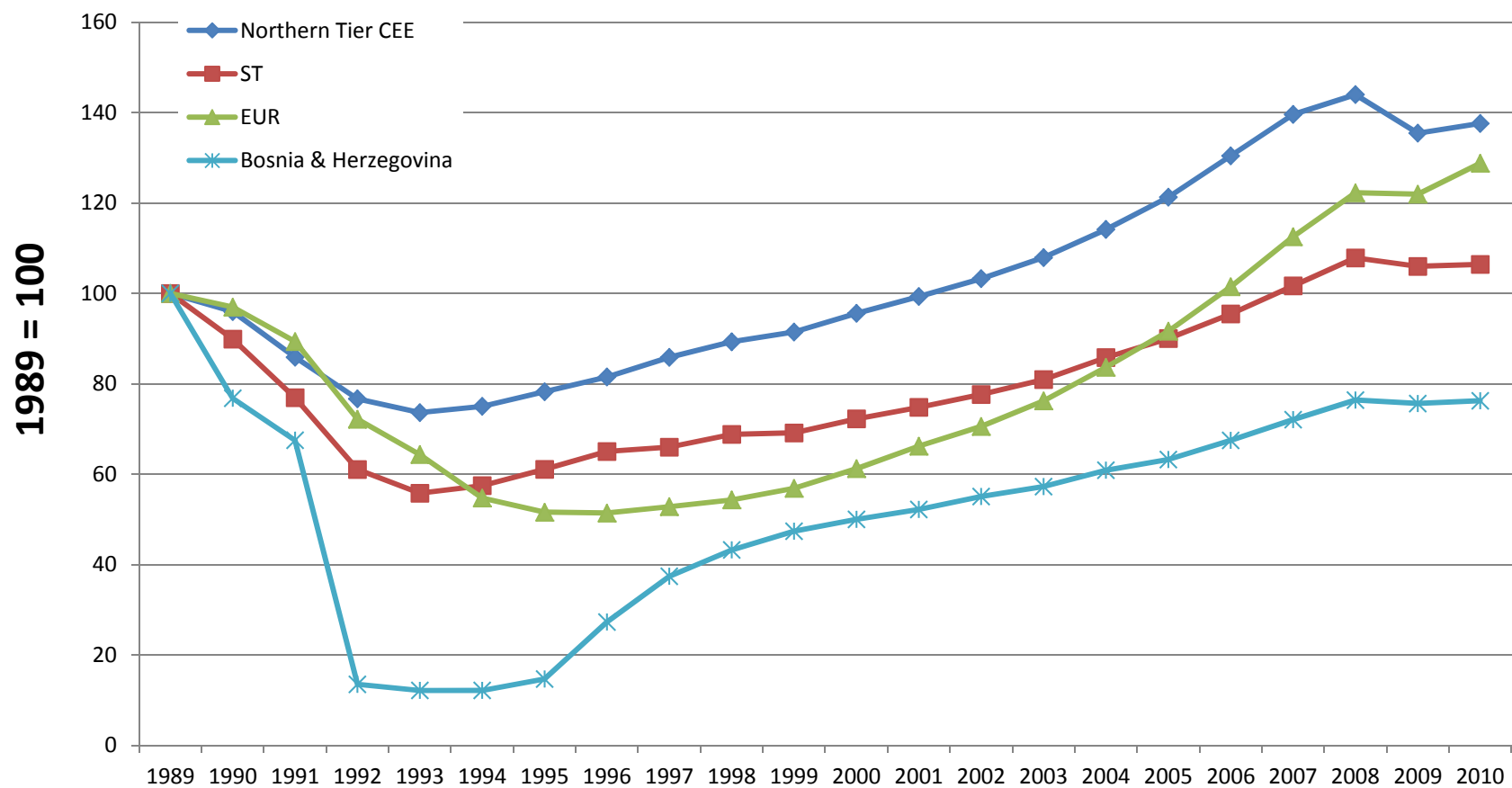


Figure 18

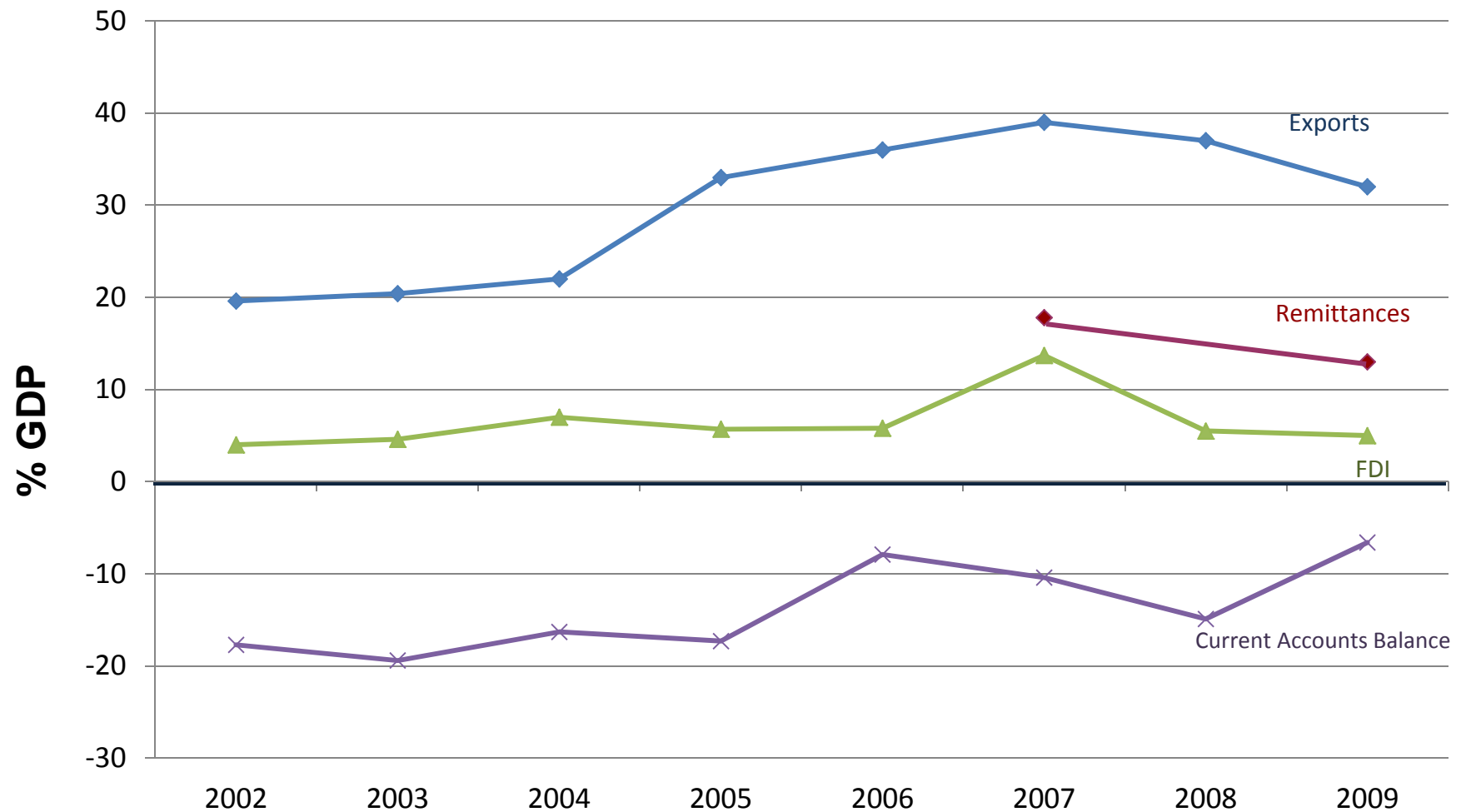
GDP as % of 1989 GDP



EBRD, *Transition Report 2010* (November 2010), *World Economic Outlook Update* (October 2010).

Figure 19

Bosnia & Herzegovina's Integration into the Global Economy



World Bank: *Migration and Remittances Factbook*, 2008 and 2011; European Commission, *Focus on European Economic Integration*, Q4/09.

