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CENTRAL AND LOCAL SOCIAL POLICY REGIMES**

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CONSOLIDATED MUNICIPAL LEVEL REVIEW AND ANALYSIS REPORT

**Draft REVIEW AND ANALYSIS Report
for Discussion**

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STRUCTURAL AND SYSTEMATIC INSTITUTIONAL REVIEW REPORT
CONSOLIDATED MUNICIPAL LEVEL REVIEW AND ANALYSIS REPORT
DRAFT FOR DISCUSSION

INTRODUCTION

Goals and Objectives of the Project

This report is produced as part of the Department for International Development (DFID) programme of reform of social policy and its implementation in Bosnia and Herzegovina (BiH). The goal of the programme is to “strengthen the social policy regime in BiH at the central and local levels,” with the purpose of promoting “effective and efficient social policy at all levels, which is fiscally sustainable, demonstrates social innovation, and contributes to the reduction of poverty, inequality and social exclusion.”

The immediate objectives of this project are to:

- strengthen municipal and cantonal (in Federation of Bosnia and Herzegovina (FBiH)) social policy management and social services delivery; and
- foster and enable Community Level Partnerships (CLPs) and Community Action Projects (CAPs) between civil society actors and municipalities in four pilot areas.

The Focus, Objectives and Nature of this Report

Focus of the Report

The focus of this report is the:

- examination of the nature and effectiveness of the provision of municipal and community level social protection in BiH; and
- presentation of municipality and community based recommendations for reform.

Objectives of the Report

The report’s objectives are to:

- set out the conclusions of a participatory analysis of contemporary social protection provision - cash and service delivery and finance - at municipal and community level in BiH. This is based upon a consensus, reached through six months’ joint analysis with local stakeholders in four pilot municipalities: Banja Luka and Trebinje (in Republika Srpska (RS)), and Zenica and Gornji Vakuf-Uskoplje (in FBiH); and
- present a series of municipal level, stakeholder-based and endorsed recommendations for reform and development, to enhance the effectiveness and sustainability of municipal level social services, social protection and their finance.

The Nature of the Recommendations

Recommendations and Actions for Reform at Municipal Level

Most of the recommendations made in the report are to be implemented or piloted in the four municipalities in a project implementation phase, initiated in June 2002 and extending over the next three years. Some of the suggestions are for consideration in social policy reform at entity level (and canton level in FBiH), by entity and state governments and donors under other parts of the broader programme of reform, to support the municipal level initiatives.

Refinement of Recommendations

There will be further refinement of this document and the recommendations, as:

- project implementation gets under way in the pilot municipalities, demonstrating further possibilities and refined positions of local stakeholders;
- perspectives are exchanged with other established reform initiatives such as the Finnish Government's Support to Social Sector (SSSP);
- new data sets become available - the Living Standards Measurement Survey (LSMS), the Poverty Reduction Strategy Paper (PRSP) and DFID's Panel Study (HSPS) and qualitative study of employment;
- the World Bank (WB) Social Policy Review Team, under Social Sector Technical Assistance Credit (SOTAC), is mobilised to work at entity (and canton in FBiH) level to gain a complementary entity level perspective; and as
- other projects, such as the IMC "Post-Privatisation Enterprise Restructuring Project (PPERP)", make a contribution in the social policy area.

Thus, this draft will be updated as appropriate. Comments are most welcome.

The Strategic Timing of the Municipal Level Review

Hitherto, in post war BiH, there has been little evaluation of:

- the practical circumstances faced by, and existing capacities of, the social protection structures at municipal, service delivery level. Yet, it is the municipal level structures which will become increasingly responsible for social protection as the international community withdraws;
- what the delivery mechanisms of the social protection system is evolving into under current social protection policy, an entity level function under the General Framework Agreement for Peace (GFAP, Annex 4, the BiH Constitution; the "Dayton agreement"), with its combination of international humanitarian and budgetary aid, and constrained domestic finance;
- how entity level social policy, based on categorisation of potential beneficiaries rather than individual needs and vulnerabilities, facilitates or hinders effective targeting of municipal level benefits and services; or of
- a stakeholder based vision of the future of social protection – with a sustainable economic and revenue basis - that would suit conditions in BiH recovering from disruption.

However, there is growing realisation, at municipal level, that reform of social policy is pressing, to maintain credibility and sustainability, in the face of:

- declining support from international donors – including humanitarian aid and budgetary support - notwithstanding the WB's Social Sector Adjustment Credit (SOSAC). Transfer payments are increasingly unsustainable given domestic resources; and

- persistent, possibly increasing, post-war poverty, inequality and social exclusion, which municipal authorities are acutely aware of. This is often in association with:
 - a growing disaffection with the reform process; and
 - an acceptance of an inability to do little to mitigate the consequences of war.

The Nature of the Review and Analysis Process for this Report

To initiate a longer term institutional development and policy reform approach, a participative municipal level review was carried out in the four pilot municipalities over six months. Consultations focussed on the practices and perspectives of:

- Centres for Social Work (CSWs);
- municipalities (the social service and financial and administrative departments);
- MZs (mjesna zajednica – “local community councils” or “wards”);
- local and international Non-Governmental Organisations (NGOs);
- residential social service institutions;
- beneficiaries;
- private sector representatives; and
- other public institutions, for example health departments, police and justice authorities.

In each municipality, the review process was guided by a Project Management Board (PMB) (see Volume II), a municipal forum that is:

- multi-level: in which, for example, beneficiaries voice points of view before senior municipality staff and mayors. MZ and community level representatives interact with canton representatives; and
- multi-sectoral: facilitating triangular discussions between statutory, private sector and NGO representatives to forge consensus recommendations.

Each municipal review concluded with a round table (in March 2002).

The key guiding priority was the development of a municipal level approach – to be complementary to the World Bank (WB) component of the broad social policy review.

The Audience for this Report

This municipally focussed report is for utilisation by and information of the full range of stakeholders in social protection in BiH, including the:

- municipalities, CSWs and also the municipal departments of finance, health, justice and law, other services, the community level administrations, the MZs and the CSWs’ community level partners – NGOs, civic organisations, individual activists - involved in the delivery of social protection;
- cantons, in FBiH, and especially the ministries of social protection, veterans’ payments; pensions and the disabled;
- entity governments, especially ministries concerned with social protection, including labour, veterans’ affairs and those with a focus on the revenue base for social protection;
- state of BiH – especially the Ministry of Foreign Trade and Economic Relations (MFTER), since:
 - MFTER is charged with the development of the PRSP;
 - social protection policy, whilst an entity level function under the Dayton agreement, is critical at state level in directly preventing social exclusion and heightened susceptibility to unrest;

- social benefits, services and protection must be set in a structure of incentives to enhance economic activity, and to diminish inefficiencies and weak targeting of the truly needy;
- MFTER is responsible for coordination of international support policies; and
- the international community of donors, Office of the High Representative (OHR), International Foreign Investments (IFIs), and governments engaged bilaterally in BiH.

Entity Level Guidance for this Review

The review has been guided by two Project Co-ordinating Groups (PCGs), consultative bodies at entity level. The views of other donors, wider stakeholders and BiH academia have been taken into account through an inter entity Project Resource Group (PRG).

THE ANALYSIS OF PRESENT CIRCUMSTANCES

Introduction

This section, through description of the four pilot municipalities, outlines the present circumstances of social protection in BiH, starting with cameo settings of the four municipalities.

The Four Municipalities: the Demographic Context

Banja Luka

The City of Banja Luka is the largest city in RS and its seat of Government. In 1991 the population was 195,700 (55% Serb, 15% Bosniac, 15% Croat and 16% others). Whilst not suffering any direct war destruction, Banja Luka experienced dramatic demographic changes during and after the war. By 1996 the population had grown to 218,400, with 72,800 (about one third) refugees and displaced persons, and comprised 96% Serb. Bosniac and Croat populations had dropped to some 4,000 each (2%).

There have since been significant departures of refugees and displaced persons and small but significant (in RS terms) numbers of minority returns. Current population estimates suggest a total population of 193,200 with 177,000 Serbs (92%), some 42,000 of whom are refugees and displaced persons, 8,200 Bosniacs (4%) and 8,000 Croats (4%).

Almost three quarters of the population of Banja Luka live in urban areas, which have experienced some degeneration with declining incomes and demographic change. There are 26,000 pensioners and approximately 9,000 civil victims of war.

In July 2001, 20,600 persons were registered as unemployed. Manufacturing accounted for half of pre-war employment, but now amounts to less than a third. There is increased employment in the service and government sectors: 25% of Banja Luka's employment is now in education, health, or social sectors or in entity bodies. Informal sector employment has boomed, though this is difficult to report upon with any accuracy.

Trebinje

The RS municipality of Trebinje is in the extreme south east of BiH, bordering Croatia and Montenegro. Its 1991 population was 30,800 (69% Serbs, 18% Bosniacs, 4% Croats and 9% others). Suffering war events early, it was divided between the entities of RS and FBiH (part became the new municipality of Ravno) and experienced major population change. Non-Serb populations left, and following the GFAP large numbers of displaced Serbs from Sarajevo arrived in Trebinje. The 1998

population was 37,500, with 12,000 (32%) being refugees and displaced persons. The population had become almost 100% Serb with only 382 Croats and 158 Bosniacs. There has been little minority return since. There is a high proportion of older people - 17% are pensioners.

In 2001 there were 3,300 registered as unemployed, with a further 1,000 who were formally employed but not being paid. Much of Trebinje's industrial base no longer operates.

Zenica

The municipality of Zenica (FBiH) is the main city of Zenica-Doboj Canton. The 1991 population 145,500 was 55% Bosniac, 16% Croat and 16% Serb, with 13% other. Zenica experienced significant wartime population displacement - by June 2001 the reduced population of 128,000 was 83% Bosniac, 10% Croat, 5% Serb and 2% others. There were 7,000 (5.5%) displaced persons. Zenica has 18,200 pensioners and approximately 3,500 people disabled at work.

Zenica was previously the major centre of the BiH steel industry but direct employment in steel has fallen from 23,000 to under 3,000 as a result of the war and outdated production methods. In 2001, 14,600 people were registered as unemployed, with a further 5,000 workers on the 'waiting list'. The total number of employed people fell by 4% to 26,000 during the ten month period from September 2000 to July 2001. There are some high profile efforts to stimulate formal economic growth, such as a business park in the mothballed steel works, but as yet, these have had little impact upon employment.

As a result of wartime disruption and continued economic stagnation, estimates suggest that almost 78,000 people, or 60% of the total population of Zenica, are in a difficult financial situation and are potential beneficiaries of social protection. In fact, only 591 beneficiaries receive permanent basic financial assistance through the CSW. The degree to which these numbers represent real need is discussed later and is a theme that this project will pursue through its implementation phase.

