

# TERRITORIAL GOVERNANCE IN RURAL BOSNIA: THE ROLE OF LOCAL INSTITUTIONS AND ORGANIZATIONS IN SARAJEVI ROMANIJA REGION

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## ABSTRACT

Rural economy in Bosnia and Herzegovina (BiH) is getting more diversified and it is slowly moving out from the traditional dependency on the agricultural sector. Although national and municipal budgets are still mainly focused on direct support to production, the number of organizations engaged in rural governance is rapidly growing and their role in policy design and delivery is getting increasingly important. The aim of this paper is to analyze the network and the coordination capacity of local agro-rural organisations operating in Sarajevo-Romanija region (SRr, BiH) and the level of inclusion of local community members' in these organizations. A set of policies and instruments to improve local institutions coordination is also proposed and discussed. Methodologically the paper is based on an extended desk research, on a number of interviews with sectoral experts and local administrators and on a field survey focusing on 35 households in seven municipalities of SRr.

**Keywords:** Local institutions; rural development; Bosnia and Herzegovina

## DETAILED ABSTRACT

Agricultural and rural systems sustainability recalls the presence of dynamic, active and coordinated local groups and institutions for territorial assets management. Local institutions provide a basis for coordinated collective actions, building consensus, undertaking coordinated management activities, and collecting, analyzing and evaluating information. Evidence show that rural economy in Bosnia and Herzegovina (BiH) in general and Sarajevo – Romanija region (SRr) in particular, is getting more diversified and it is slowly moving out from the traditional dependency on the agricultural sector. Although national and municipal budgets are still mainly focused on direct support to production, the number of organizations engaged in rural governance is rapidly growing and their role in policy design and delivery is getting increasingly important. The aim of this paper is to analyze the network and the coordination capacity of local agro-rural organisations (e.g. associations and cooperatives) operating in SRr and the level of inclusion of local community members' in these organizations. Moreover, a set of policy tools and instruments to strengthen and improve local institutions coordination in SRr is proposed and discussed. The paper is based on an extended desk research, on a number of

interviews with sectoral experts and local administrators, and on a field survey, based on semi-structured interviews, that was carried out in November 2009 with 35 heads of households in seven municipalities of SRr: Trnovo, Istocna Ilidza, Istocno Novo Sarajevo, Istocni Stari Grad, Pale, Sokolac and Rogatica. The field survey focused on households' inclusion (role in and satisfaction with the services provided by) in local organizations. Overall, the paper attempts to connect local institutions and organizations with sustainable agriculture, local economy and rural livelihoods in SRr. Survey results show that social capital, through networks and linkages development, represents a tool to promote new households' livelihoods strategies. A large share of rural people is involved in participatory local institutions, that play an important role in rural livelihoods diversification, and most of them are satisfied with services provided by these organizations. Local governance did not shift yet rural development policies from a single sector (*i.e.* agriculture) to a multisectoral approach and local budgets are dedicated mainly to agricultural subsidies rather than to investment in non-agricultural activities while support to local organisations activities is limited. Generally speaking, there is a lack of interaction and coordination between local institutions and organizations operating in SRr. Although SRr is rich of natural resources, heritage and traditions its development potential is not yet fully exploited mainly due to inadequate PIPs (*i.e.* policies, institutions and processes). Effective agro-rural development policies should be multisectoral, synergistic, and designed and implemented through multilevel dialogue, participation and coordination between all involved institutions and organizations at local, entity and national level.

## INTRODUCTION

Institutions can be defined as complexes of norms and behaviours that persist over time by serving some socially valued purposes, while organizations are structures of recognised and accepted roles [16]. The range of local institutions goes from the public (local administration and local government) to the participatory (voluntary organizations and cooperatives) and the private (not-for-profit service organisations and private businesses) sectors [15, 16]. Local institutions play an important role in sustainable agricultural and rural development as they provide a basis for collective actions, building consensus, undertaking coordinated management activities, and collecting, analyzing and evaluating information [16]. SRr is located in the eastern part of BiH and Republika Srpska (RS). Region's area is 2066.50 km<sup>2</sup>, which represents 8.4% of RS's and 4% of BiH's surface, respectively [14]. Evidence shows that rural economy in BiH is increasingly diversified but rural development still has a strong agricultural character. The primary sector is still important in BiH: it acts as "social buffer" [7] in the context of the economic crisis; it employs a high share of labor force partially overcoming a deficit of employment opportunities in other sectors of the rural economy; but it is also characterized by a low labor productivity and value added [7]. Agriculture share in GDP was 8.60% in 2010 [5]. According to the Labour Force Survey 2010, the agricultural sector employs 166,000 persons *i.e.* 19.7% of the total active population [1]. Agricultural land covers approximately 50% of the total area of BiH and the average farm size is 2.6 ha [9]. Rural areas cover the 81% of the territory and lag behind in terms of socio-economic development and are still