Figure 20

Exports as % of GDP

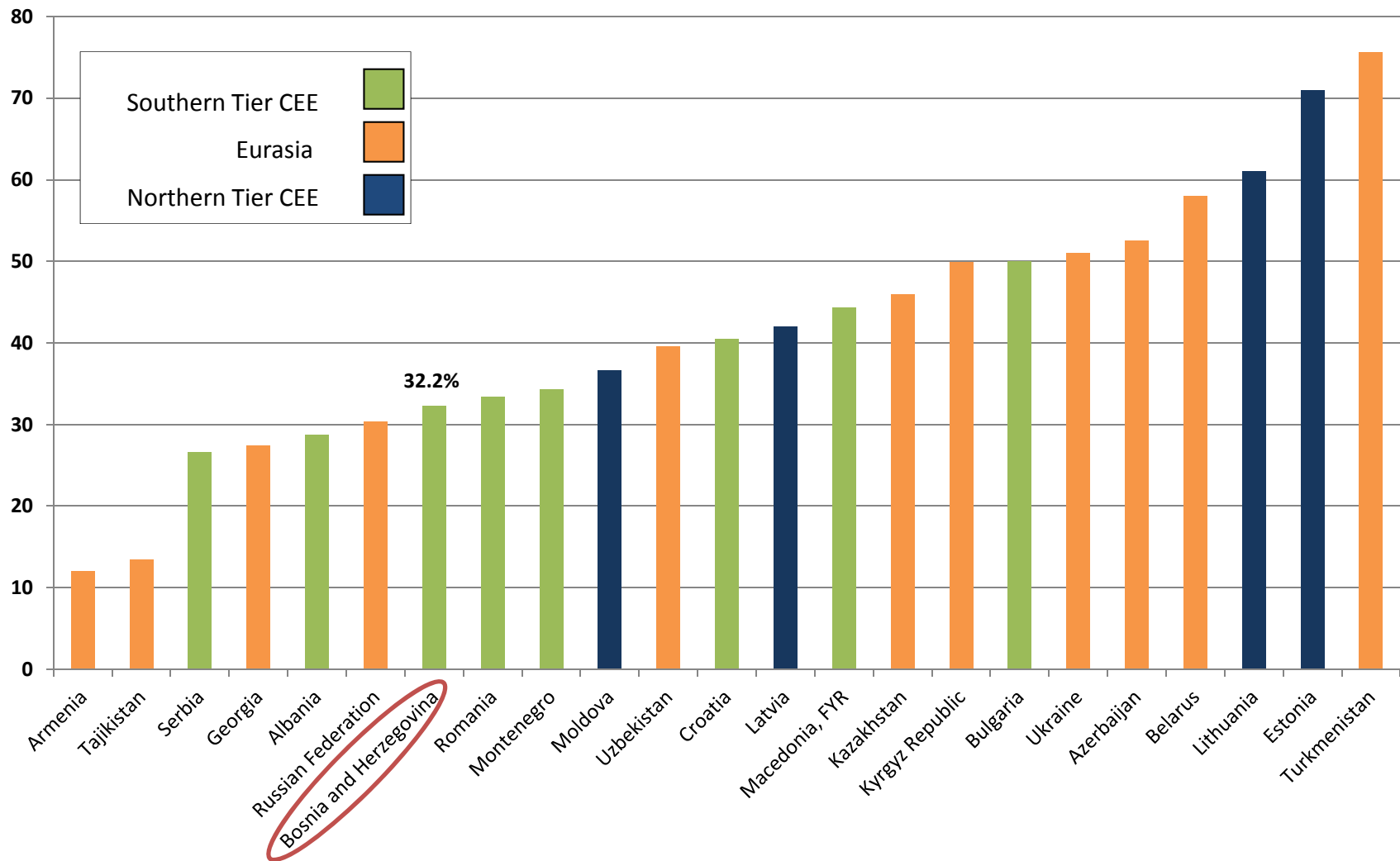
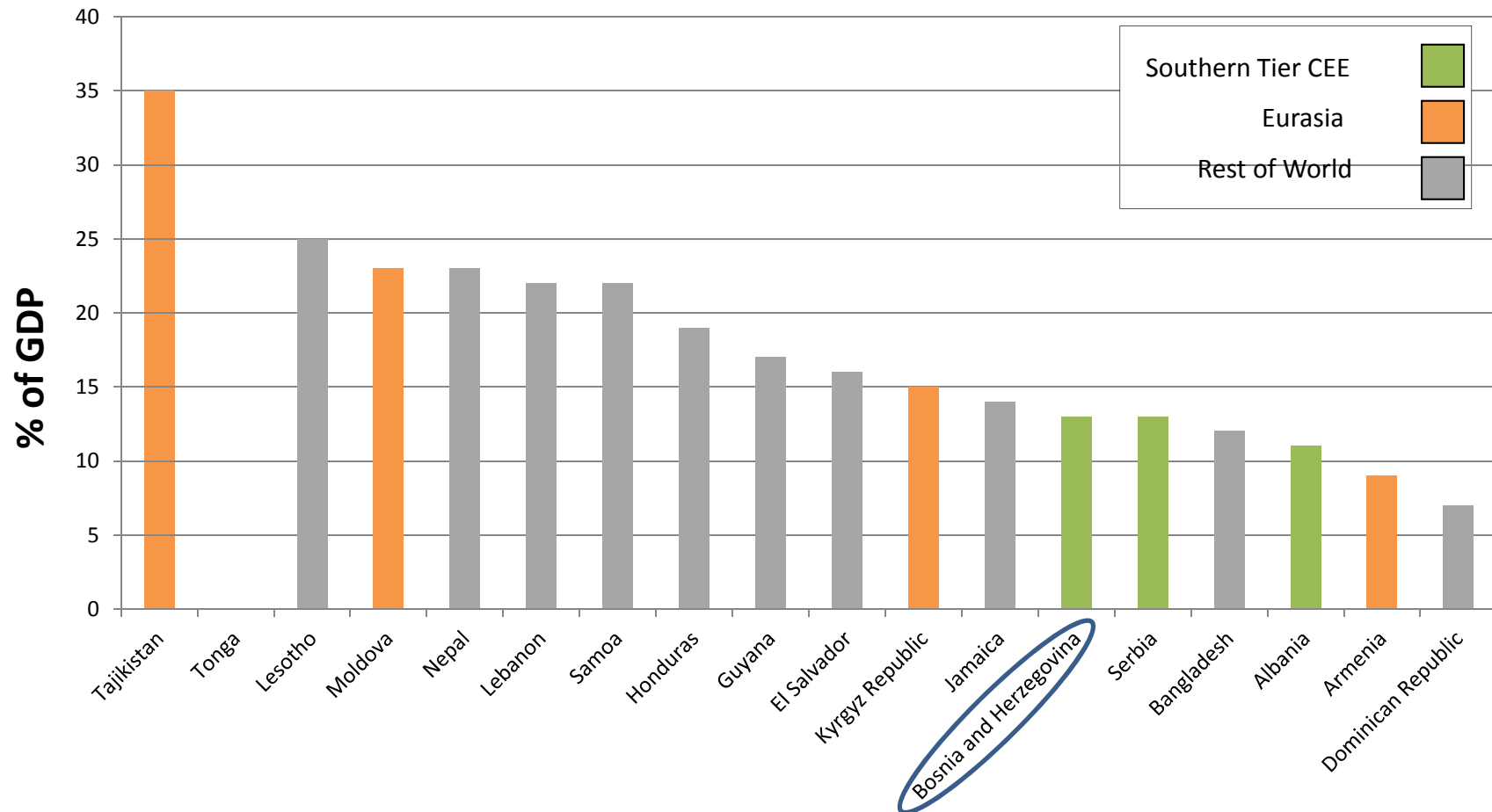


