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**LABOUR AND SOCIAL POLICY IN BOSNIA AND HERZEGOVINA:  
THE DEVELOPMENT OF POLICIES AND MEASURES FOR SOCIAL MITIGATION**

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**Living in BiH**

**Panel Study WAVE 4 Report**

**Draft for discussion**

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Birks Sinclair & Associates Ltd.  
Gatehouse Suite  
Palatine House  
Belmont Business Park  
Durham, DH1 1TW  
United Kingdom

Phone: 00-44-191-386-4484  
Fax: 00-44-191-384-8013  
E-mail: [Office@Birks-Sinclair.com](mailto:Office@Birks-Sinclair.com)  
Project Web Site (English):  
[www.Birks-Sinclair.com/BiH.htm](http://www.Birks-Sinclair.com/BiH.htm)

Institute for Social and Economic Research  
University of Essex  
Wivenhoe Park  
Colchester CO4 3SQ  
United Kingdom

Phone: 00 44 1206 872 957  
Fax: 00 44 1206 873 151  
E-mail: [iser@essex.ac.uk](mailto:iser@essex.ac.uk)

Independent Bureau for Humanitarian Issues  
Šacira Sikirića 12  
71000 Sarajevo  
Bosnia and Herzegovina

Phone/Fax: 00 387 33 219 780 /1/ 00 387 33 268 750  
E-mail: [bosna1@ibhibih.org](mailto:bosna1@ibhibih.org)  
Project Web Site (Local): [www.ibhibih.org](http://www.ibhibih.org)

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Overall supervision and guidance was provided by the Data User Groups (DUGs) of FBiH, RS and BiH. The DUGs monitored the work process and guided the emphasis of the report. Institutional and individual composition of the DUGs membership is listed in Appendix B.

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The responsibility for the report and its conclusions lies with the team leaders.

## List of Acronyms

BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
DFID	Department for International Development
DUG	Data Users Group
EPPU	Unit for Economic Planning and Implementation of BiH MTDS
FBiH	Federation of Bosnia and Herzegovina
FOS	Federal Office of Statistics
HBS	Household Budget Survey
HSPS	Household Survey Panel Series
IBHI	Independent Bureau for Humanitarian Issues
ILO	International Labour Organisation
ISCO	International Standard Classification of Occupations
ISER	Institute of Social and Economic Research
KM	Convertible Mark ( <i>Konvertibilna Marka</i> )
LFS	Labour Force Survey
LSMS	Living Standards Measurement Survey
MTDS	Medium Term Development Strategy
NACE	Nomenclature générale des Activités économiques dans les Communautés Européenes (General Industrial Classification of Economic Activities within the European Communities)
RS	Republika Srpska
RSIS	Republika Srpska Institute for Statistics
SI	Statistical Institution
WB	World Bank

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## **Executive Summary**

- *The Household Survey Panel Series (known as the “Living in BiH” survey) has conducted interviews with around 3,000 households in BiH at each of the last four years, 2001 - 2004. The resulting panel data set provides the first longitudinal data for BiH and is a unique data source for monitoring change over time across a range of areas important for policy development.*
- *Over the four years of the survey the main findings suggest that there has been an overall improvement in living conditions in BiH. Home ownership has increased markedly alongside a reduction in the numbers living in temporary or illegal accommodation. Access to basic facilities essential for public health, such as indoor running water and sewerage, have also improved. There are other indicators of increasing prosperity such as increasing access to new technologies. For example, the ownership of mobile phones has continued to increase rapidly, particularly in the RS where a higher percentage of households now have a mobile phone than in FBiH.*
- *The labour market trends are somewhat mixed. Employment rates for the working age population (15-64 years) increased by around 6% between 2001 and 2004 but unemployment rates for BiH have fallen by only 1% over the period. In addition, the aggregate unemployment rates increased between 2003 and 2004, reversing the previous downward trend. The increase in unemployment is greater in the RS than in FBiH.*
- *Education levels remain low for the majority of the population. People with no educational qualifications continue to be least likely to be in paid employment followed by those with primary school education only. They are also most likely to be long term unemployed and are significantly less likely to have moved into employment from unemployment between 2001 and 2004. This is a long term policy issue where improvements in the education system will take some years to feed into the labour market.*
- *Mean household income levels for BiH have increased, mainly due to increases in income from employment sources. While overall income levels have improved in both entities, there is evidence that the trend observed at wave 3 has continued with the FBiH, on the whole, faring better over the past few years than the RS. The data suggest an increasing gap between average income levels in the RS and FBiH, a difference which appears to be largely due to higher wages and returns to employment in FBiH over the past four years.*

## 1. Introduction

This action oriented study addresses the fundamental issue of facilitating the appropriate development of social policy in BiH. Policy making authorities in each entity within BiH face a series of problematic choices in terms of social policy. The quantitative and qualitative data and analysis essential for social policy are relatively weak. Yet circumstances are complex and pressures to formulate effective and sustainable policy are growing. This report therefore contributes to a framework that:

- informs and supports the policy making process throughout, and strengthens the social policy making function at entity level; and
- supports the statistical institutions responsible for statistical analysis and reporting to enable informed policy making.