characterized by challenges that traditionally represented a common feature in transition countries. Furthermore approximately the 61% of the total population can be classified as rural [7]. In particular, according to OECD criteria, in Republika Srpska about 95% of the territory and 83% of the population can be classified as rural. Non-income indicators of poverty are also extremely consistent in rural areas providing significant evidences that poverty is still largely a rural phenomenon. The concentration of human capital in urban areas is widening the rural-urban income gap [7]. Compared to urban, rural areas are characterized by a declining population, a higher share of residents over 65 and not economically active, and a significant migration trend among younger generations. The paper aims at analyzing the state-of-the-art of local agro-rural organisations in SRr, and assessing local community members' inclusion (role in and satisfaction with the services provided by) in these organizations. The ultimate aim is to identify a set of policies and processes to strengthen and improve coordination among local groups and institutions in promoting sustainable rural development in SRr.

## MATERIALS AND METHODS

This paper is based on an extended secondary data analysis, on interviews with local experts and local administrators and on a field survey. Desk research was based on collection, analysis, cross-checking and validation of available secondary data. Additional information was collected through open interviews and meetings with a number of independent experts (21 in total) - including local representatives, field officers and consultants of international organisations and local NGOs - and representatives of the seven selected municipalities and of the town of East Sarajevo (TES). Therefore experts were selected among professionals belonging to governmental and non-governmental organizations. The field survey covered 7 out of 9 municipalities composing SRr. Beside the field survey policies supporting sustainable agriculture and rural development (SARD) were investigated by analyzing the budgetary allocations and the measures utilized by local governments. In order to assess the degree of households' membership in local organizations and the perception of their satisfaction with the services provided, a field survey, based on semi-structured interviews, was carried out in November 2009 with 35 heads of households randomly chosen in the selected seven municipalities of SRr: Trnovo, Istocna Ilidza, Istocno Novo Sarajevo, Istocni Stari Grad, Pale, Sokolac and Rogatica. Semi-structured interviews (SSI) were conducted in local language within a broader survey dealing with the diversification of rural economy and rural people's livelihoods in SRr. The checklist prepared for SSI included 50 questions dealing, among others, with: age and gender of households' heads, types of households (agricultural, mixed, non-agricultural), household structure, employment and income for households' members, market access, physical capital and availability of infrastructures, access to agriculture and rural development knowledge and information, social capital of rural households, microfinance and access to loans, diversification of income-generating activities, and quality of life of rural households. The survey did not aim at having a statistical significance (i.e. the sample was too limited to be representative), but at integrating the results of the investigation carried

out in the previous steps of the work. The average age of the households' heads included in the survey is 45. The oldest household's head is 55 years old while the youngest is 26 years old. The share of persons over 50 years (32.9%) is larger than share of young population under 25 years (32.3%) which show unfavourable aging rate. Minimum number of members in a household is two persons while maximum number is eight persons. Average number of household members (4.4) is higher than average in Republic of Srpska (3.11) and Bosnia and Herzegovina (3.26) [2]. Number of households headed by man is 30 (85.8%) and those run by women are 5 (14.2%). More than a half of the surveyed households (51.4%) characterized themselves as mixed households with diversified income - generating activities. Livelihood strategy for 40% of households is focused on agriculture while 8.6% declared themselves as non-agricultural households. 12.3 % of surveyed households' members migrated to town or abroad in order to find job but that percentage is even much higher as it does not include those that moved to urban centers because of schooling. Household income is mostly provided from salaries of full-time employees that work out of the agricultural sector. In the study "Local Level Institutions and Social Capital in Bosnia and Herzegovina" - conceived to identify a definition of a full Poverty Reduction Strategy Paper - [17], social capital was broadly defined as the "*networks, norms, and values that enable people to act collectively to produce social benefits*". The literature distinguishes three types of social capital: bonding, bridging and linking social capital. Bonding social capital refers to kinship and other intra-group networks or formal associations. Bridging social capital refers to those networks or formal associations linking individuals and groups beyond major social categories and cleavages. Linking social capital refers to the links people have with higher levels of decision-making and resource allocation [17]. The study - conducted using both qualitative and quantitative methods and in accordance with the Social Capital Assessment Tool (SCAT) [4, 6] - extended the concept of social capital to include civic engagement as reflected by membership in formal voluntary associations [17]. In this work, the level of social capital was assessed by evaluating households' heads membership in participatory institutions. The lack of adequate, reliable and updated data (*i.e.* the last Census in BiH dates back to 1991), which is among the main constraints for policy analysis in BiH, increased the importance of the collection of primary data through meetings, interviews and the survey.