Figure 21

Remittances 2009

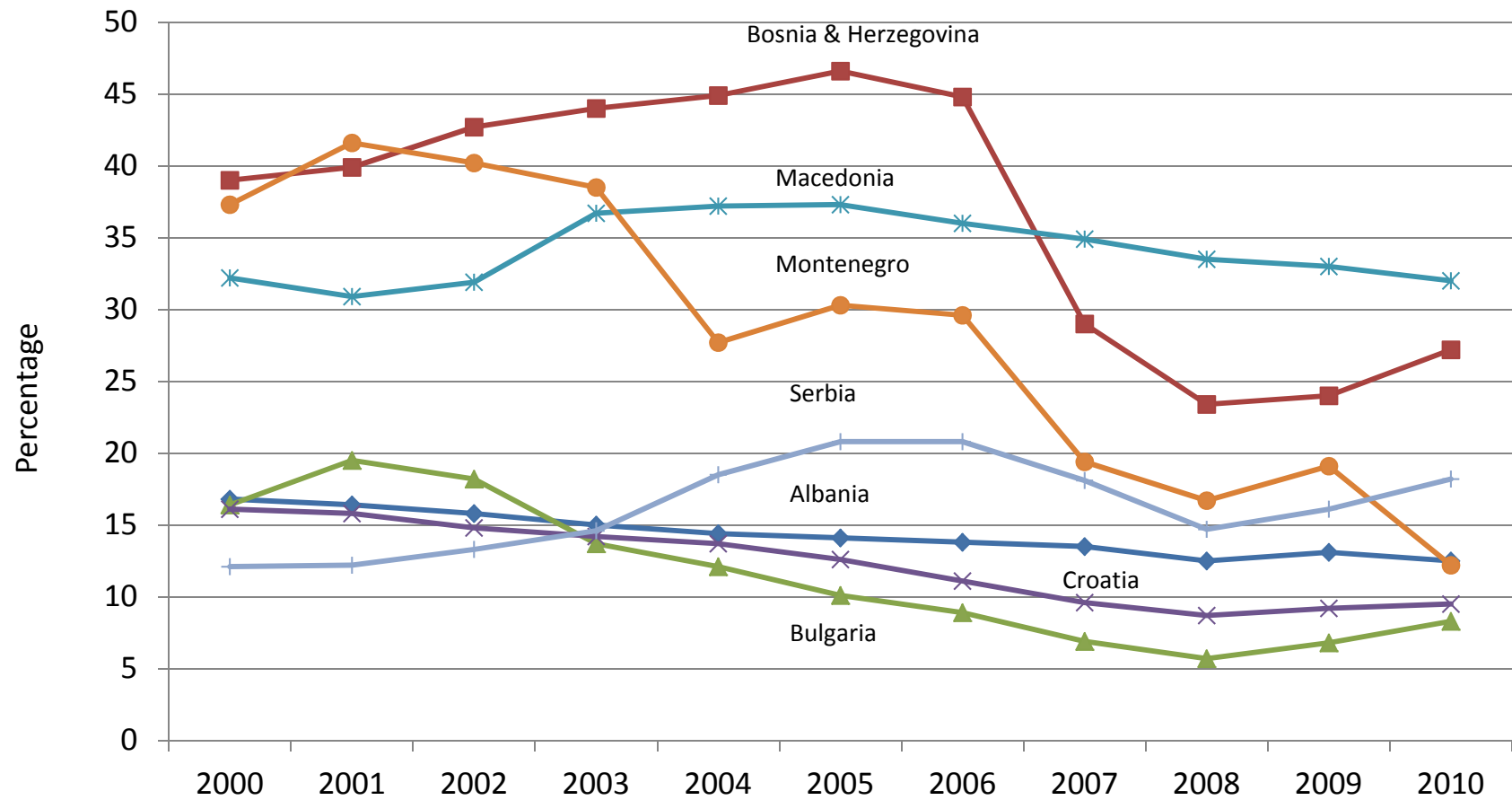
Among the Top Remittance-Receiving Countries In the World



Source: Development Prospects Group, World Bank 2009.

Figure 22

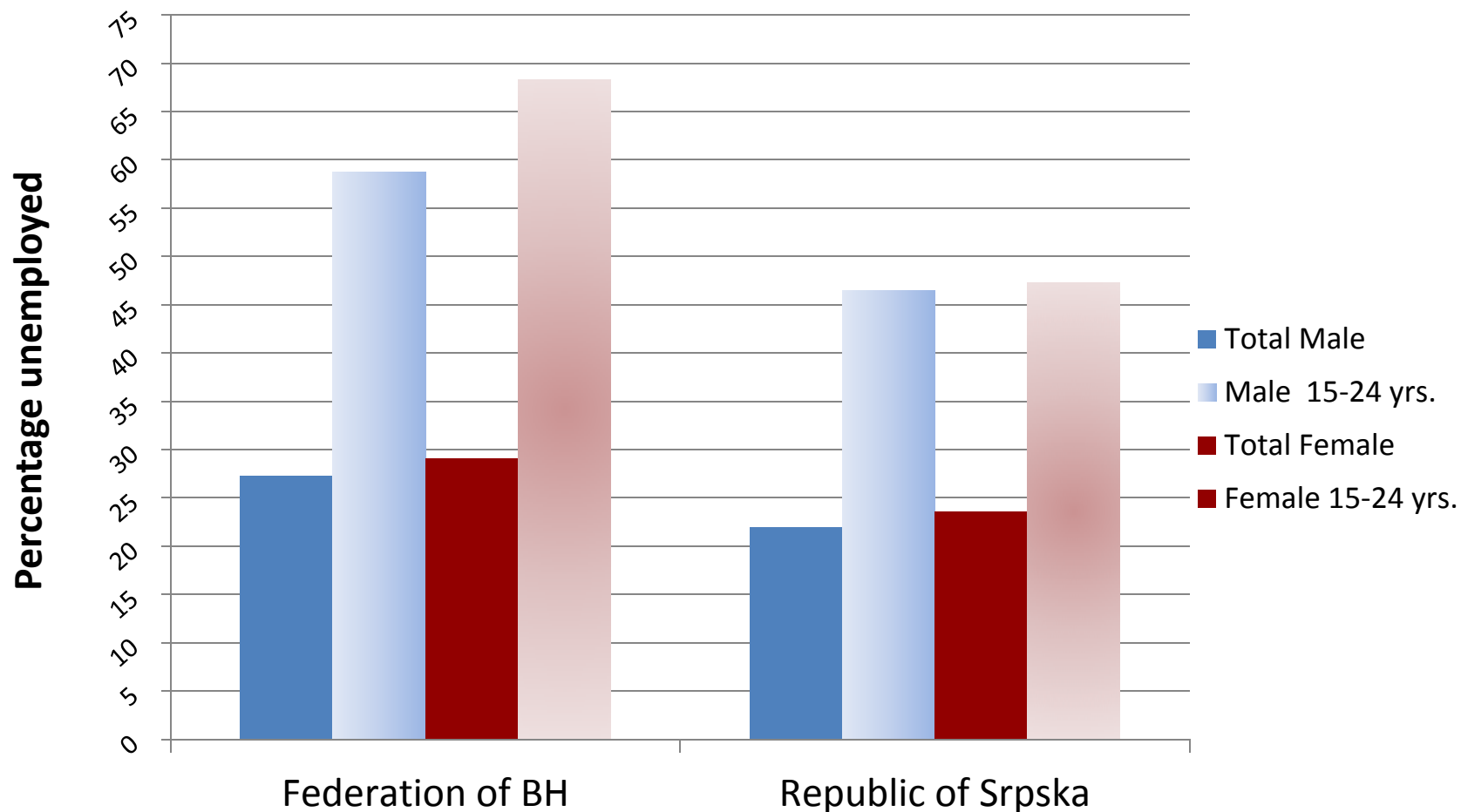
Unemployment Rates in Southern Tier CEE



Sources: UNECE Statistical Database; IMF World Economic Outlook October 2010; EBRD *Transition Report 2010*.