Gornji Vakuf-Uskoplje

Gornji Vakuf-Uskoplje is a small town surrounded by a cluster of villages in Central Bosnian Canton (CBC, Canton 6). From 1993 a Bosniac-Croat front line ran through the municipality, rendering the town one of the most war damaged in BiH. The Washington agreements of 1994 ended the fighting, but the municipality split into two separate administrations: Bosniac-administered Gornji Vakuf (controlling two thirds of the territory); and Croat-controlled Uskoplje. It remained the last divided municipality in CBC. An agreement on a joint municipal administration was signed in August 2001.

In 1991 the population of the municipality of Gornji Vakuf was 25,800 (56% were Bosniacs; 43% Croats; and 1% Serbs). The total population is now 20,500, of which 1,900 are internally displaced. Overall, 61% are Bosniac and 39% Croat.

In November 2001 registered unemployment in Gornji Vakuf-Uskoplje was 2,400. But only 2,200 people are formally employed (compared to over 5,000 in 1991), indicating the collapse of the formal economic sectors.

The Challenge Faced by Social Protection

In the absence of:

- formal socio-economic; and
- household budget data (LSMS data is not yet available)

these demographics illustrate the war-time disruption to these economies, and the slow subsequent normalisation. Social and economic dislocation, with the:

- collapse of locally derived incomes;
- truncation of trading networks;
- destruction of housing stock;
- depletion of social capital; and
- consumption of savings and erosion of their value by inflation

suggest that the numbers in need of social assistance remain high. As yet, as elsewhere in BiH, it is impossible to quantify the dimensions of need in terms of individuals or families in these municipalities.

In facing these challenges, the pilot municipalities are essentially representative of circumstances throughout BiH. The project will work in partnership with them to address these challenges of focus and orientation and delivery of appropriate benefits and services.

Municipal Level Provision of Social Protection in BiH

In the four pilot municipalities the institutional provision of social protection varies.

Centres for Social Work (CSWs)

Three of the four municipalities have a CSW. The exception is Gornji Vakuf-Uskoplje, where most CSW functions are carried out by the Department for Soldiers and Invalids Protection, Social Protection and Displaced Persons (DSIPSP). CSWs are funded by the cantons and municipalities in FBiH and by the municipal budget in RS. CSWs are founded by municipalities and regulated in detail by law, statutory guidelines and procedures.

CSWs are responsible for:

- assessing, processing and making social assistance benefit payments (social security, exceptional payments and other cash allowances or subsidies); and
- a range of placement, supervision, advice and counselling services for older people, adults with disabilities, children with special needs, custody issues and divorce cases and juvenile justice.

The payments and their processing currently take up the majority of staff time. Service provision is limited, in contrast to pre-war years.

CSWs have professional (mainly social workers but also lawyers, psychologists, pedagogues, special educators, and others) and administrative staff. CSWs have Managing and Supervisory Boards consisting of political appointees and staff representatives (see Annex 3). CSW budgets cover staffing, running costs, social protection services and social assistance cash benefits.

Banja Luka CSW

Banja Luka CSW has 35 employees, 10 of whom are administrative. Its budget for 2002 is 2.8m. KM (1.24m. USD), an increase of 10% on 2001. Of this total, 1m KM (442,000 USD) (36%) is for salaries and running costs and 1.8m KM (798,000 USD) (64%) is for social assistance and social protection services. In 2001 it assisted 973 beneficiaries through a monthly social assistance payment of 40 KM (18 USD). Discretionary payments in 2001, were limited to 30 KM for 1,700 highest priority cases. Most discretionary payments go to those receiving regular benefits.

Whilst it is the largest CSW in RS, and in a city with a university programme in social work, Banja Luka CSW is not yet seen as particularly innovative, but is carrying out pioneering work on juvenile justice with international and local NGOs.

Trebinje CSW

Trebinje CSW has 17 staff, including 5 administrative officers. Its proposed budget for 2002 is 751,000 KM (332,300 USD), with 198,000 KM (87,600 USD) (26%) for salaries and running costs and 553,000 KM (244,700 USD) (74%) for social protection. This budget plan includes 217 beneficiaries (to receive the monthly social security payment of 40 KM (18 USD)). Discretionary payments for 172 beneficiaries in 2001 were between 30 and 240 KM.

Trebinje is one of the most innovative CSWs in RS, and in BiH as a whole, having established home care services for older people, and a partnership based day centre for children with special needs.

Zenica CSW

Zenica CSW has 30 employees, with 22 having some client contact. Its planned total budget for 2002 was 1.15m KM (508,850 USD), a small increase on 2001, out of which, CSW running costs are 450,000 KM (199,100 USD) (39%). The CSW has developed strong managerial systems.

Zenica CSW provides social assistance of 56 KM (25 USD) per month to some 591 beneficiaries. Only a few CSWs in the canton do this - the other CSWs only make exceptional payments. Zenica CSW typically makes discretionary payments to 683 beneficiaries, of between 50 and 95 KM.

Gornji Vakuf-Uskoplje

Instead of having a CSW, Gornji Vakuf-Uskoplje has 10 staff in the DSIPSP. In 2001 some 248,000 KM (109,700 USD) was paid out for social protection activities, and 30 beneficiaries received 30 KM (13 USD) per month social security. Running costs of the DSIPSP are part of the running costs of the municipality.

The municipality has been considering whether to create a separate CSW but the prevailing view is that there is not sufficient funding available.

The Role of the Municipality in Social Protection Provision

Apart from their funding and governance of CSWs, municipalities contribute to social protection of their citizens, mainly through:

- special assistance for vulnerable groups;
- funding for local NGOs, such as the Red Cross and associations of disabled persons; and
- exceptional emergency payments.

In the pilot municipalities, criteria and practice vary, and such as expenditures are not always transparently allotted or seen as part of the overall social protection budget. Overall, municipalities vary considerably in:

- their per capita budgets; and
- the proportion of their budgets;

which they devote to social issues.

Banja Luka has an emergency fund out of which discretionary payments are made. It regularly funds a public kitchen and funds NGOs directly. The City is initiating more coherent and transparent means of funding NGOs. The annual predicted social protection budget is met in full, and on time, leaving no shortfall for the CSW. However, recent payment requests from FBiH residential institutions, in which Banja Luka citizens reside, have precipitated a budget crisis for the CSW.

In **Trebinje**, tax revenues typically do not cover planned expenditures. The CSW has to manage with a budget of 70% to 80% of that submitted. A series of cuts are made each year and payments of benefits are delayed. At present the municipality temporarily funds the local Red Cross and has a “Special Fund” under the Mayor's discretion, for people with exceptional needs.

In **Zenica**, the municipality directly meets the cost of running public kitchens and several elderly persons’ clubs, and is gradually assuming the running costs of a children’s home previously funded by an international NGO. It also has a small emergency fund to provide help with heating and funeral costs, which is disbursed on the recommendation of the CSW.

In **Gornji Vakuf-Uskoplje**, in addition to its DSIPSP, there is a small emergency fund for single discretionary payments.

Local Councils (MZs)

MZs are below the municipality level. Both FBiH and RS retain this smallest unit of governance, albeit with slightly different structures. MZs are important as a sub-municipal unit of governance with:

- small numbers of paid staff;
- networks of volunteers, who sometimes play a role in social protection, as links between citizens and the CSW; and
- as a means of mobilising and directing resources at local level.

Owing to their closeness to households, social issues are sometimes prioritised more clearly in MZs than at municipal level.

Banja Luka’s 56 MZs are to be reduced to 34 in accordance with the Law on Local Self-Government, but will continue to function as outposts of the city and to have links with the CSW. MZ level staff sit on city commissions to identify potential beneficiaries and refer them to the CSW.

In **Trebinje**, MZ involvement in social protection is irregular. Only 7 of the 17 MZs are active, though some initiatives are stimulating MZs to contribute to community regeneration. In these active MZs, elected officials and volunteers have a close relationship with the CSW.

In **Zenica** the 65 MZs (20 in the city itself) vary in their resources. In some of the larger and more active MZs, commissions address social issues and act as a referral service. Others provide information on needs. The explicit intention for MZs to operate as a front-line social protection service, with the CSW providing a more specialist service, concentrating on its legal obligations, has not yet been operationalised.

In **Gornji Vakuf-Uskoplje** the operation of MZs in the new joint municipality is still being discussed. None are active yet. One option is to have 13 MZs with 3 local offices, each covering 4 or 5 MZs.

Local NGOs, Community Based Organisations (CBOs) and Other Non-State Actors

The fourth category of actors involved in municipal-level social protection are non-state stakeholders, such as international and local NGOs, CBOs and informal community groupings, religious

communities and the private sector. Some are new actors, contributing to an emerging welfare mix in BiH, others are more established, but all are hindered by lack of clarity of institutional definitions in the two entities' emerging legal and taxation frameworks.

International NGOs have largely withdrawn from the municipalities under review, not without some disruption to social protection services. Many gave humanitarian aid in kind and used CSW facilities to do this. They left behind little institutional development of CSWs.

Larger *local NGOs* still rely, to a large extent, on (declining) international donations and are unevenly distributed according to region, mandate and activities. Their distribution reflects local initiatives rather than extent of need. Most active NGOs date, in their present form, from after the war. Other agencies, particularly the local Red Cross, are pre-war and have increased their role in front-line social protection. Some NGOs are involved in innovative schemes, such as home care for older people.

Associations of citizens, for pensioners and people with different disabilities with pre-war origins, have also experienced transformation. Most associations continue to be funded by municipalities, if only at low levels. Some act as solidarity agencies, pooling contributory funds to help those in need, and so do provide forms of social protection.

There is uneven co-ordination and co-operation between different NGOs and associations, achieved in part through NGO Forums. Rather, competition remains the norm.

There is limited *private sector provision* of care in residential homes or other fields, but privately owned kindergartens and professional services are expanding. Private sector entrepreneurs are approached for donations for social protection purposes and some do respond. State Owned Enterprises (SOE) contribute to social protection in kind, rather than with funds.

In *Banja Luka* there has been a proliferation of new local NGOs, many of which are still partly supported by international donors and agencies. A number of these involved in youth issues, notably 'Ćuka' and 'OKC', have close links with the CSW. Overall though linkages between NGOs and the CSW and MZs, particularly those outside the centre of Banja Luka, are not strong. A series of groups focus on women's and wider human rights concerns, largely with an advocacy role. Some disability-focused NGOs lobby the city hall for improved services.