## RESULTS

As far as civil society organisations in BiH are concerned, there are currently over 8,000 registered NGOs and non-profit organisations, but the number of active organisations is generally estimated to lie between 500 and 1,500 [3]. Moreover, there is a growing but uncertain number of informal community-based groups and organisations (CBOs), including parent-teacher associations and conservation groups, as well as community councils that are based upon a revival of the idea of community representation that was embodied in the pre-war communes or *mjesne zajednice* [12]. A critical mass of professional NGOs does exist, although the domestic infrastructure to support civil society remains underdeveloped [3]. Overall the civil society sector is dominated by very small NGOs and women's and youth

organisations. Most of larger NGOs were established thanks to international assistance which explains the high dependency level on foreign funding and expertise. Therefore, rural development programming is largely dominated by an elite core of foreign-supported NGOs [11]. In fact, although Bosnian NGOs display a wide range of capacities and ways of working, only a relatively small elite of fully professionalised and highly capable NGOs emerged [12]. NGOs benefited from sustained financial support from foreign donors, but they also developed the capacity to diversify their donor base over time, thus reducing their vulnerability to changing donor policy. The greater majority of NGOs is comprised of small, more or less voluntary community-oriented associations working at the municipal or cantonal level, dependent on a handful of dedicated semi-professional enthusiasts [12]. In rural areas and small towns, CBOs (Community-Based Organisations) are characterized by a small size, and often by a low capacity level and the lack of a long-term vision and specific mission [11]. Overall, rural areas are characterized by a continuous raise of CBOs with a growth in community voluntarism but also by a significant degree of duplication and competition between them [11]. Table 1 shows the organizations that are involved in agriculture and rural development activities in the seven selected municipalities. Most of the identified organizations have a predominant charity character and their presence is largely related to the consequences of the civil war (e.g. associations for disabled people, war veterans, drugs addicted, refugees, displaced persons, etc.). In fact, a significant development in many places of BiH was the revival of many of those pre-war CSOs that provided services in the community to groups such as the disabled, the blind or those suffering debilitating diseases. However, only a small number of these have received international project funding or benefited from inclusion in NGO capacity building programmes [12]. Sport, cultural, youth and students' organizations are present in a large number as well. Those involved in agriculture and rural development are mainly agricultural cooperatives, environmental associations, citizens' associations<sup>1</sup>, associations of entrepreneurs and associations for cultural heritage preservation. Women's organisations and youth groups and centres are the leaders of these local NGOs and civil society organisations, perhaps reflecting earlier donor preferences for these interest groups [12]. Financial and technical support for NGOs and cooperatives is provided by local budgets. In all municipalities financial support is guaranteed for those NGOs that are identified as organizations of public interest (e.g. organizations of war veterans) while cooperatives and remaining NGOs have to submit specific projects to get local and regional funds. In fact, the sector remains highly dependent on international donors, with NGOs likely to receive between 70% and 100% of all revenues from foreign sources [3].

<sup>1</sup> In BiH the term "citizens' association" (udruzenje gradjana) refers most often to state subsidized formal associations dating back to the Communist period; and the term "non-governmental organization" (nevladina organizacija) to the new formal associations funded by the international community (World Bank & ECSSD, 2002),