Figure 23

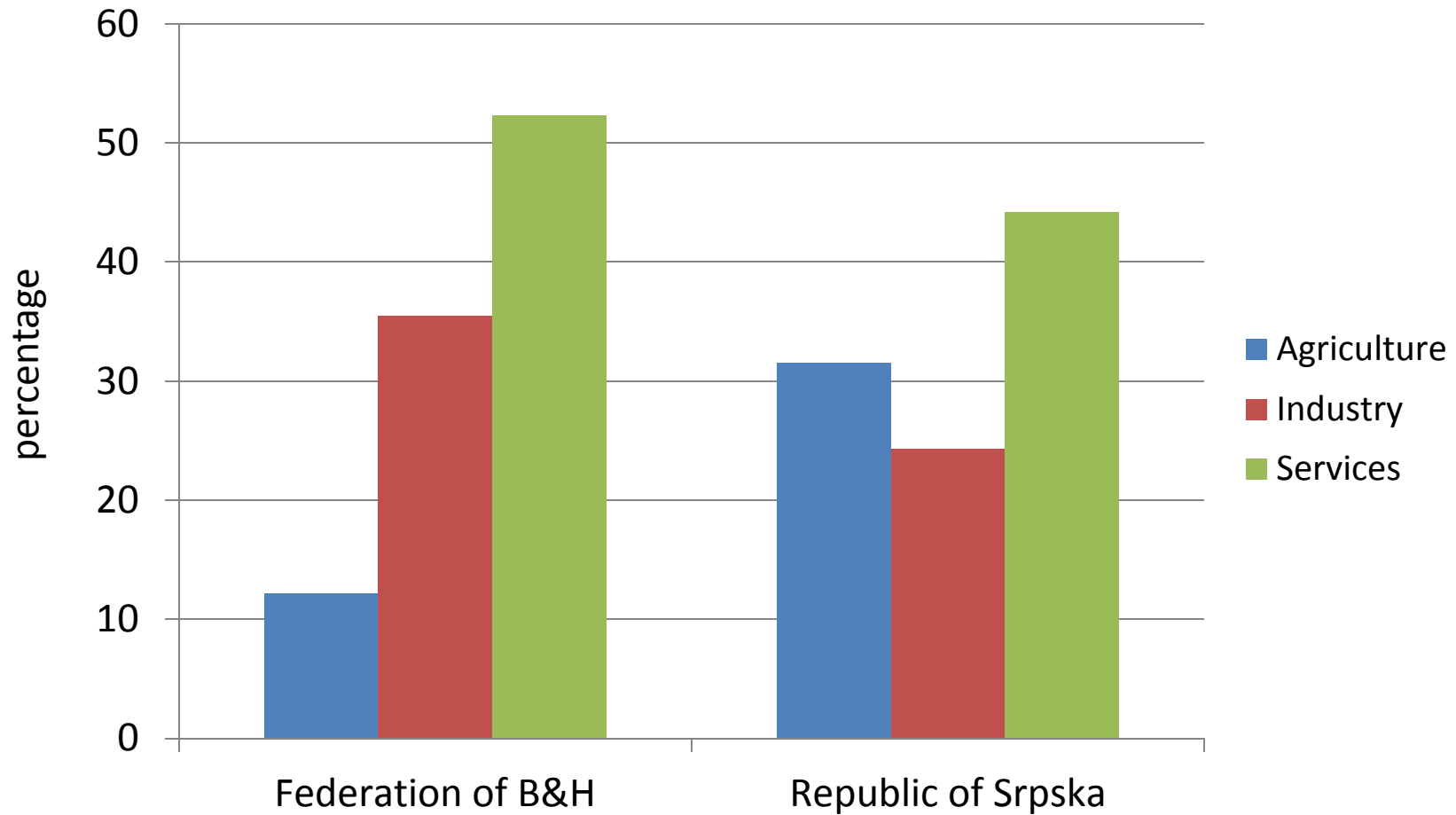
Unemployment, Federation of Bosnia & Herzegovina versus Republic of Srpska, 2010



Source: Agency for Statistics in Bosnia and Herzegovina, *BH in Figures*, 2010

Figure 24

Employment by Sector, 2010



Source: Agency for Statistics in Bosnia and Herzegovina, *BH in Figures*, 2010.