The City administration, some members of which are involved with NGOs as individuals, will contribute in 2002 some 255,000 KM (99,550 USD) to NGOs. The mechanisms for dispersing this remain unclear. There is an active NGO Forum in Banja Luka, with a broad membership base, but no sub-group working on social issues.

In *Trebinje* there is a much smaller and in some ways, more coherent, local NGO scene. One local NGO, 'Solidarity for the South' has been ascribed a leadership role on the basis of its success in attracting international grants. Another strong local NGO is the women's association 'Oasis'. An NGO Forum exists in nascent form, but again there is no specific focus on social issues.

A local NGO, the Association of Parents of Children with Special Needs, runs a day centre in partnership with the CSW, an innovation in care in BiH. The local Red Cross is currently partially funded from the municipal budget, providing some programmes which appear to overlap with those of the CSW. Other groups in Trebinje include associations of pensioners, the blind, and displaced persons, which provide social services or limited cash assistance to members.

In *Zenica* there are 8 or 9 leading local NGOs focussed on social issues, such as 'Medica', 'Our Children' and 'Ruhama.' In 2002 there is funding planned from the municipality of 66,000 KM (29,200 USD) for NGOs. In the future decisions on the allocation of funding will be made by a

consultative group (supported by this project). NGO-CSW relationships are evolving, with a focus, for example, on joint discussions about a five year social protection development plan.

A Zenica NGO Forum exists with a small number of members but has recently been largely inactive. There are some working links between local NGOs and MZs.

In *Gornji Vakuf-Uskoplje* there are 6 or 7 leading local NGOs, some of which were key in building inter-ethnic communication during Gornji Vakuf-Uskoplje's years as a split municipality. In the absence of a CSW, associations of citizens have featured in front-line social protection, albeit in an uncoordinated manner. There is an NGO Forum but this has become less active of late.

Links between the municipality and local NGOs are now developing. The municipality has budgeted for over 120,000 KM (53,100 USD) (2002) to support local NGOs, a figure dependent on the (unlikely) realisation of the budget as a whole.

Overall at Municipal Level

Some 1,400 people are in receipt of regular monthly municipal level social protection cash payments in the four pilot municipalities with which this project works (Volume II). This amounts to just under 0.4 % of the municipalities' populations. Some further 750 beneficiaries are in receipt of occasional discretionary payments. Further similar numbers receive some of the social protection services.

These municipalities, whilst not statistically representative, are not atypical of the overall spread of municipalities in terms of social protection need and provision (apart from some particular considerations such as the high numbers of beneficiaries and high level of benefits paid in Sarajevo). Therefore, if this rate of benefits is prorated simply, it suggests that some 30,000 persons (and their families) in RS and FBiH are receiving benefits from the municipal level social protection services. Benefits paid are approximately 30 to 56 KM (13 to 25 USD) per month.

The general consensus is that this is by no means the extent of poverty, need and social exclusion in these communities. But the real dimensions of the target population cannot yet be systematically established. Nor can the degree to which payments and services are targeted at those in greatest need in terms of income poverty and vulnerability. Furthermore, under these circumstances it is not possible to relate municipalities' budgetary allotments for social protection to any assessment of need - they are essentially incrementally driven from previous years.

Whilst these municipal actions represent the social safety net for most of the population of BiH, it is not the main element of transfer payments received by the populations in the two entities. These other transfer payments are the responsibility of the entities.

THE BROADER CONTEXT: OF SOCIAL PROTECTION CANTONS (FBiH) AND ENTITIES

Introduction

Payment of pensions and war related benefits are the responsibility of the entities. Payment of child benefits are an entity responsibility in RS, and a cantonal responsibility in FBiH.

In any typical municipality, the number of beneficiaries from these payments is likely to substantially outnumber the beneficiaries of municipal social assistance. Also, the scales of these payments are three or four times in excess of those received by municipal social assistance beneficiaries. The numbers of beneficiaries are indicated for comparison, although an evaluation of non-municipal transfer payments falls outside the scope of this report.

War Veterans and Invalids

In FBiH the number of War Veterans and Invalids receiving benefits is 102,500, of which 46,000 are War Invalids. Over 56,500 are family members of killed soldiers who have a right to social protection (March 2002). In RS the number of War Veterans is 91,100 (at 31 March 2002).

The numbers of beneficiaries of entity level payments who are classed as having a civil disability and as civil victims of war in RS are 14,900. Of these 10,900 are classified as disabled, and of these 1,710 receive special supplementary forms of social protection. According to the data from the end of 2000, there were 17,500 people in FBiH classed as having a civil disability and benefiting from social protection.

Over 4,000 people in RS are classed as civil victims of war, of which 2,100 receive a personal disability allowance. 1,900 receive the family disability allowance (2001). In FBiH, 7,300 people are classed as civil victims of war, out of which 3,745 receive a personal disability allowance, and 3,555 receive family disability allowance (2001).

Pensioners

There are 290,000 pensioners in FBiH (March 2002) with 49,500 receiving a disability pension (April 2002). In RS there are 188,500 pensioners (March 2002) with 36,700 receiving a disability pension (February 2002). These numbers exclude those in receipt of war related payments.

Child Benefits

In FBiH child benefits are paid on a cantonal basis. Some 37,900 children (2000) within 21,000 families receive child benefits in FBiH. Of these families 19,648 are in Sarajevo Canton (which accounts for 36,300 of the children receiving benefits). Each family receives between 16 and 24 KM (7 and 11 USD) per month in Sarajevo.

In Bosansko-Podrinjski Canton 1300 children within 680 families receive child benefits. The families receive 18 KM (8 USD) each month.

The other 8 FBiH cantons do not pay child benefits, due to insufficient funds. They are in default of their legal obligations.

In RS, the number of families receiving child benefit is 25,900 (April 2002). Payments are made throughout RS, and with little delay, by an independently administered fund.

Shortage of Macro Data for Policy for Municipal Level Social Protection

At the moment, setting municipal level expenditures within a more sharply defined context is difficult:

- there is no consensus upon a poverty line and so:
 - no agreement over the dimensions of the target population of those suffering income poverty;
 - no profile of those below the poverty line – so it is difficult to say how shallow or deep poverty is (or to more than speculate on the potential income impact of transfer payments in shifting families from below to above the poverty line);
- the lack of macro data means that it is not possible to assess the percentage of the poor which municipal social service payments and services reach. It is therefore even less possible to:

- evaluate the impact of municipal level benefits and services in terms of poverty alleviation; and
- assess their impact in reducing social exclusion and mitigating vulnerability to marginalisation.

Therefore it is not possible, as yet, to pass a soundly based judgement on the:

- overall contribution of the municipal level expenditures to incomes and poverty;
- extent to which municipal level social benefit payments and services are actually effective in poverty alleviation; or in a more refined sense to
- evaluate the overall performance of the municipally based social safety net.

Nor can rational judgement yet be passed upon the effectiveness of the prevailing municipally provided blend of assistance:

- with its emphasis upon cash payments, skewed towards periodic income support rather than discretionary simple payments to alleviate crisis amongst the vulnerable; and the
- relatively limited provision of municipally provided social services, with the virtual absence of preventative care.

Again this is becoming pressing and will be addressed in the implementation phase of the project.

However, it will soon be possible to begin to make these evaluations as the new data sets become available, including:

- LSMS data;
- supporting SOSAC technical activities;
- DFID qualitative employment study results;
- Panel Study Wave 1 interviews and analysis;
- Household Budget Survey (HBS) outputs; and as
- implementation of municipal supporting actions, including social mapping, get under way in the next phase of this project.

As these policy judgments become possible with the release of data, the recommendations embodied in this report will be refined and re-presented.

A Sound Basis on which to Pursue Municipal Level Reform

What can be asserted is that municipal social protection benefits:

- are indeed a relatively small component in the overall system of transfer payments in both entities; but
- do provide (through CSWs and directly from municipalities) transfer payments that are by definition most closely targeted to poverty and which have the clearest poverty alleviation function, despite what might be considered weak targeting and incomplete coverage of real need; and
- attempt to provide, through the social services of CSWs and their partners, however limited, the services addressing those in the community who would appear to be the most vulnerable; and, moreover
- given the number of potential recipients of municipal social benefit payments and services in this post war environment, it is unlikely that the benefits and services match the extent of real need, notwithstanding informal sector incomes and all the other coping mechanisms which are so highly developed in BiH today.

On the other hand, in making these municipal payments and providing these services:

- insufficient account is taken of potential beneficiaries' receipt of other types of transfer payments which are entitlements of right, rather than need; and, more importantly
- it is impossible, as yet, to make objective judgements about how successful these municipal payments are in targeting the real scale of need and incidence of poverty, though it is becoming pressing to do so.

In the meantime it is possible - by reverence to facets of EU best practice, expressed with local adaptations, as a point of reference for an improved system of the future – to set out actions to be implemented at municipal level to:

- facilitate transition and reform of the municipal level social protection system towards flexibility to deal with the uncertainties that BiH social policy and the system of transfer payments face;
- effectively target areas of acute need in the light of EU best practice; and
- facilitate an improved blend of benefits and services, which reduce dependencies and respond to acute need, given EU experience.

This will set in motion a process that will enhance the efficiency of the municipal safety net in both entities, which will be:

- evaluated in the light of data that set out dimensions of poverty, as the sources of information set out above are released;
- related to time series data from the Panel Study; and
- assessed in the light of monitoring and evaluation systems established within the implementation phase of this project.

THE VISION FOR THE FUTURE REFORM

Following the review, the pilot municipality level stakeholders are sufficiently informed to share a largely common vision of the future provision of municipal level social protection in BiH. This vision encompasses many aspects of EU best practice.

It also holds considerable realism about the resources available to sustain municipal level social policy and the consequent compromises which this implies.

The vision, a selective, local application of EU best practice would:

- comprise a client based system, with services based upon individual care plans;
- build individual care plans explicitly based upon consultation with the individual clients;
- have a tailored balance between cash benefits and social care, that forms a comprehensive spectrum of care featuring preventative actions and targeted material benefit provision. In this, the regular cash social security payments would form a safety net of last resort;
- have all agencies and actors in the community contribute to care according to the clients' needs and according to a flexible application of their comparative advantages through a community care plan approach;
- be planned, within this community care plan approach, by consensus at municipal and community level, through a multi year strategy agreed upon cross sectorally;
- make use of scarce resources by being closely targeted upon the most vulnerable and needy and be integrated into the larger framework of entity provided transfer payments;
- be transparent and easily understood with local discretion of provision in a simple framework;

- be integrated into other municipal level services and social programmes, with foci upon education and training, employment generation, law and justice and other social services concerned to mitigate social exclusion; and
- take into account, fully and transparently, the wider entity and canton (in FBiH) driven sets of transfer payments, in order that poverty and real need, targeted at municipal level, be effectively targeted.