The international community continues to drive the development and agenda of civil society, although there is a local movement toward the leadership of the sector [3]. However, there is evidence that there are increasing opportunities for small scale

funding in the community, whether from municipal or cantonal governments, fees for services, membership subscriptions and charitable giving in the community [13]. All levels of government except the state are active in supporting NGOs though small grants that are often unstructured and allocated without the identification of clear requirements and criteria for applicant selection. In this frame only in a few cases governments are committing significant amounts to CSOs, and very often resources are disbursed according to criteria that tend to have a political significance, often excluding professional NGOs [12]. As far as rural people involvement in associations, cooperatives, other local groups or institutions and in the community life as a whole are concerned, a high percentage of the surveyed households (42.9%) are members of cooperatives while 45.9% of them are members of both (cooperatives and associations) (Tab. 2). The main reasons of such a high share can be found in the long tradition of gathering and working collectively as well as awareness about benefits that can be gained from a membership. However, it has also to be noticed that a significant share of the surveyed households (37%) is neither member of a cooperative nor of an association that, together with the share of unsatisfied members, represents an indication of a rather negative perception of the benefits offered by the membership. Nevertheless, among the members the overall perception of the satisfaction with the provided services is relatively high (Tab. 2).

Rural households' heads have a relatively poor social capital as underlined by the fact that less than 40% of them are involved in one or more organizations. Only few households' heads (5.7%) are members of political parties which suggests that rural population is only relatively aware of the importance of being engaged in the policy making process to have more opportunities to improve their livelihoods and to meet their specific basic and strategic needs. Support for rural development by municipalities is partly stated in local planning documents, which include the local economic development strategy. In practice, it consists mainly in investments in infrastructures kept in local administrations as capital investments. Moreover, local administrations have also a budget dedicated to support the development of agricultural production, which is still a major source of income for a large share of rural households. Due to their frontline position and proximity to citizens, the municipalities' role in rural development is steadily increasing [8]. Rural development strategies, plans and programmes promoting an integrated approach are generally missing at local and regional level. Istocni Stari Grad and Pale municipalities have strategies for development of agriculture<sup>2</sup> while in Istocno Novo Sarajevo municipality preparation of this document was still in progress in March 2011. The other four surveyed municipalities (Trnovo, Istocna Ilidza, Sokolac and Rogatica) do not have any strategic document related to agricultural and rural development. In Rogatica, Sokolac, Istocno Novo Sarajevo and Istocna Ilidza the preparation of a Local Environmental Action Plan (LEAP) is in progress.

<sup>2</sup> The main objective of these strategies is to increase the scope and economic impacts of agricultural production and processing of agricultural products.

Lack of institutional capacities at local level is a limiting factor. Current practice indicates that agricultural and rural development issues are managed at the local

level by the Department of Urban Planning and Department of Economic and Social Affairs in the municipalities of SRr and in TES. Since a great part of their activities is focused on administrative tasks, the lack of capacities in rural development planning results evident. Nevertheless, a specific agency, aimed at promoting a holistic strategy for the economic development of the region, has been established in TES.

## DISCUSSION

Government support to the rural sector evolved from command-and-control policies under socialism to support for transition where donors gained rapidly an important role [7]. To address agricultural challenges, government was traditionally assisting the sector with input subsidies, subsidies for particular subsectors, and a slowly increasing the emphasis on rural development. However, as largely demonstrated by the evolution of the European Common Agricultural Policy (CAP), this focus on production subsidies, may ultimately has a distorsive effect by letting governments, rather than markets, decide on the best subsectors to focus on. Moreover a focus solely on market support measures could hold back that modernization and diversification potential that could be fostered by rural development measures and allocations. Therefore, increased emphasis is needed on rural development support and improving public agricultural goods and services (e.g. extension and advisory services, agricultural education, research, etc.). Management of public expenditures is a key concern. In fact, it is important to align budgets with the future CAP which means decoupling subsidies from production and adopting the principle of the single farm payment; conditioning payments on compliance with environmental standards; and shifting production subsidies and market support toward rural development. Rural development policies and support programs are more effective and less market-distorting in supporting the agro-food and rural sector than production subsidies and market support. To expedite the modernization of the agro-food sector and foster rural development government policies and expenditures need to provide appropriate incentives for farmers and rural entrepreneurs. Overall, in the 2006-2010 period, local development strategies focused mainly on agriculture development rather than on rural development, however the trend shows an increased attention to non-agricultural activities. The low level of participation of citizens in planning and decision-making processes and governance is one of the main problems faced in all Bosnian municipalities. Furthermore, rural municipalities have to tackle with at least two set of challenges related to local development planning: a lack of updated data at the farm level and a weak human capital [8]. As also emphasized by a number of studies and reports (3, 11, 12, 17) BiH is characterized by a weak coordination and cooperation among NGOs at the local and country level and between NGOs and governmental bodies. In fact, there is no country strategy for government–civil society cooperation at either the state or entity level and no institutional mechanism charged with mediating relations with civil society, defining respective roles and responsibilities and providing transparency and accountability. That's why the relationship between government and civil society has yet to be defined and operationalized particularly at higher levels. However, a number of progresses have been made to formalise government–NGO cooperation in particular sectors, driven