Figure 25

Life Expectancy at Birth

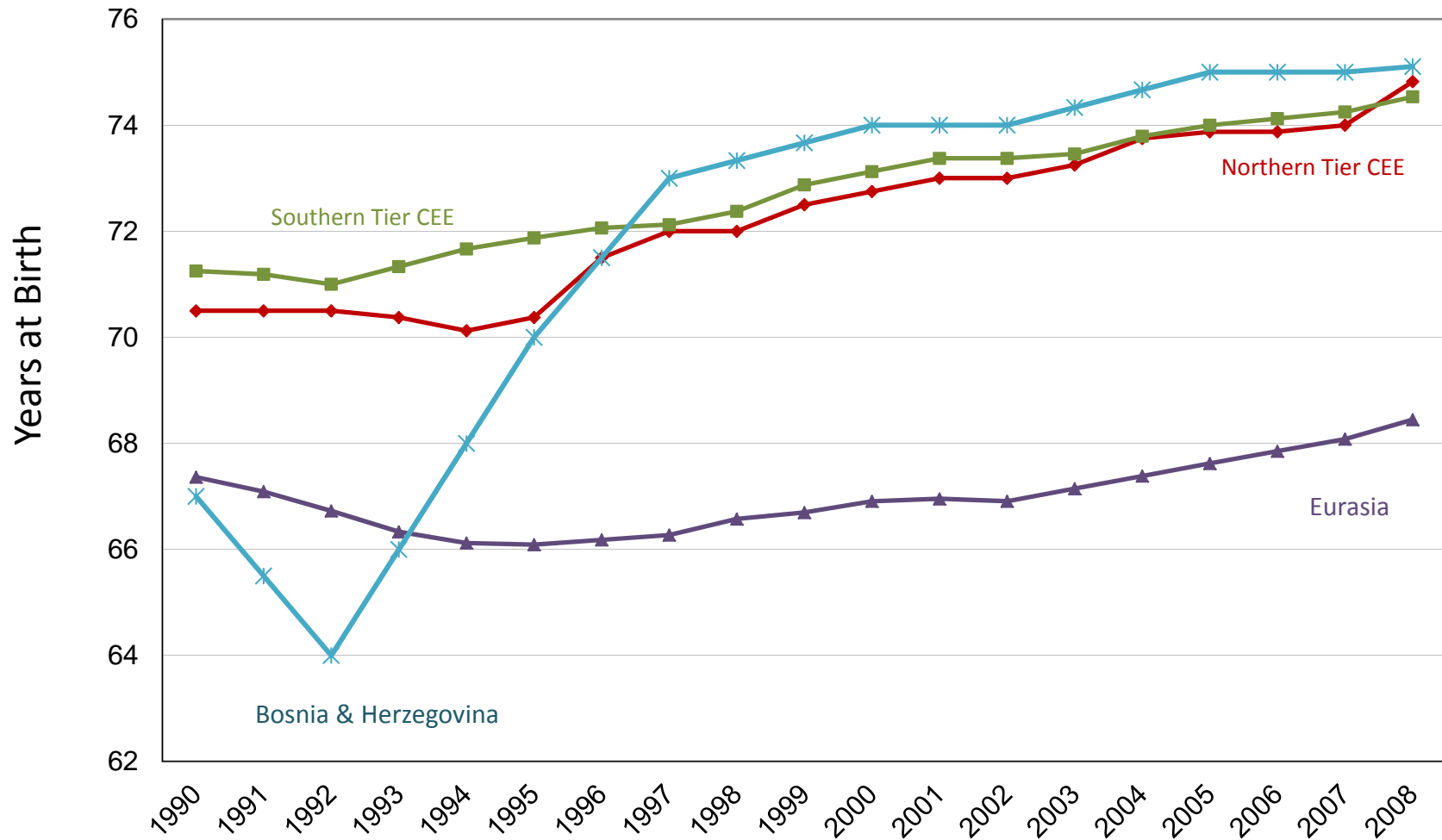


Figure 26

Tuberculosis Incidence 2008

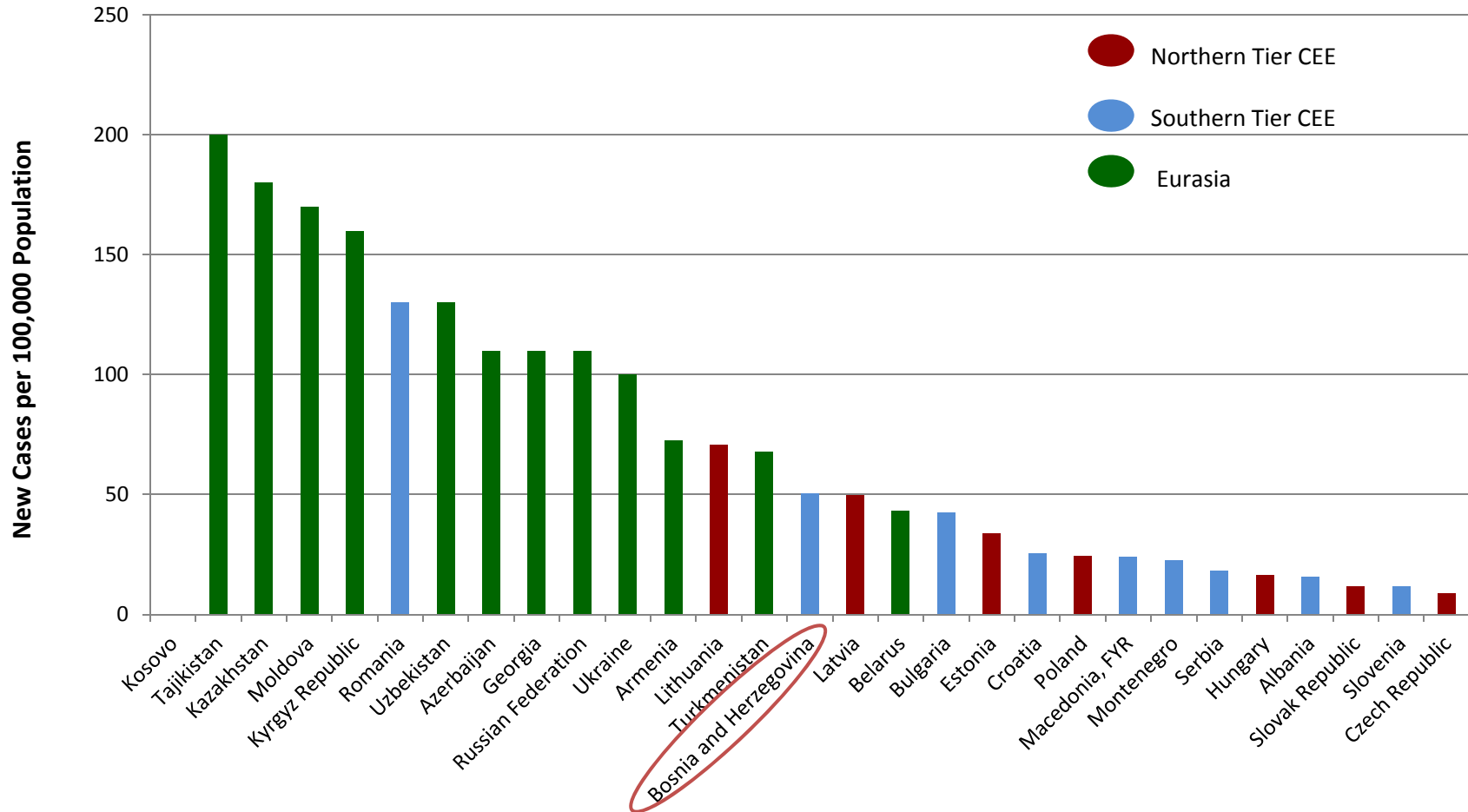
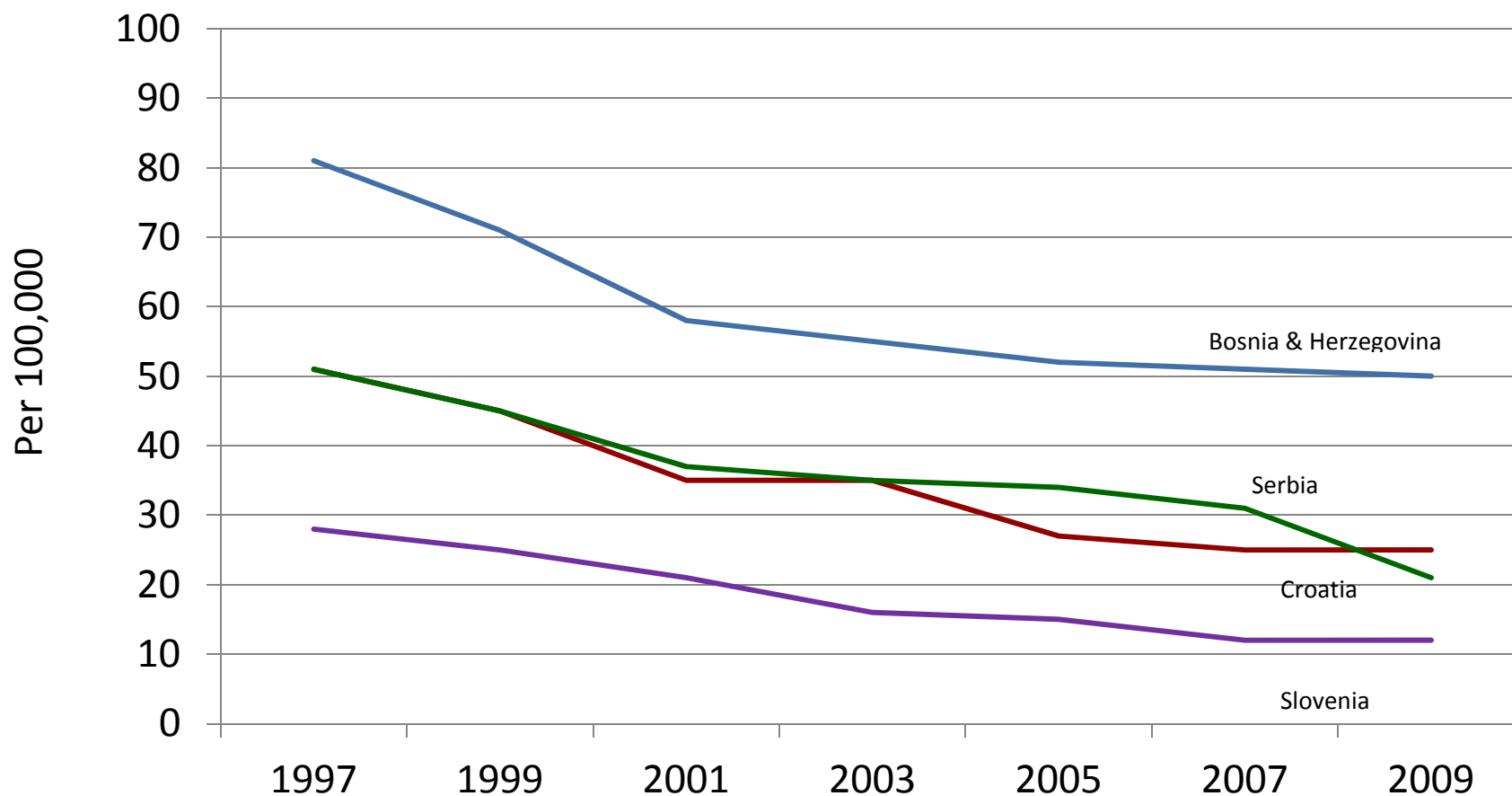


Figure 27

Tuberculosis Incidence in Bosnia & Herzegovina and Selected Countries of Former Yugoslavia



Source: WHO, Global Tuberculosis Control, 2010.