The pilot municipalities have no delusions about the fact that they and other municipalities in both entities have a transformation to go through, in order to provide social protection of acceptable quality and standards, within a mixed, partly informal, economy in a micro-state environment. The institutional developments of all actors needed to target, manage and implement such a vision well enough to be sustainable and to prevent poverty are considerable.

REACHING TOWARDS THE VISION

The Key Issues

The process of reform to attain this vision, by:

- reviewing the present circumstances; and
- setting them against the characteristics of the vision,

leads to a series of issues which have to be overcome.

These issues, to be overcome by municipal reform and transition, can be listed as:

- prevalence of an institutionally driven, rather than a client-based, approach supported by a community care plan approach;
- weak targeting of benefits relative to need;
- the absence of a seamless blend of services and benefits;
- weak institutional capacity and limited partnerships;
- incoherent planning within and between levels of administration;
- absence of a quality, accountability, transparency and efficiency framework;
- a prescriptive and restrictive, rather than a facilitating legal and financial framework; and
- poor public awareness of the objectives, context, entitlements to and responsibilities for social protection.

These issues are inter-linked and take different forms in the various pilot areas, but lead to recommendations to be addressed by project actions, and which cluster under the same headings.

Prevalence of an Institutionally Driven rather than a Client-Based Approach

The factors that militate against individual treatment of clients and users of social protection have, at their core, the absence of a case-based approach to each potential client as they enter the system. From the beginning, potential beneficiaries are processed in a system that continues to be institutionally driven, bureaucratic and administratively convenient, rather than able to focus upon the individual case and so mobilize a client-tailored response.

The impact upon the client of such a bureaucratic approach is compounded by the:

- uncertainties and confusions inherent in a system where governance, legal and financing structures are unsynchronised;

- complexity of the process under which clients are parcelled and labeled under categories, rather than having their needs responded to in totality;
- legacy of an out of date knowledge base derived from the previous system, and its relatively comfortable resource base. A wide series of systems from the past have been drawn forward and are replicated with relatively little scope for variation by rigidly routine practices. In particular the nature of these routine practices does not take into account:
 - the much weakened revenue base; and
 - the more modern demand orientation of other developing social protection systems; and lastly,
- system being too rigidly rule-bound with little room for judgement. Where judgements are made, these are often based on medical-pathology models.

The individual client's case is literally fragmented. Traces and trails of a particular beneficiary can be found in different files and offices. There is no clear and systematic client database or recording practices within or between actors in the system, and little systematic exchange of data and views. Indeed, there are:

- diverse recording practices; and
- no systematic 'case conferencing' in which client needs and possible system responses are brought together, in any of the four pilot municipalities.

Categorisation and classification could be, but only occasionally are, the basis of clearer, more holistic, assessments in which all aspects of a client's circumstances are considered. Instead, classification commissions made up of CSW staff and other experts such as psychologists and 'defectologists' (special educators), make separate judgements and then a paper decision, classifying people according to particular criteria. For example, in the process of deciding upon an institutional placement, a CSW expert panel first categorises the potential resident and then a panel in an institution independently undertakes the same process.

In *Gornji Vakuf-Uskoplje*, such commissions do not operate because of the absence of a CSW and insufficient funds to pay for assistance from a neighbouring CSW. In this case, clients are simply not categorised and do not receive services. The issue of inequities in the system recur in these themes.

Local actors are to varying degrees, aware of these shortcomings. As a consequence, in *Trebinje*, innovations have partly replaced this system of categorisation with a more progressive model, at least for some groups. As noted, the CSW works with an Association of Parents of Children with Special Needs to address 'the whole person', with individual care plans at the centre of the approach.

There is also increasing use in the pilot municipalities of:

- interviews, to establish entitlement to social assistance, being used as the basis for a wider social assessment; and
- imaginative use of single discretionary payments to address individual and specific needs.

Overall, however, the system is still based on the assumption that laws, administration and finance are ends in themselves, rather than vehicles for client-centred provision. In a system in which there is still over-reliance on institutional care, this is particularly deleterious.

Issues of Inequality of Access to Social Protection and Weak Targeting According to Need

The nature of administrative structures, such as the absence of a CSW, can, within the present legal structure, lead directly to inequalities and exclusion. The issue of targeting according to need also relates to the role of the municipal social protection system as a safety net in which cash benefits are able to play a poverty alleviation function.

Monthly Social Assistance Payments

In one sense at least, monthly social security benefit payments are certainly targeted, since they reach only small shares of the population. They reach between 15 persons (Gornji Vakuf-Uskoplje) to 58 persons (Trebinje) per 10,000 of the municipal population. Circumstantial evidence and consensus suggest that pockets of poverty are untouched by these payments. The extent of this will be validated by social mapping in the implementation phase of the project.

However, even where benefits are paid, the levels of these payments mean that the poverty alleviation effect is limited, unless poverty is very shallow. Payments range from 30 KM (13 USD) per person per month in ***Gornji Vakuf-Uskoplje***, to 40 KM (18 USD) per person per month in all **RS** municipalities, and 56 KM (25 USD) per person per month in ***Zenica***. Plans to increase benefits in RS will have a marginal effect. Wide areas of FBiH do not have access to regular municipally administered cash benefits. ***Zenica*** is alone in Zenica-Doboj Canton in providing monthly assistance but payments are often made months in arrears.

In the four pilot municipalities, the rules governing these payments are strictly followed. It is unlikely that anyone who does not meet the criteria will receive benefit. However, the converse is not necessarily the case - all deserving cases do not receive funds. This is because:

- the number of recipients is limited by the funds available;
- there is no record kept of unmet need - all the municipalities felt (but could not prove) that all those entitled receive some help, albeit delayed in some cases. However, all actors felt that the numbers living in extreme poverty far exceed the number of beneficiaries, but kept no record to demonstrate this;
- proof of entitlement requires an inordinate amount of CSW professionals' time. Some CSWs find themselves simply unable to fully process all potential beneficiaries;
- proof of entitlement also entails both time and financial costs, to potential beneficiaries who have to validate documents. The deterrent effect of these costs, before entitlement to benefits is established or guaranteed, is such that an unknown share of potential beneficiaries never come forward.

Whilst assessment of entitlement, as noted above, can be part of a wider assessment, the effort needed to administer a system which:

- cannot support basic subsistence needs; and
- does not make use of funds constructively, to prevent crisis, breakdown and reception into care

are disproportionate.

The efficacy of this targeting process is also questioned by:

- difficulties of tracking individuals' participation in the informal economy;
- inability to track receipt of remittances from abroad; and
- failure to fully consider other category-based payments, to groups like war veterans. Ironically, beneficiaries in receipt of veterans and war related payments sometimes find the municipal social assistance payments derisory.

Whilst the balance between statutory benefits and exceptional and single discretionary payments varies, in no case does expenditure on discretionary payments exceed that on monthly benefits. In ***Gornji Vakuf-Uskoplje*** and ***Zenica***, these single payments are low, in the first instance owing simply to:

- budgetary constraints; and in the second
- as a result of the policy of using constrained resources to make monthly payments as a priority.

In *Zenica*, and elsewhere, single payments are overwhelmingly concentrated on those already entitled to monthly social security. They are not used to address the wider needs, outside the formal registration process for monthly benefits, despite awareness of the large numbers of vulnerable people who might be entitled to regular payments.

In *Trebinje* and *Banja Luka*, there is more flexibility in making single payments, with less strict criteria to assess justification of single payments and greater use of discretion by social workers. In principle, this is positive. However, in contexts where there have been such recent antipathies between different groups in the population, this discretion must be accompanied by more transparency in order to demonstrate fairness and impartiality.

Similar issues are raised by municipal emergency funds which, whilst making a contribution to alleviating extreme hardship, are often not as transparently disbursed as the CSW payments system.

Associations of Pensioners and Stakeholder Groups

Associations of Pensioners in *Trebinje* and *Zenica* act as decentralised CSWs or credit unions for older people. The associations automatically receive membership fees deducted from pensions, and make decisions on exceptional payments on the basis of need. Veterans' organisations take a similar locally based 'solidarity role'.

This is a potentially valuable set of transfer payments, but exchange of information with CSWs is limited in both cases.

Overall, these points further question whether social assistance payments are well targeted to need. In some areas they provide no safety net at all. In other areas there are sections of the vulnerable who do not access the system.

The Absence of a Seamless Blend of Services

An effort to move towards a 'continuum of care', defined as "a comprehensive and integrated network of client-centred services geared to meet the different needs of vulnerable people," was first set out for post war BiH in 1999 (BiH Social Policy Task Force, August 1999).

The proposal for a seamless blend of services suggests that, from the client's perspective:

- the demarcation between different kinds and providers of social protection benefits and services should disappear; and, in a true pluralistic welfare model,
- all providers would be focused on the same overall goal – the welfare of individual clients.

Thus the spectrum of cash benefits, as a last resort, should blend with a series of client focused and home based services, with at the other end of the spectrum institutional care. Social protection systems fall short of this target, but the varied extent to which:

- institutional care dominates and drives the system;
- the nature and quality of this care vary; and
- efforts made to provide effective gateways to institutional care based on considerations other than cost,

provides an indication as to the quality of the overall system of social protection.

In BiH, whilst there have been some innovations in terms of alternatives to institutional care, the structure of the social protection system features residential institutions in which the quality of care is variable and tends to have deteriorated as a result of the war and economic crisis. Levels and quality of social work support for the residents of these institutions have also declined.

Legal and financial uncertainties surrounding the operation of these institutions leave many in a parlous financial position.

Linking CSWs and Social Workers with Institutional Care

The situation seems gravest in ***Gornji Vakuf-Uskoplje***. Before the war, social workers or a proxy (family member, friend) would visit Gornji Vakuf-Uskoplje children in institutions at least twice a month. Now it is difficult for social workers to visit at all, particularly if the child is placed in an institution located some distance away. For example, one 13 year old child in residential care was last visited by an outside individual 3 years ago. There had never been a formal review of the case involving a social worker. Similarly in ***Zenica***, there were no regular reviews or statutory visiting of institutionalised children.

In ***Banja Luka***, residents of the children's home receive regular visits from local social workers but there is little evidence of:

- clear gateway policy or preventative actions before institutionalisation;
- promotion of contact with families;
- meaningful case reviews, or of
- planning for leaving care or de-institutionalisation.

This is frustrating to staff and also has cost implications. With some support, families could cope with many of the children who are, at the moment, obliged to spend most of their childhood in residential care.

One home for people with mental disabilities has incorporated greater flexibility into the process of institutionalisation, with an initial reception period to judge the appropriateness of the placement, and regular subsequent reviews. In contrast, one old person's home had no client-based systems in place at all.