by foreign actors, especially youth and women. Sound development policies, effective networks among rural stakeholders, efficient decentralization processes and a more central role of local actors greatly affect the valorisation of local resources and specificities and are key factors in determining the future social, political and economic stability of rural areas. Local organisations were exclusively utilized to channel service delivery and material aid while good local governance should foresee also their inclusion in the policy dialogue. NGOs engaged in service provision continue to dominate Bosnian civil society, and a major weakness of the sector is the generally low level and poor quality of public advocacy [12]. Participation of local institutions and communities in agriculture and rural policy making is still weak and a sound multilevel governance, implying clear responsibilities at all levels and the prevention of duplication and fragmentation, is missing. The weak coordination and communication between multilevel governance institutions also led to an irrational use of the already limited human and financial local resources. Moreover, local organisations, including local government and administration, are affected by lack of accountability and transparency and, in general, by a limited capacity to provide a clear societal link among and with citizens. Governments can stimulate non-farm income opportunities by promoting diversified and knowledge-based rural economies through investments in physical capital; human capital and by insuring land consolidation and an enabling local business environment, adequate legislation and regulation, a coherent macroeconomic framework, and facilitation of business partnerships and professional associations (*i.e.* social capital). This requires the adoption of a territorial development approach and active involvement and participation of regional and local authorities and rural communities [7]. In order to foster Bosnian local institutions and organizations contribution to local development in general and to rural and agricultural development in particular it is necessary to foster increased domestic ownership of civil society development and improved conditions for the sustainability – and active engagement – of the civil society sector.

## CONCLUSIONS

Well organized, dynamic, active and coordinated local groups, institutions and organisations can contribute to sustainable rural and agricultural development processes. Awareness about benefits and tradition led rural people to work together in local groups and organizations but the lack of institutional support is still a major constraint. Local governance did not shift yet rural development policies from a sectoral to a multisectoral, territorial and integrated approach and local budgets are still rather subsidy-oriented than focusing on long-term integrated investments. In general, there is a lack of interaction between local institutions and organizations operating in SRr. Moreover, local institutions still do not have a clear vision on rural development in SRr and on their role in the process. Local participatory and voluntary organisations and institutions in BiH in general and SRr in particular are important because they play different roles, represent a wide array of interests and undertake a variety of activities including service provision, distribution of humanitarian assistance, provision of mutual support and solidarity, human rights and government monitoring, research and policy development, and public advocacy and lobbying.

Roles and activities depend, among others, on organisation type and on the characteristics of the area of operation. The design of appropriate rural development programs and strategies among all actors in their delivery should be a priority in the near future in BiH. Efficient and effective rural development policies should be place-based, multisectoral, synergistic, and designed and implemented through dialogue and a good coordination among all actors. Policies and priorities of municipalities has to be harmonized with regional ones (*i.e.* vertical coordination) and among themselves (*i.e.* horizontal coordination).

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Table 1. Organizations operating in the selected municipalities of Sarajevo-Romanija region.

Municipality	No. of organizations	Organizations involved in agriculture and rural development	%
Sokolac	58	7	12.0
Istocna Ilidza	32	6	18.7
Pale	26	3	11.5
Istocno Novo Sarajevo	24	5	20.8
Trnovo	16	3	18.7
Rogatica	11	2	18.1
Istocni Stari Grad	1	1	100.0

Source: authors' elaboration from statistical data of municipalities in Sarajevo-Romanija region. In some cases the same organization operates in many municipalities.

Table 2. Cooperatives/associations: membership and perceived satisfaction with services.

Number	Membership		Perceived satisfaction with services			
	Number	Percentage (%)	Yes		No	
			No.	%	No.	%
1. Cooperatives	15	42.9%	10	66.6%	5	33.3%
2. Associations	4	11.4%	3	75%	1	25%
3. Both	3	8.6%	3	100%	-	-
4. None	13	37,1%	Did not provide any answer			

\*Source: authors' survey.