Figure 28

Total Secondary Enrollment

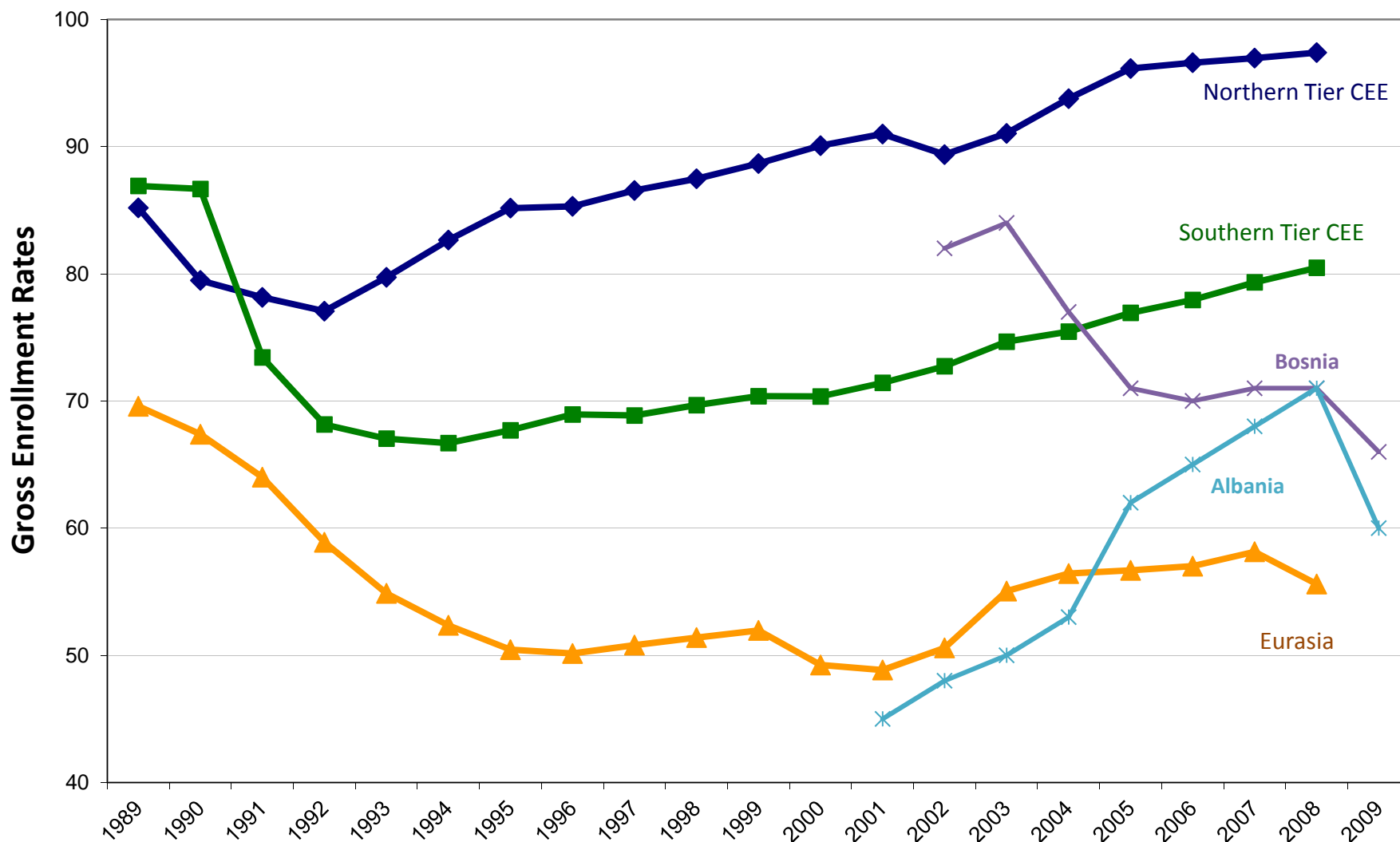
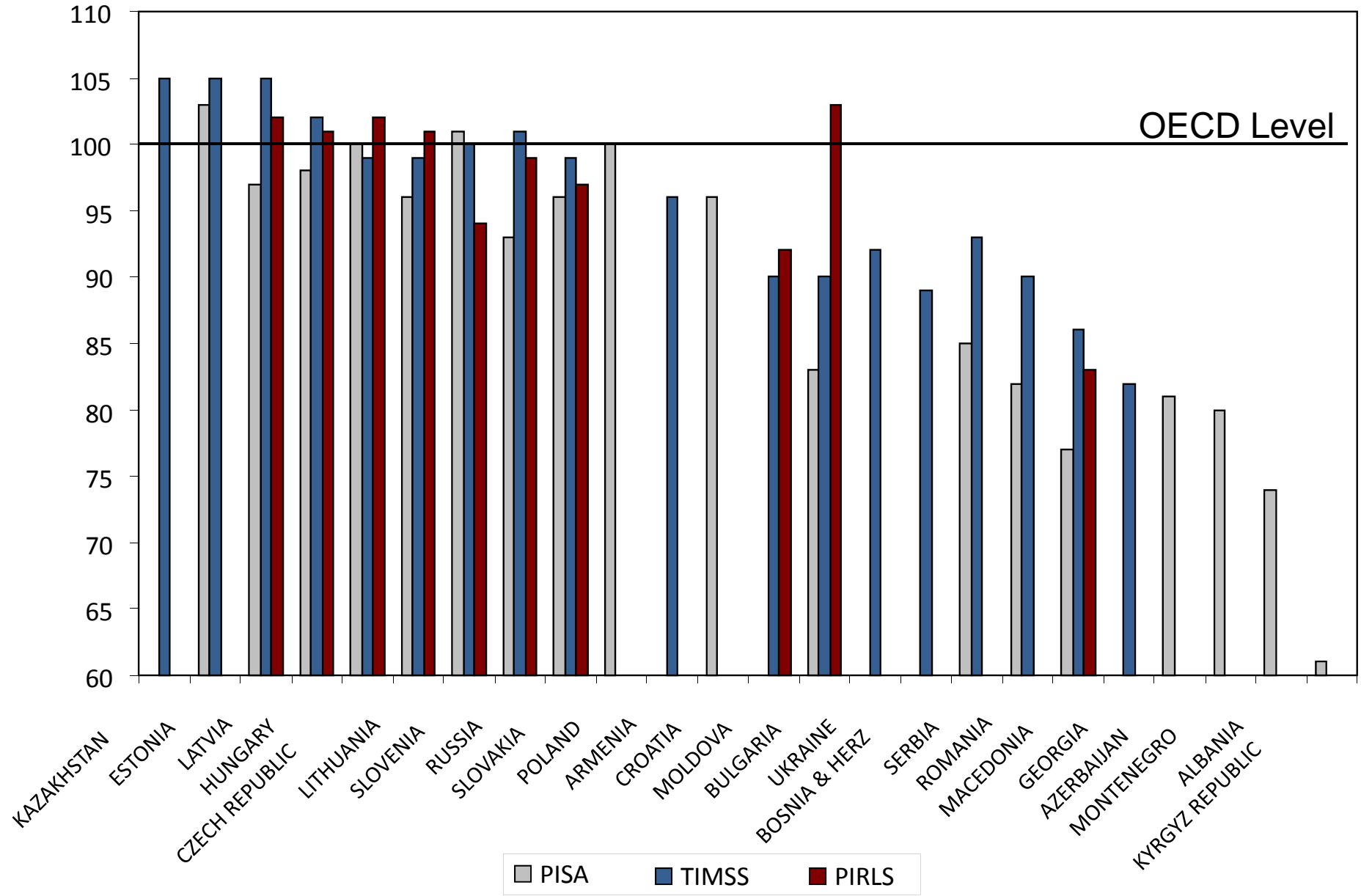


Figure 29

Functional Literacy

PISA vs. TIMSS vs. PIRLS



International Association for the Evaluation of Educational Achievement (IEA), *TIMSS International Mathematics Report (2008)*, *TIMSS International Science Report (2008)* and *PIRLS International Report (2008)*; and Organization for Economic Cooperation and Development (OECD), *First Results from PISA 2006 (2007)*.