Separation of Financial and Professional Responsibilities

In FBiH, the cantons pay the accommodation costs of persons placed in institutions, but are not consulted over placements. The cantons are not party to the decision or the contract, which is between the CSW and the residential institution. Some cantons, though, use a financial veto. This split responsibility means that:

- cantons have large debts to institutions;
- children and residents are sometimes moved between institutions as cantons seek cheaper alternatives; and
- CSWs can prescribe institutionalisation with relatively little concern about costs.

Cheaper and possibly more appropriate placements, such as with substitute families, can be considered under current law, and the canton could be consulted about this. But this process is little used outside placement with extended family members. Social workers in ***Zenica*** do visit foster families regularly, but this is in part to hand deliver payments, and is actually a cost-cutting measure to save on postage.

In **Republika Srpska**, charges for institutional care are set by the entity, but are paid by the CSW through funds received from the municipality. The majority of CSWs have debts to institutions, although **Banja Luka** CSW does not. Even here, a recent increase in charges for residence in institutions came as a surprise, after budget negotiations with the City had concluded.

In **Trebinje**, the lower emphasis on institutional care, is in part because of the absence of institutions near by (the closest are in Montenegro) but is, more particularly, because of the commitment to alternatives by the CSW and its innovative approaches. But the fact that day care provision is not covered adequately in RS or FBiH law leads to pragmatic responses to maintain the service, and informal reliance on a supportive municipality. Without this benign municipal oversight, the home based and day care services would be threatened. They cannot be sustained legally: this legal nadir militates against a true continuum of care.

Weak Institutional Capacity and Limited Local Partnerships

The Background to Partnerships

Promotions of a pluralistic welfare mix, requires all actors in the system, separately and in partnership, to work to their strengths, co-ordinate and synergise their work, develop good practice, and contribute to social innovation. The CSWs, municipalities, MZs, NGOs and other non-state actors are at different levels of development, but in all the municipalities studied, partnerships are:

- ad hoc rather than systematic;
- driven by personalities and histories, rather than structure;
- affected by competition (to a degree, this is a result of past competition for international grants and support), and even impeded by mistrust; and
- are rarely based on clear evidence of comparative advantage.

Only few partnerships are based on clear division of roles, responsibilities and relationships.

The Limits of Operating Without a CSW

Notwithstanding overall constraints, provision of social protection in **Gornji Vakuf-Uskoplje** is limited because of the absence of a CSW. This is exemplified by the fact that some legal powers are only vested in CSWs. Individual municipal staff are unwilling to take risks by assuming responsibilities in these areas, as in assuming parental rights. Hence, the system is blocked and cannot meet the needs of many for social services protection. Given that up to a third of municipalities lack a CSW, this is an issue that raises broad consideration of equity of access to social protection.

CSW's Interpretations of Capacity and Partnership

The three pilot CSWs have different modes of operation and blends of professional roles and responsibilities. There are varied models of organising the workload, with different understandings of degrees of flexibility of job descriptions, laws and rules governing the principles and detail of social protection provision.

In **Zenica**, planning has been undertaken on caseload management but the CSW has had to devise its own systems in the context of lack of legal clarity. Its model of specialised professional working assumes a pro-active role of MZs which is not yet fulfilled.

Banja Luka's patch-system of social workers working with particular MZs is used for categorisation of entitlement to benefits, rather than as a focus on community-based approaches and promotion of partnership.

Trebinje, in part because of the vision of its Director, but also because of its smaller size, has pioneered innovative approaches which start with a mapping of need for some high risk groups, rather than beginning with a narrow interpretation of functions.

The Municipal Role

The contribution of municipal services, particularly Departments of Social Affairs, is varied according to their:

- constrained budget, and different interpretations of wide responsibilities in the light of budget levels;
- relationships with their CSWs;
- interpretations of responsibilities for funding the CSW; and
- in FBiH, the potentially overriding influence of the canton.

Municipalities' approaches to social protection have been shaped by recent experiences with international NGOs. The NGOs have rendered municipalities rather passive "approvers" rather than commissioners of services, and unused to proactively promoting partnership or other activities.

The mobilisation of volunteers in MZs, where it occurs, is an important strength of the system, as MZs potentially become effective partners to CSWs. It is in MZs where social protection was declared a high priority and in *Banja Luka*, for example, potential beneficiaries are directed by MZs to CSWs.

NGOs and Partnerships

Varied and fluctuating structures and weak governance within the NGO sector feature. Old and newer NGOs have different:

- interpretations of their potential role;
- expectations of funding from different quarters; and therefore
- views on partnerships and their value.

NGOs in the pilot municipalities share rather weak institutional capacities for project management, accounting and contracting. The NGOs' limited capacities for transparent management of funds is despite an apparent proliferation of past "project management training" and use of international funds. NGO capacity building issues have tended to be approached in a vacuum and not oriented to specific local needs and circumstances. The skills of volunteers and of committed professional staff are therefore not being developed or utilised to the maximum.

NGOs are developing more refined roles in social protection - such as the NGO partnership in Zenica, which combines provision of a women's shelter and safe house with an old people's home.

Overall though, NGOs' evolution from advocacy to service provision roles, often poorly communicated by the NGOs themselves, is complex and puzzling to CSW staff. The CSWs' quizzical responses to poorly contextualised NGO offers of partnership are understandable (especially where requests for funds feature), but quickly build frustration and reduce trust. This is complicated by the lack of experience of longer term approaches in most NGOs who are used to grant hopping.

NGO Forums are constrained by these variations and rarely voice the potential aspirations and needs of the NGO sector in a consensual manner. But there are now some examples of groupings of NGOs involved in social issues able to address practice-based concerns. Local activists and NGOs in Banja Luka assist in directing clients to CSWs and advocating their cases. The Trebinje CSW and NGO initiative is noted elsewhere.

Strong relationships between CSWs and local NGOs are a potential strength, and the funding of NGOs by municipalities to provide services complementary to, or in partnership with CSWs, is an emerging feature. Overall, whilst the foundations for a mixed pluralistic model of social protection exist, the development of partnerships to support a wider network of co-ordinated care providers, sharing information and working to strengths, is at the prefigurative stage.

Incoherent Planning Within and Between Levels

Planning Within Municipalities

In the pilot municipalities, there is an emerging trend towards coherent planning in social protection, with development of a long-term strategy with objectives. However, actors in the system tend to be responsive, not proactive. The reasons for this include:

- legal and increasing financial uncertainty;
- fewer organised competitions for grants;
- a limited capacity for planning and a constrained capacity to see the values of modern planning compared to traditional, socialistic planning; and
- day-to-day pressures of work ('fighting fires' was an expression frequently used).

Together, these contribute to inherent 'short-termism' in social protection provision with consequent inefficiencies, duplication and gaps in service provision and resource utilisation.

The need to better prioritise the use of scarce resources is a pre-requisite for many of the other key transitions noted above. There is increasing recognition that with further limitations on international assistance, the need to plan is even more acute. But even when this realisation becomes explicit, limited capacity is put forward as a reason for the lack of positive developments.

Initiatives in the pilot municipalities do suggest that possible gains of planning are appreciated. In *Zenica* on the initiative of the CSW and with the support of this project, a series of meetings have been held, involving local NGOs and the CSW, to produce a five-year plan for social development in the city. Agreement has been reached on overall objectives and sharing of information.

In *Banja Luka*, in part through experience in local NGOs, some committed practitioners are seeking to promote strategic planning models in the CSW. In *Trebinje*, both the Red Cross and the CSW are beginning to experiment with strategic planning, with clear areas for development in the future.

Planning Between Entity, Canton and Municipality

As the main funders of social protection in *RS*, municipalities are practiced at making choices when budgets do not meet planned expenditures. In some cases, this involves prioritisation. Often, this remains informal rather than formal. The processes by which priorities are set are intuitive and non-transparent and relate to finances rather than any response to dimensions of need.

In cancelling the RS Solidarity Fund, which was a redistributive mechanism to mitigate different levels of social protection provision between municipalities with different levels of income, the entity of RS has at once:

- reduced equity of access to social protection;
- shortened the developing proactive and long term perspectives to social protection in municipalities and CSWs; and
- lost a tool by which the entity was able to influence social protection provision through financial incentives rather than legal means.

This ending of the Solidarity Fund was been felt particularly acutely in *Trebinje* which had benefited from:

- the fund's re-distributive element (from more to less well-developed municipalities); and
- its rewarding of innovative projects – even in possible conflict with the law.

The new regulation will require municipalities to spend 15% of their budgets on social protection. The implications and effects of this are currently unclear, not least in terms of:

- which other municipal services will have to be reduced;
- what will subsequently be done, if anything, to ameliorate inter municipality differences in income and therefore social protection expenditures per capita; and
- addressing the equity issue of poorer municipalities with relatively large numbers of vulnerable populations having least social protection resources.

Disruption in planning for activities and disbursements is amplified in the pilot municipalities *in FBiH* because of the shortfalls in cantonal budgets. These are often not clearly signalled by cantons to municipalities:

- short term shortfalls in budgets for CSWs and the social protection arms of municipalities; combined with
- rigid patterns and processes of financial audit

lead to cautious, short-term commitments to social protection provision. These do much to undermine efforts at setting out any kind of medium and long-term strategy. Cantons widely fall short of legal obligations, causing their municipalities' CSWs to do likewise.

Even so, in some cases, municipalities are beginning to think more than one year ahead in budget terms. In the Finance Department in *Banja Luka*, for example, it is possible to hear a vision of future thinking on social protection and its finance. Sharing this vision with other actors and the entity authorities is, thus far, limited, as is the view that such longer-term thinking should be shared and developed with the local community.

Absence of Quality, Accountability, Transparency and Efficiency Frameworks

The absence within social protection of measures and mechanisms of:

- quality control and standards of outputs and process;
- accountability; and
- efficiency

and the compounding of this by non-transparent decision making, in practice, hinder the development of more effective provision of social protection, and leave a disproportionate reliance upon law rather than standards and good practice.

Currently, in the pilot municipalities, governance mechanisms do not provide a basis for any independent assessment of quality and value for money. In particular, audit (translatable only as 'inspection' or 'control') tends to focus on whether rules are being obeyed rather than whether objectives are being met and money used to best effect.

Structures for accountability are weak beyond this formalistic level. Each CSW has a Management and Supervisory Board in which there are representatives of two interests:

- municipality, upheld through essentially political appointments to the board; and
- CSW staff.

These Boards are not seen to have responsibility for the client's interest.

Nor are CSW Boards pro-active in stimulating change. They are rather reliant on information supplied by the CSW, and do not deliver transparent scrutiny of work or plans. The Boards play little role in wider social protection thinking, and have little visibility and no interaction with the public. Work is formalistic and rule-bound, with no attention to quality issues, so that the sanction of removing or changing the Director is a blunt sanction.

Similar governance issues arise in residential institutions and in local NGOs, which receive funding from the municipality.

Whilst there is some evidence of subsidiarity within the system, and of delegation of powers and responsibilities, detailed legalistic reporting requirements do not further accountability and transparency, but rather obscure it. This is even the case when MZs are involved in social issues, providing lists of categories rather than regular reports on wider issues. CSWs' annual reports also tend to be functional and rule-bound rather than allowing for the exploration of issues of quality.

There is an absence of modern standards in an output or process sense. This hinders contracting of services to NGOs in particular. Lack of standards also makes it difficult to compare costs of provision by alternative suppliers, thus masking some of the potential advantages of a pluralistic system.

A Prescriptive and Restrictive rather than a Facilitative Legal and Financial Framework

Legal and financial frameworks are viewed by all municipal level stakeholders as problematic. The legal constraints and rigidities are a theme woven through all the previous issues. Rather than facilitating, the legal framework is legitimately viewed as:

- essentially inhibiting the realisation of all of the core client related themes for reform;
- not being clear;
- not in synchronisation in application at difference levels. Paradoxically, detail in the law thus contributes to uncertainties, confusions, indecisions and ambiguities. In both FBiH and RS, legal complexity is compounded by budgetary procedures which are also complex.

Further confusion is then brought about by late approval of budgets, which leave failed legal obligations competing with current need.

Republika Srpska

In RS, the Law on Social Protection (deriving from 1993 but substantially amended in 1996), together with the associated rules and regulations, is too prescriptive, restrictive and complicated. Processes deriving from the law are therefore inhibited, despite good intentions. The detail is cumbersome, and in danger of becoming an end in its own right, rather than a means to facilitate objectives of the mitigation of poverty and social exclusion.

Entity legislation ties municipalities to rights, which typically, are financially unrealisable, especially where CSWs do not exist. In contrast in *Trebinje*, the CSW has to manipulate description of its innovative work with children with special needs, and in providing home care services, to fit into the legal framework. The CSW and the municipality risk challenges that such innovative work goes beyond the law, whilst at the same time the CSW does not provide services to all who are legally entitled. This militates against:

- transparency;
- replication of this work;
- systematic planning; and
- adoption of agreed local priorities in municipal level social service provision.

FBiH Cantons and their Legal Responsibilities

Gornji Vakuf-Uskoplje's Central-Bosnia Canton adopted cantonal law in June 2002, but implementation is under discussion. *Zenica's* Zenica-Doboj Canton, has not yet passed a cantonal social protection law, although all cantons were required to pass specific laws three months after the Federal Law on Social Protection was passed (July 1999).

Thus *Zenica's* CSW finds itself in the void between:

- obsolete laws from a previous state;
- draft legislation from the canton, unclear in detail and status; and
- FBiH laws which are not implemented because of the absence of canton enacting regulations.

Federal Inspections of the CSW are carried out within the context of the 1999 FBiH Law (Law on Basis of Social Protection, Protection of Civil War Victims and Protection of Families with Children), and the CSW is criticised for not implementing services in accordance with that Law. In addition, because of the legal impasse, some apparently eligible citizens are unable to receive social protection benefits and, more recently, child benefits, intended for all of FBiH. This is caused by the prevailing legislation's stipulating benefits, which cannot, in practice, be delivered. Indeed, fulfilment of the entitlements embodied in the Draft Cantonal Law would require a doubling of funds for social protection to address presently defined levels of need, regardless of seeking the unmet need that is considered to exist.

In May 2002, the FBiH Government adopted a Strategy of Social Protection in FBiH, which proposes creation of a new special law on social protection. Creation of a special law on child protection is also proposed, as well as inclusion of the protection of civil victims of war in the new law on the protection of invalids.

Legal Frameworks and NGOs

Legal frameworks governing local NGOs are now in place in both entities, as well as at state level. There is reduced uncertainty. Concerns remain about the liability of local NGOs and sponsors for taxation on donations. In particular the tax treatment of income to NGOs from cost recovery from service delivery and on income generating activities is unclear and has reduced some NGO's activities.

Poor Public Awareness of Objectives, Context, Entitlements and Responsibilities Regarding Social Protection

The perceptions of limited transparency and high complexity of mechanisms like categorisation within the social protection system are not allayed by the limited efforts to promote public awareness about social protection. The reluctance to promote wide discussion of social protection is sometimes because of a fear that families experiencing unmet need might respond as greater demand for benefits and services. Overall, little assistance is given to:

- assisting access for potential beneficiaries;
- promoting welfare rights information;
- explaining the client's steps in the system with simple written guides in plain language; or

- campaigns to encourage take-up of benefits and services.

Complaints procedures exist but are not well-publicised. User involvement in institutions is limited.

More generally, there is little effort to:

- explain social policy to citizens;
- encourage more community involvement in decision-making;
- make clear the connection between taxation policies and social policies;
- mobilise private money and alternative resources, through donations; and
- promote use of private time, through volunteering.

Yet public sympathy is important in promoting many of the facets of reform now favoured by the leading stakeholders in the municipalities. In times of transition, raising public awareness and taking cognisance of public views is part of the process of adapting to and leading change - not a luxury to be instigated when new systems are in place.

Overall Assessment at this Stage

Notwithstanding the shortages of data and the absence of a major framework within which to cast this evaluation, as set out above, the picture of municipal level social protection in BiH is one in which:

- there are more financial resources than were apparent at first inspection;
- use of resources is rendered less efficient than necessary – or less desirable in interpretations of best practice - by rigidities in the system. A concern when:
 - by legal and other definitions there is certainly unmet need. When set against the scale of those who received municipal benefits and services, this unmet need seems substantial;
 - targeting of benefits and services is weak, and this municipal social safety net effort is relatively small when compared to other transfer payments. Even so the municipal level remains the component of the benefit system most focused upon alleviation of poverty and social exclusion;
- some services - required by law in BiH and called for under best practice - are hardly provided at all due to budgetary and time constraints;
- staff are highly qualified and committed, but have a dated knowledge base and would benefit from in-service upgrading;
- innovative activities are constrained by the prescriptive legal environment, but the beginnings of flexibility are evident, even within this rigid framework; and
- fixed and institutional costs are rather high.

Perhaps most importantly, the awareness of the need for transition and the extensive willingness to consider reforms is sufficiently widespread amongst municipal practitioners to form a ground swell of momentum for reform.

OBSTACLES IN THE WAY OF MOVING TO THE VISION OF REFORM

Contemporary Problems of Transition

Generic shortcomings which have to be overcome to move towards the vision, and which underlie the recommendations, include the:

- legal basis and “rules” of social protection, for cash benefits and services, which are too restrictive, complex or obsolete, dating from 1984 and set out for an entirely different social and economic environment;
- nature of new law, especially in RS, which is drafted in a most detailed manner, and leads to processes being:
 - too slow in spite of effective administration and good intentions;
 - cumbersome;
 - an end in their own right, rather than a means to facilitating an end - the mitigation of poverty and social exclusion;
- widespread application of categorisation of potential beneficiaries and entitlements, together with limited budgets, yield payments to a broad swathe of beneficiaries which are too small to support life if they were the only means of subsistence;
- refinement of targeting of payments being limited by the nature of categories and categorisation, rather than being based on assessments of relevant circumstances of individual clients;
- nature of social protection provision which is still too institutionally based and supply driven, rather than being focused upon modern client based methodologies;
- absence of a client data base and register;
- limited number of policy makers at canton (in FBiH) and at municipal levels, and the limited nature and experience which these policy makers have in policy making;
- the tendency of these policy makers to think in traditional legislatively led ways, setting out categories of entitlements rather than the more EU focused perspective of laws as a facilitative framework and expression of basic rights to be interpreted in specific individual cases;
- the continued tendency of municipalities to think in rather narrow sectoral terms, rather than in community based or integrated planning terms;
- despite the growing awareness of the need for reform and transition to give sustainability of social protection provision, there is still only a limited perception at municipal level of the degree to which the system has to be transformed to meet contemporary EU standards of provision, targeting, efficiency and sustainability;
- poverty alleviation impact of cash safety net and social service provision being limited in comparison to the transfer payments to veteran related categories, which are not based upon need;
- grey zones, even contradictions, in the statements of categories of entitlement in the laws and regulations which are exaggerated in impact by the legalistically based approach to implementation;
- the legal discontinuity between entity (and canton) and municipality is a cause of uncertainty and tension. For example, costs for residential care are met by entity (or canton) level, but the responsibilities for bringing about institutionalisation are at municipal level. Thus legal and financial responsibilities are divorced and when further subject to inter entity disagreement (such as, in the scales of charges for one entity’s clients who are resident in the other entity’s institutions) result in unpredictable call upon CSW and municipal budgets;
- inability of municipalities (and higher authorities) to:
 - determine an individual’s income from the informal economy and so accurately target benefits; or to
 - raise taxes from the informal economy, and so to fund benefit entitlements fully

The Inheritance: the Inertia of Ex-socialist Practice

Progress in social policy in some municipalities is significant, but spontaneous reform is neither widespread nor rapid. Powerful constraints underlie the approaches to transition, especially in the legislative and procedural approaches:

- it is much easier in this legal and auditing environment to apply rigid rules than to exercise judgment;
- the exercise of discretion is vulnerable to challenge, particularly where there is a history of enmity between different groups in the population, and in which laws had been formulated to set out specific actions for all circumstances rather than providing a facilitating framework for local interpretation within overall standards;
- thus, although some creative avenues are being pursued, overall social protection law tends not to encourage experimentation, particularly in RS;
- some funding comes from municipalities, while funding for other forms of help comes from higher levels of government, with pressures to leave boundaries between lines of expenditure unchanged;
- virement between budget lines is strongly discouraged;
- audit tends to focus on whether rules are being obeyed rather than whether objectives are being met and money used to best effect;
- lack of sensitive response of higher levels of government to community level issues; and
- the belief that laws, administration and finance are ends in themselves, rather than vehicles through which clients and end-users receive the services the public wants them to have. Too often at present, they actually get in the way of service provision and benefit payment.

The inherited and modern transition related constraints to change, together, give rise to considerable challenges to reform. These are directly addressed by this project's recommendations and processes.

RECOMMENDATIONS FOR REFORM

The recommendations maintain the municipal focus of the report. They are also based upon practical rather than unattainable goals. Many of these recommendations will be piloted, especially as community based local partnerships (CLPs) and community action programmes (CAPs), under the implementation phase of the project.