Figure 30

Skills and Education of the Workforce as a Business Constraint

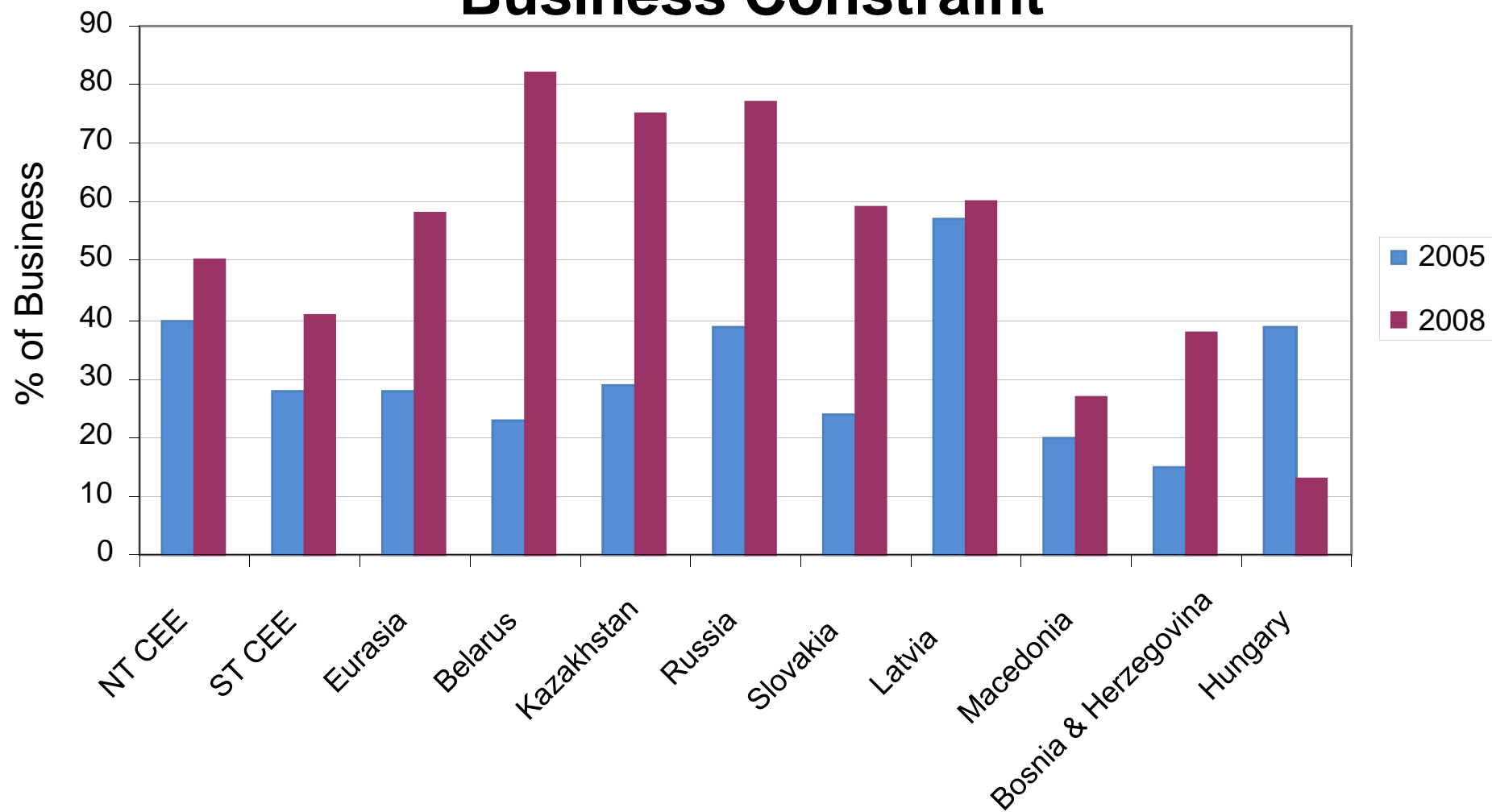
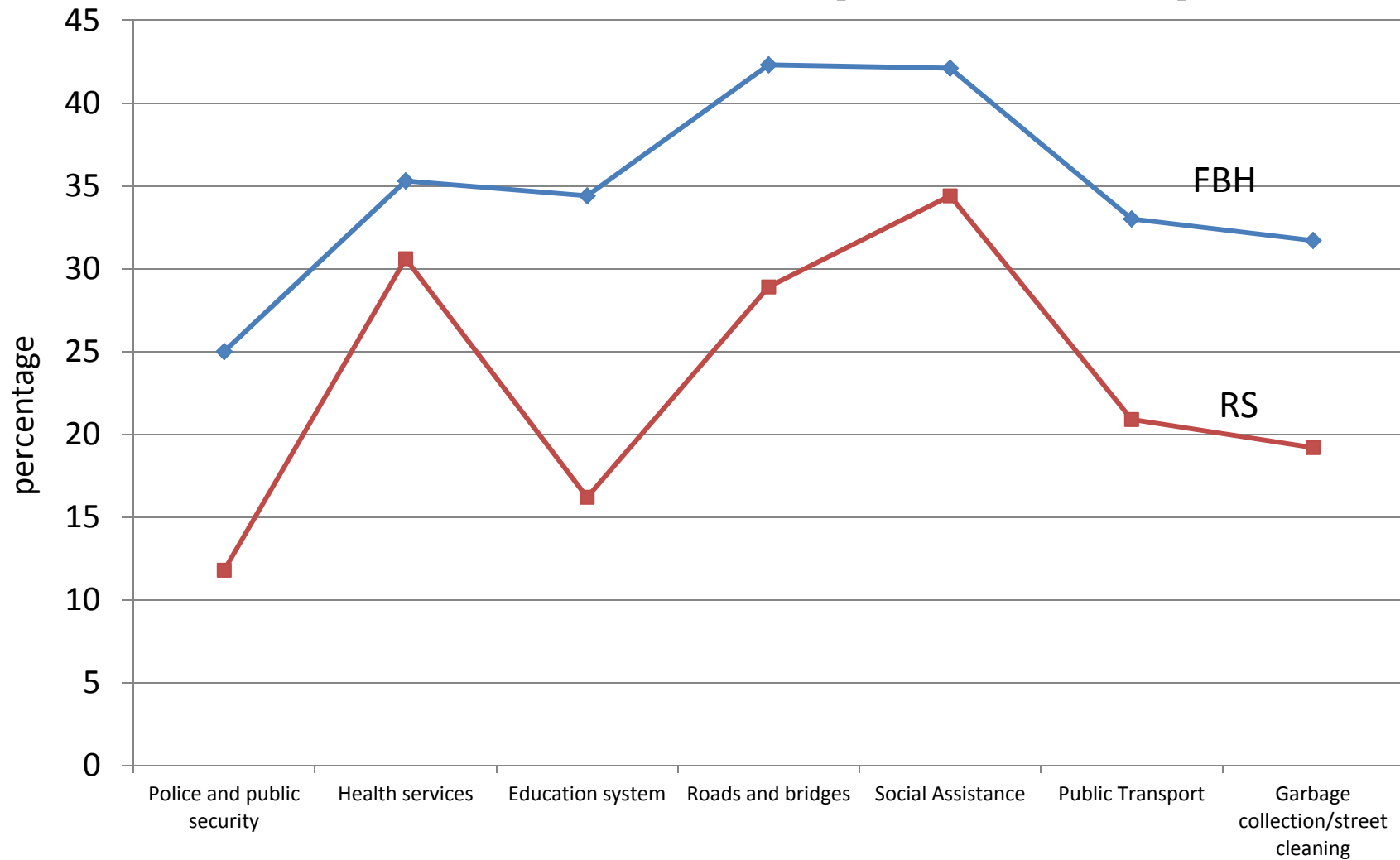


Figure 31

Perception of Low Quality of Basic Services, Federation of B&H and Republic of Srpska



Source: UNDP, National Human Development Report 2009: *Social Capital in Bosnia and Herzegovina*.