Promotion of a Client-Based Approach within a Community Care Planning Based Framework

The overall drive for reform is for all stakeholders to move towards a form of EU best practice, client-based approach in which all benefits, assessments and services are:

- based upon individual care plans;
- set out in consultation with clients, which is clearly demonstrated;
- shaped by a holistic assessment of the individual circumstances of clients and potential clients, rather than set rigidly within a system of categorisation of entitlements and classification of beneficiaries;
- based on individually tailored plans to ensure the best mix of benefits and services;
- focused on equity of individual access to the system, partly by ensuring CSW delivered services are available even where CSWs do not exist; and
- assembled so that resources are mobilised through an integrated approach of suppliers of resources and services in a community level approach to care.

This project will contribute to this through:

- the promotion and implementation of local social protection strategies which enshrine the principle of a client-centred approach in all aspects of implementation, monitoring and evaluation;
- governance structures will be adapted to facilitate representation of clients and service users as key stakeholders.

Targeting of Benefits and Services According to Need

Stakeholders in BiH need to ensure that scarce municipal level resources are targeted to the most vulnerable and needy.

The present structure of monthly social assistance payments is a good basis for future development of a safety net for the most vulnerable when more resources are available and more effective targeting of beneficiaries is developed. In the meantime, whilst resources are so limited, utilisation of discretionary payments (single payments and exceptional payments) should be increased and developed as a crucial element in a social assistance programme to combat poverty and social exclusion. This increased use of discretionary payments should be:

- co-ordinated between agencies;
- related to the wider system of transfer payments in both entities;
- based on clear criteria drawn up in consultation with all interests;
- based upon individual client assessments of need and case based work;
- be transparent;
- have clear appeal systems; and
- be related to a blend of services to minimise dependence.

The project will promote this approach through:

- local social protection plans, based on a community care approach in which all stakeholders demonstrate increased capacity to map, target, and monitor poverty and need; and
- reviewing payment structures and procedures.

The project will also introduce monitoring and evaluation of reforms through:

- supporting social mapping;
- interpretation of wider data sets in the specific municipal contexts of the project; and
- establishing integrated monitoring, evaluation and follow up processes within the municipal benefits and services systems.

Promotion of a Seamless Blend of Services and Benefits

Reforms which are promoted should be steps towards a key characteristic of the vision in which the municipal level social protection system features a tailored balance between cash benefits and social care, within a spectrum of care featuring preventative actions, flexible care arrangements, and a range of respite, day and substitute family care options.

The principle of de-institutionalisation should be applied, mobilising staff and clients of institutions as agents for change.

Within institutions, steps need to be taken to further improve the quality of care in residential institutions. This should encompass:

- the development of goals and individual programmes of care for residents;
- adoption of such programmes of care through a community planning structure;
- the introduction of regular formal reviews;
- an increase of joint working amongst staff;
- the creation of strategies in conjunction with CSWs to increase the contact between residents and their families;

- exploring ways of identifying alternative placements for those (particularly young children) who could be accommodated elsewhere; and
- reviews of the rigid rules by which institutional budgets are spent with a view to enhancing flexibility within guidelines.

Administrative processes for contracting and paying institutions and the respective roles of entity, canton (in FBiH), CSW and institutions should be clarified with a view to simplification and ensuring professional and financial responsibilities are allied in the best interests of clients and to enable a broad reckoning of accountability.

This project will stimulate:

- the pluralistic provision of a range of care options;
- diversification of service providers in pilot municipalities;
- integration of their activities and contributions to social protection within a community plan;
- provision of models of individually tailored care plans;
- studies of benefits and costs of de-institutionalisation and alternative broader uses of residential institutions; and
- seeking at municipal level to promote a momentum for change in other levels of the system.

Promoting Institutional Development and Enhanced Partnership

All organisations involved in municipal level social protection should contribute to care according to clients' and community needs, based on the flexible application of their comparative advantages. In particular, there needs to be continued attention to:

- defining, establishing and refining formal inter-institutional relationships;
- developing formal and informal structures and processes for collaboration in order to avoid duplication and achieve synergy; and
- stimulating an integrative community-based approach through partnerships.

A priority is to promote institutional development of CSWs through:

- refined job descriptions;
- staff training;
- enhancement of management board roles, with training of members;
- development of local bases for funding;
- utilisation of more flexible work planning, and a new balance between specialist and generic work;
- facilitation of partnership and leadership of community based approaches to social policy; and
- utilisation of CSWs as clearing houses for information on beneficiaries.

MZs should be better integrated into the overall framework of service provision. Their potential role in identifying and resolving social problems has, thus far, been under-utilised in the system. The MZs should be encouraged and assisted to:

- co-operate with NGOs formally and informally;
- assist in social mapping to show need; and
- host volunteers as a front-line of social protection in communities.

Local NGOs and CBOs should be supported and strengthened to play a much greater role in municipal social services provision through:

- their increased representation at all levels of the social protection system;
- ensuring greater consultation in a community-based approach in which NGOs are given authority as community representatives through community level planning discussions;
- strengthening of NGO Forums to enable them to become more active and gain greater participation from a wider cross-section of groups. This would enable greater sub-specialisms, with those NGOs and CBOs interested in social issues able to meet together and formulate joint initiatives;
- diversification of sources of funding for all local NGOs with an emphasis on transparent competition, competitive tendering, and clear monitoring and evaluation of NGO provided services; and
- strengthening of financial and project management skills of local NGOs.

This project will promote:

- capacity building and institutional development amongst municipal level state and civil partners in social protection delivery;
- municipal-level strategies, which are to be drawn up, understood, owned, implemented, and reviewed by all stakeholders and implemented through partnerships, integrated through municipally organised care planning committees; and
- model community local partnerships and community action projects integrated into the overall municipal social protection strategy.

Enhanced Coherent Planning Within and Between Levels

Social protection plans should be developed through consensus at community level, through a multi-year strategy implementable cross-sectorally, in terms of links with education and training, employment generation, law and justice and other social services.

Annual action plans deriving from the broader strategy should:

- show what will be done in the next year, when and by whom;
- show how all resources will be deployed to fulfil the annual plan; and
- be approved at the beginning of the financial year.

This project will model and test this approach through supporting each municipality in producing and implementing a Municipal Social Protection Development Plan (MSPDP). This will be implemented through actions set out in a Municipal Action Plan, which will be supported by the project.

This strategy will be the integrated short term means of establishing the focus of the municipal social policy regime upon the welfare of clients - in driving for the client centered system. The strategy should show:

- the outcomes in social protection to be achieved over a three to five year period;
- the priorities, and reasons behind them;
- the resources required, and how the whole community will make contributions to social protection; and
- the actions to be taken by each of the parties.

It should be published, reviewed in consultation with all parties, and rolled forward each year.

In the implementation of the Municipal Action Plans the project will assist municipalities and their partners, through the PMBs and other project management structures to:

- decide upon priorities and which actions should be taken and by whom, to build on the strengths in order to develop;
- to promote the methodologies and benefits of these plans at canton and entity level, seeking to extend principles of partnerships and to demonstrate the efficiency gains from the utilisation of action plans and strategies and a longer term view of resource allocation; and
- the PMBs will be used to promote lessons of municipal pilot activities to entity and cantonal level, so demonstrating the value of recommended changes to entity and cantonal laws and procedures.

These project structures will evolve into sustainable community care planning structures.

Promotion of Quality, Accountability, Transparency and Efficiency Frameworks

Management boards of all social protection organisations (especially CSWs) should act on behalf of the municipal authorities and to:

- contribute to setting the direction of strategies and for work plans to integrate those strategies;
- establish the principles and practices of partnership and an integrated community based approach as a key way forward at municipal level;
- scrutinise results and the overall quality of work based on reports and independent observation; and
- publicise the work in the wider community and seek feedback from clients and the general public.

Members of CSWs and other social protection institution management boards should be selected and trained in accordance with these functions.

For all social policy organisations, priority should be given at each operational level to developing standards - measures of quality, efficiency, equality of access and sustainability. These should be:

- viewed as the basis for future comprehensive standards, to be progressively developed in the long term;
- developed jointly with all relevant interests;
- built into plans and used in evaluating them;
- used to guide and evaluate the performance of staff and volunteers; and
- used in audit.

Independent audit should be strengthened. It should focus on:

- the areas of greatest risk; and
- evaluation of success in achieving planned objectives and outcomes, not just the application of rules and narrowly defined financial probity.

In particular, the absence of discrimination within social protection should be ensured by audit processes.

The project will work with all stakeholders to:

- develop and pilot new and appropriate forms of standards of quality, governance structures, and indicators of efficiency, to be used in quality monitoring and improvement and in NGO and partnership contracting for service provision; and
- facilitate the institutional development of management, governance and supervisory boards to ensure they develop to fulfil a proactive, modern and full remit within social protection.

In particular, the MSPDPs will have clear criteria by which the strategy can be judged, be formally adopted and promoted by the municipal authorities, and be run by a coordinating body that could evolve from the PMB (or other vehicle).

Promotion of a Facilitative Legal and Financial Framework

Harmonisation, synchronisation and simplification of legal and financial frameworks within both entities need to be secured to facilitate transition, with guidance notes and regulations simplified.

This simplification needs to embody a change of spirit in the law and its application so that the framework is:

- made more flexible, to encourage local developments within an entity or cantonal framework;
- facilitative of a client-based approach; and
- encourages discretionary social protection provision within a set of standards of governance.

Financial systems should be modified to permit flexibility and virement between budget lines where this will give better results or improve efficiency. Agreements for this should be sought with cantons (in FBiH) and with entity authorities. Thus the sources of funding should not impose artificial boundaries to the efficient experience of available social protection resources.

An approach to social policy implementation which is based upon the realisation that law, administration and finance are not ends in themselves, but are to ensure beneficiaries are getting the payments and services they are entitled to, should be promoted. Their application is to facilitate the efficient and cost-effective mitigation of poverty and exclusion.

This project will:

- advocate such changes;
- continue to identify contradictions and grey areas in the system;
- promote the use of locally learned lessons and municipally generated standards and procedures; and will encourage municipalities:
 - o in FBiH to work actively to develop and influence valid canton law on social protection; and
 - o in RS, to influence the proposed new law in that entity.

These laws should be developed on a pilot basis of good practice, being:

- affordable and feasible;
- clear on the roles of all organisations;
- comprehensive;
- simple to facilitate, not incorporating prescriptively what are effectively regulations; and
- able to provide room for local flexibility and innovation.

Thus the municipal work being carried out should be adopted on a pilot canton basis, making available an integrated cantonal approach to the vision of reform in FBiH. In RS municipal level reforms should be promoted directly to entity level.

Raising Public Awareness

The general public should receive information about:

- the goals of social protection services;
- what is spent on them;
- how this money is raised and from where it derives; and
- what is achieved by social protection systems, for individuals and for society.

There should be structures and processes for all sections of the public to make their views known. Potential and actual clients should have ready access to:

- clear information about their rights;
- the processes for claiming them; as well as
- accessible systems for challenging adverse decisions; and
- where needed, access to advocacy services.

In promoting a system based on increased discretion and flexibility, provision needs to be made for independent review and/or appeal, so that service users can challenge decisions they believe are unfair, and know they will get an unbiased hearing.

The public must be made aware of responsibilities in accessing social protection services and benefits and the actions that need to be taken in a system compatible with a modern mixed economy to prevent dependence upon benefits.

In short the general public must be partners in reform, so that they can be aware of the evolution of the system towards a sustainable one for the future, which facilitates wealth generation in the economy and protects the vulnerable from the unacceptable social costs of economic transition.

This project will contribute to raising public awareness at local level through all aspects of its work, and promote new forms of accessibility, welfare rights information, and appeals procedures.

Actions Outstanding at State, Entity and (in FBiH, Canton) Level

The reforms to municipal level social protection provision set out above can be undertaken with confidence in view of the:

- participatory methodology by which they have been derived;
- degree to which they are embedded in a local adaptation of EU best practice;
- similarity of the reform process to that in neighbouring states facing similar issues and evolving from the same or similar legal bases; and
- explicit gains to be derived from enhanced flexibility of approach and efficiency of administration and management.

For these activities to be fully effective at municipal level a series of entity and cantonal developments are also needed. These are to facilitate full benefit from the steps undertaken towards best practice at municipal level.

However, for the:

- economic value of these reforms to be robustly established; and
- the project to make longer term recommendations on social policy and investment pattern,

a macro economic framework is essential. This will be to facilitate:

- review of municipal social protection expenditures within the full range of entity and cantonal driven transfer payments; and

- the municipal expenditures of social protection being set in the context of public expenditures in the social sector at entity and municipal level.

When the wider analyses have made progress under the LSMS, SOSAC, Panel Study, HBS and other surveys, these recommendations will be revised and cast in the broader context. An important contribution to the analysis at that time will be the extra insights and data available about municipal level policy activities made available as a result of the implementation phase of this project.

Only then will final policy recommendations be available on whether municipal level social protection provision, modernised from the form in which it is delivered today:

- is effective expenditure in terms of poverty mitigation and social exclusion criteria; and
- whether it should be expanded or if alternative forms of delivery should be considered.

Meantime, there is a pressing need to make progress at entity level with undertaking analysis to support the municipally derived requests, in particular for:

- more transparent, simpler laws with a facilitating not a prescriptive spirit;
- more transparent, predictable and longer term budgeting;
- realistic budgets passed on time;
- a more consultative and less directive approach to dealing with cantons and municipalities;
- within a framework of standards and guidelines, increased scope for local solutions within social protection acknowledging the positive outcomes of subsidiarity;
- audit processes more focused upon outputs impacts and problem areas for social protection policy and implementation;
- agreement to virements in budgets with operational justification;
- a framework that addresses inequalities of income and social protection burden between municipalities and therefore inequities in social protection provision;
- guidance on establishment of the poverty line for policy and operational reasons; and
- guidance on the relationship of transfer payments based on rights and not income levels to poverty alleviation payments.

LIST OF ACRONYMS

BiH	Bosnia and Herzegovina
CAP	Community Action Project
CBC	Central Bosnian Canton
CBO	Community Based Organisation
CLP	Community Level Partnership
CSW	Centre for Social Work
DFID	Department for International Development
DSIPSP	Department for Soldiers and Invalids Protection, Social Protection, Refugees and Displaced Persons
EISS	European Institute for Social Services
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
GFAP	General Framework Agreement for Peace
HBS	Household Budget Survey
HSPS	Household Survey Panel Series
IBHI	Independent Bureau for Humanitarian Issues
IFI	International Foreign Investments
LFS	Labour Force Surveys
LSMS	Living Standards Measurement Survey
MFTER	Ministry of Foreign Trade and Economic Relations
MSPDP	Municipal Social Protection Development Plan
MSPDS	Municipal Social Protection Development Strategy
MZ	Local Community Council (Mjesna Zajednica)
NGO	Non Government Organisation
OHR	Office of the High Representative
PAP	Project Action Plan
PCG	Project Co-ordinating Group
PM	Project Memorandum
PMB	Project Management Boards
PPERP	Post-Privatisation Enterprise Restructuring Project
PRG	Project Resource Group
PRSP	Poverty Reduction Strategy Paper
RS	Republika Srpska
SEE	South Eastern European
SOE	State Owned Enterprise
SOSAC	Social Sector Adjustment Credit
SOTAC	Social Sector Technical Assistance Credit
SSSP	Support to Social Sector Project
ToRs	Terms of Reference
UNDP	United Nations Development Programmes
WB	World Bank

**MINISTRIES AND AGENCIES
INVOLVED IN THE WORLD BANK FUNCTIONAL REVIEW**

ENTITY	LEVEL	INSTITUTION
FBiH	Entity and Canton	Ministry of Labour, Social Policy, Refugees and Displaced Persons Ministry of Veterans Affairs
	Municipal	Offices Responsible for Social Protection, Labour, Displaced Persons and Refugees*
	Public Bodies / Funds	Pension Fund Employment Insurance Offices (Cantonal Insurance schemes)* Employment Insurance (off-budget funds) Centres for Social Work*
RS	Entity	Ministry of Veterans' Affairs and Labour Ministry of Health and Social Protection Ministry of Refugees and Displaced Persons
	Municipal	Offices Responsible for Social Protection, Labour, Refugees, Displaced Persons and Veterans*
	Public Bodies / Funds	Pension and Invalid Fund Employment Insurance Offices* Centres for Social Work* Children's Fund Social Programme Fund Social Solidarity Fund

* Denotes ministries and social policy institutions that DFID advisors appointed by the contractor, under the framework of this programme, will be responsible for reviewing.

The disability element of the review will focus on:

- the FBiH Ministry of Social Policy, Refugees, and Displaced Persons;
- the RS Ministry of Health and Social Protection;
- the Sarajevo Pension and Invalidity Fund;
- the Mostar Pension and Invalidity Fund;
- the RS Pension and Invalidity Fund;
- the FBiH Ministry of Veterans' Affairs;
- the Sarajevo Veterans' Administration;
- the Mostar Veterans' Administration; and
- the RS Ministry of Labour and Veterans' Affairs.

Organogram of CSW Banja Luka

Management Team

Director

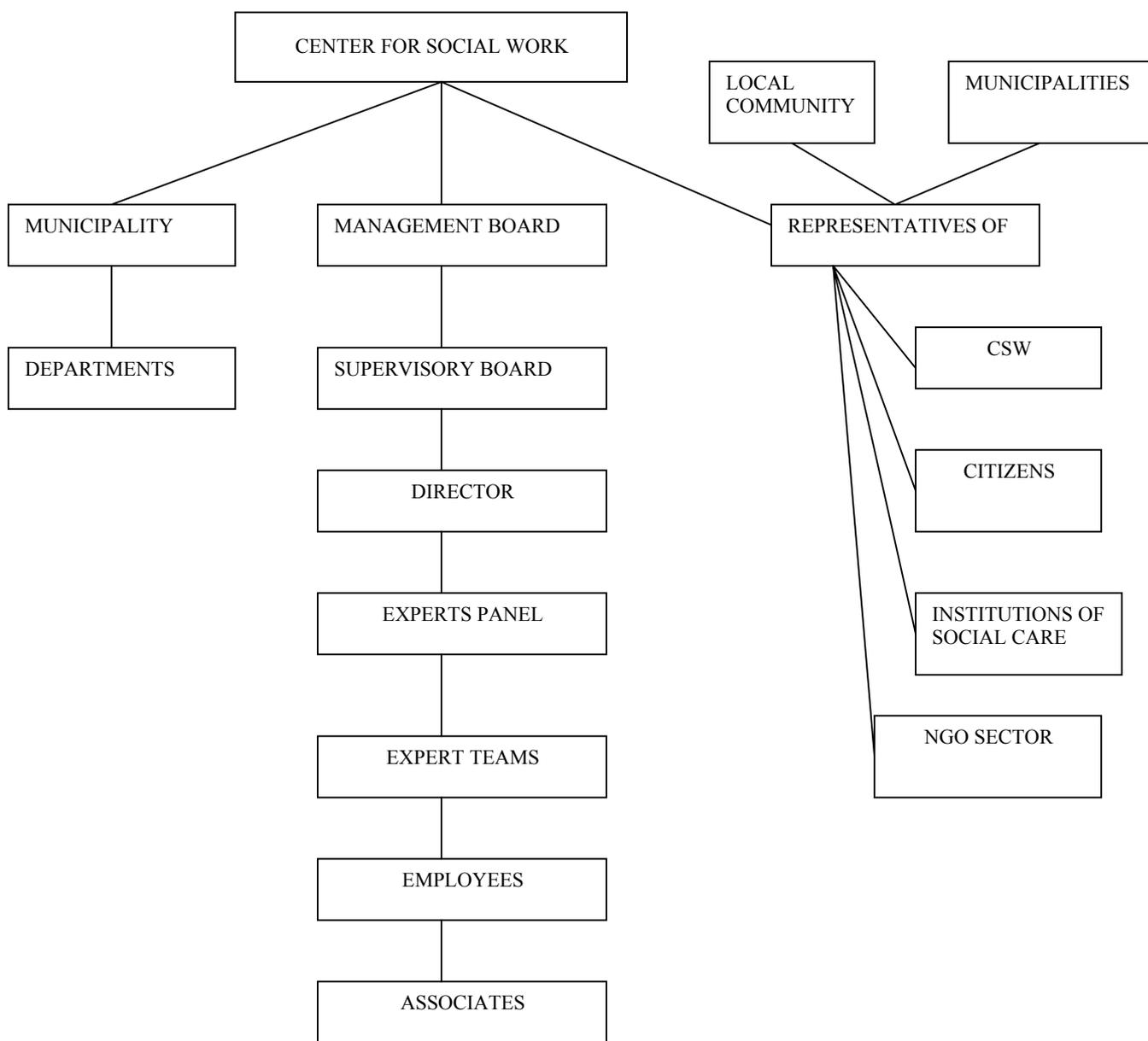
Deputy Director

Admim
Head
+ 10 staff

Family and Children
Head
+ 5 staff

S/W in Loc Comm
Head
+ 11 staff

Child Allow
Head
+ 4 staff



Schema of Zenica Municipality