Figure 32

Peace and Security in Europe and Eurasia, 2009/2010

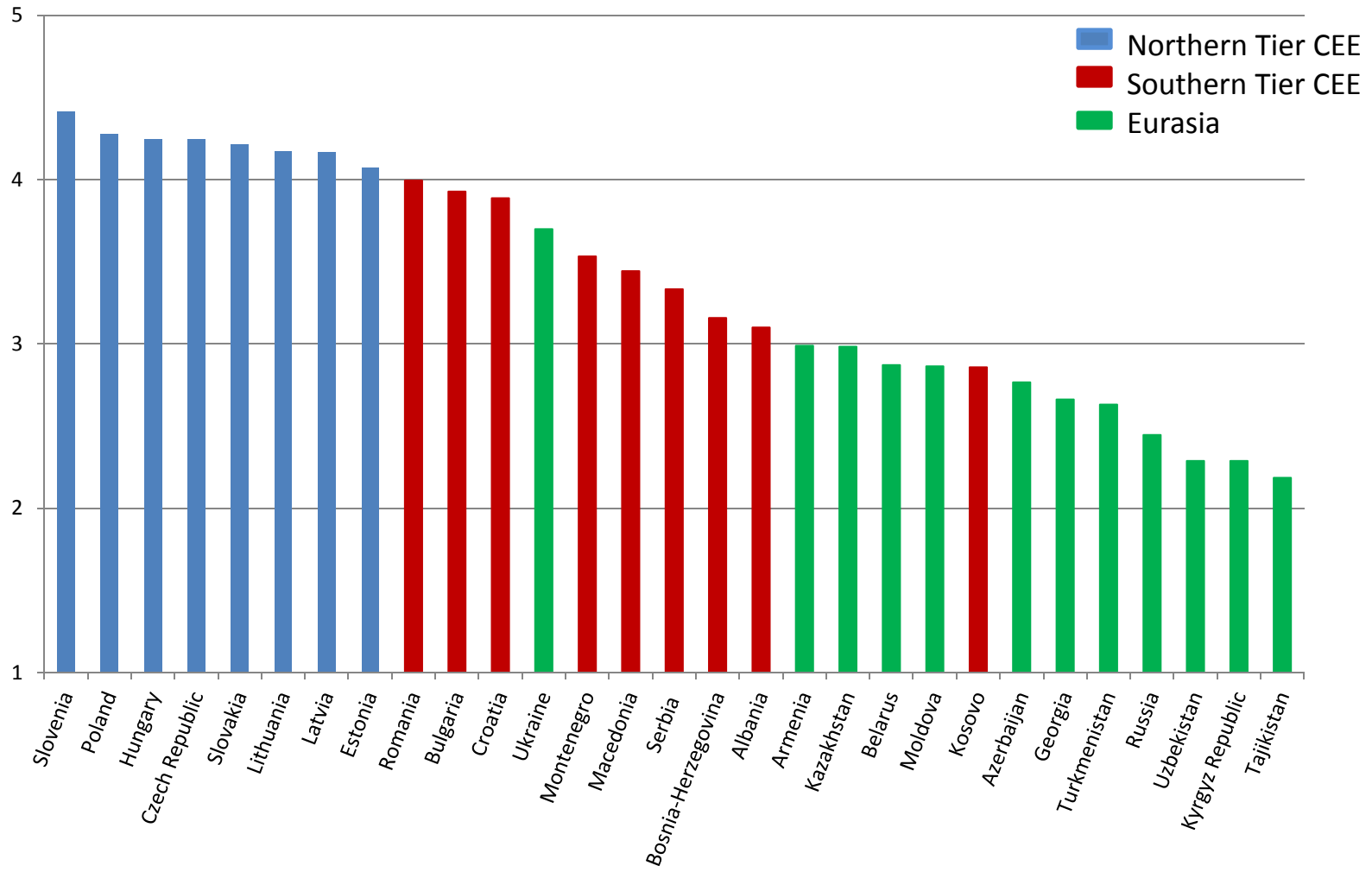


Figure 33

Peace & Security in Bosnia & Herzegovina, 2009/10 vs. 2008/09

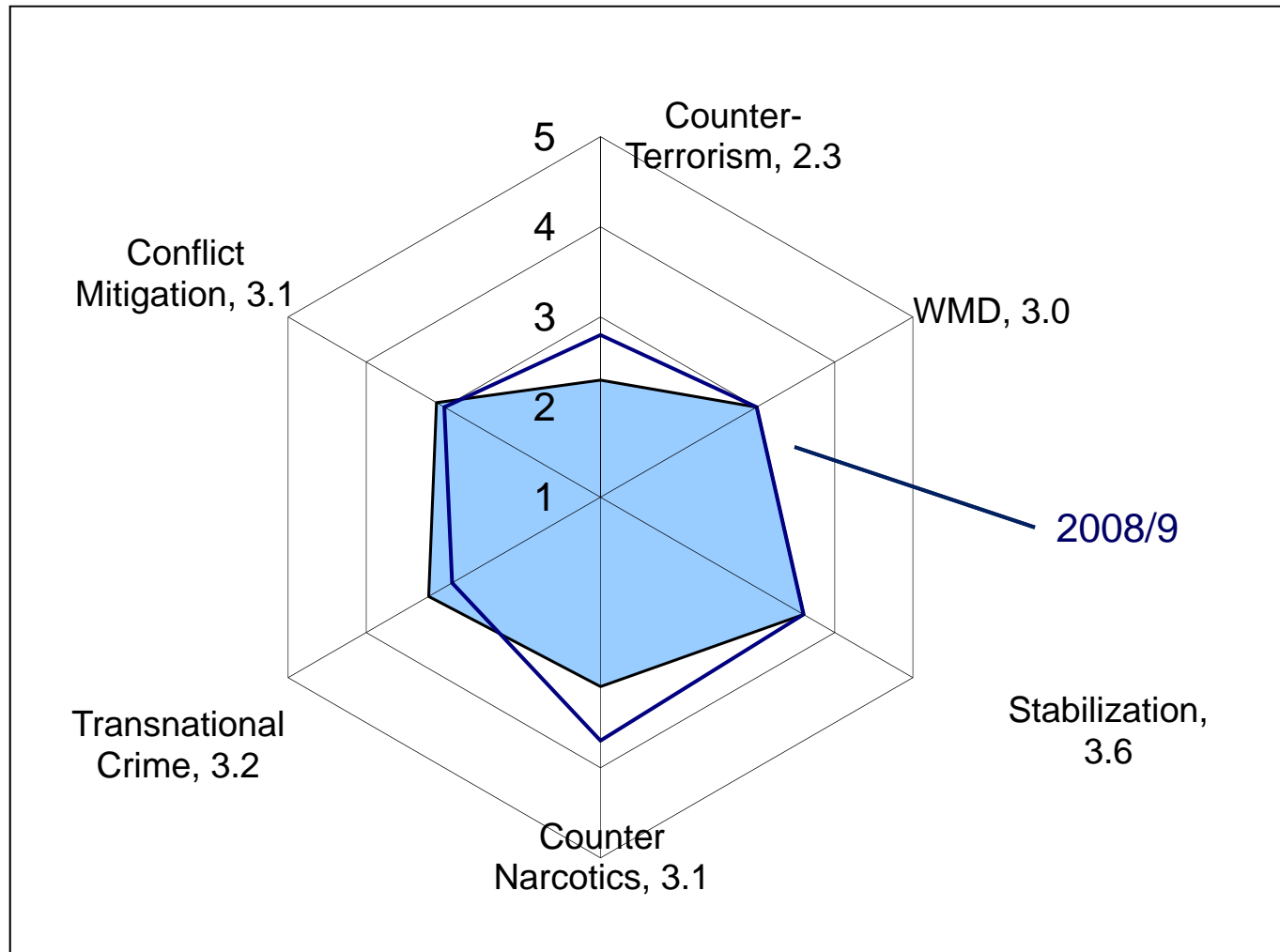
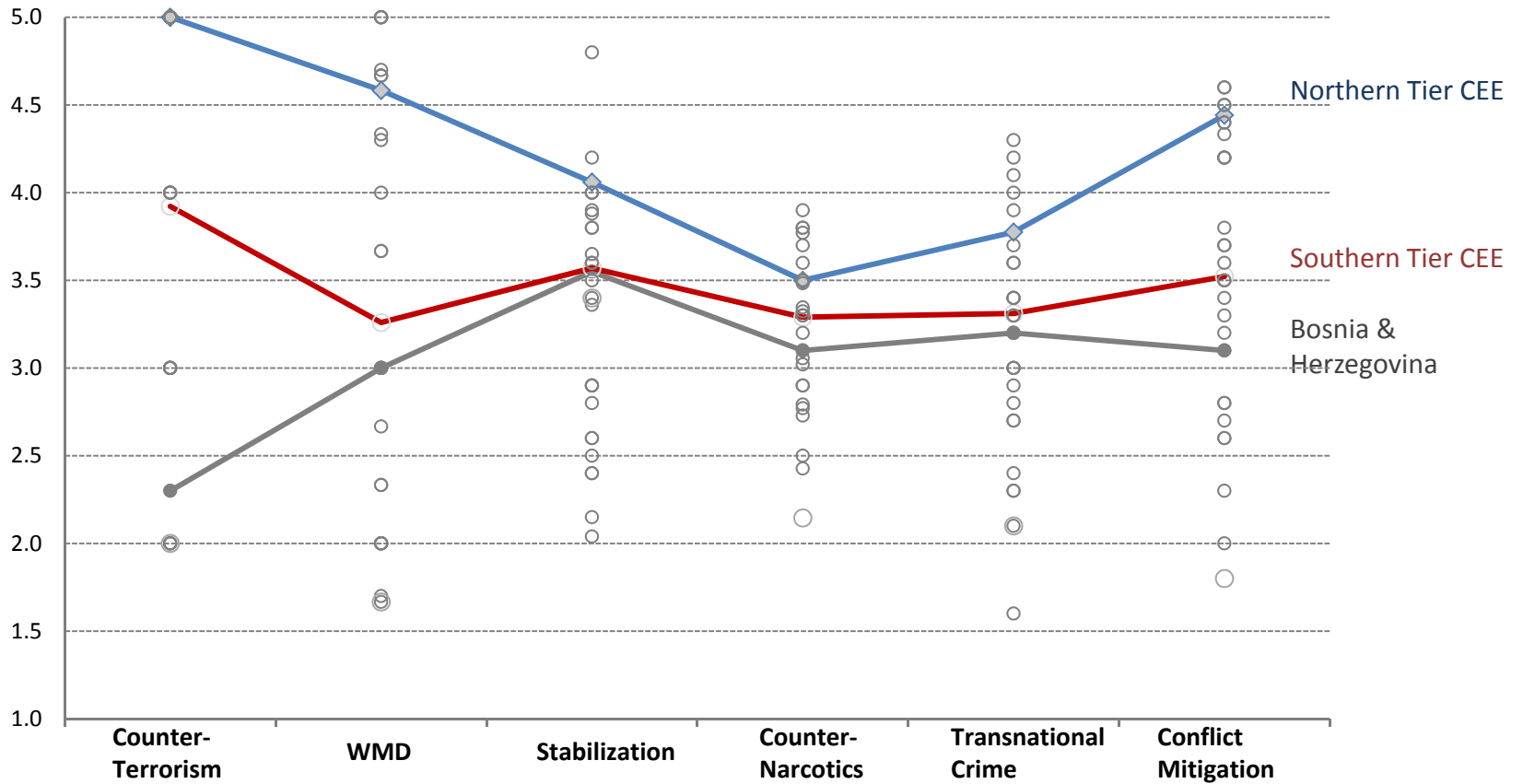


Figure 34

Peace and Security Comparison



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University.

Figure 35

Regional Comparison of Five MCP Indices