It does this by presenting BiH household panel data - resulting from repeat interviews of a sample of households - that are part of a household survey series which was initiated by the LSMS and which will be continued through the:

- Household Budget Survey (HBS); and
- Labour Force Survey (LFS).

BiH is experiencing rapid change, following recovery from the war, and in accelerating transition to a market economy. The implications of these developments for social policy can only be properly understood if the impacts on individuals, families and households of macro changes within the economy are tracked over time. This requires an analysis of the *dynamics* of events such as moves between jobs, geographic mobility, changing household composition, income shifts, changes in health status, and how these interact.

This has been done by following the changing behaviour and fortunes of households, families, and their members across time. The appropriate methodology for this is a household panel study - upon which this report is based - “Living in BiH”.

The Household Survey Panel Series (HSPS - “Living in BiH”) allows annual measurement of change and will permit the aggregation of data for individuals across time to derive estimates of the impact of changes in a manner that cross sectional data cannot allow.



In the context of BiH, the ability to track over time such transitions whilst:

- privatisation and economic restructuring are furthered; and
- as the labour market is restructured;

will be critical for the formulation of social policy overall and of subsidiary measures to mitigate some of the potentially damaging effects of privatisation and restructuring upon the welfare of individuals and families.

Thus the panel survey is complementary, in supporting policy development, to the cross-sectional household survey series.

The report provides a broad picture of the coverage of the survey “Living in BiH”, and the potential for policy analysis using panel data.

It deliberately does not report every measure included in the panel survey but rather is intended to give the reader an understanding of the coverage and potential of the data for analysis. While it is largely descriptive, it is of interest to policy makers, researchers as well as a more general audience and the international community.

The BiH panel survey is the first of its kind in any Balkan country so provides a unique data resource for further analysis. This project will support a range of further analysis of this rich data set in a number of ways that will contribute further to policy development.

The report covers seven main themes which are comparable with those covered in the wave 3 report for 2004. These are:

- Demographic and social situation in BiH;
- Housing, migration and geographical mobility;
- Employment and unemployment;
- Income;
- Poverty dynamics;
- Health; and
- Values, opinions and quality of life.

The analysis demonstrates the difference between cross-sectional and panel data. Cross-sectional trend data generally show little change in the aggregate percentages year on year. The impression is that there is overall stability or gradual change. Panel data, where the same individuals are tracked over time, typically find much more movement going on as individuals within the overall distribution move between states. For example, people:

- entering and leaving employment;
- people and families entering and leaving poverty; and
- people and families with changing health status as employment and income status change.

As the number of years of the panel data build up it is possible to look at slightly longer term transitions over the four year period. The report therefore presents concrete results of policy significance, but is also a vehicle for showing the different types of analysis that are possible with longitudinal data. Again, it provides pointers - in the particular social policy context of BiH - to further research that can be built upon the platform that this report represents.

The emphasis of analysis and data tabulation is, at this stage, upon entity level - this is because of the constitutional vesting of responsibility for social policy making at entity level.

The panel survey and the supporting project is funded by the UK Department for International Development (DFID). The fieldwork and data processing are carried out by the Statistical Institutions (SIs) (The Agency for Statistics of BiH (BHAS); the Federal Institute of Statistics (FOS) and the Republika Srpska Institute of Statistics (RSIS) within BiH in partnership with Birks Sinclair, the Independent Bureau for Humanitarian Issues (IBHI) and the Institute of Social and Economic Research (ISER). The partnerships implementing the project extend to the data using ministries of both entities and the state level Cabinet of Ministers in terms of policy development.

Throughout its development and implementation this work has been guided by the two entity level Data User Groups (DUGs - see Appendix B) and latterly by the state level BiH DUG.

This report is based on panel data from Waves (years) 1, 2, 3 and 4 of the Living in BiH panel survey. The panel survey sample is made up of over 3,000 households drawn from the Living Standards Measurement Survey (LSMS) conducted by the World Bank in co-operation with the SIs in 2001. Approximately half the households interviewed on the LSMS were selected and carried forward into the panel survey. These households were re-interviewed for second time in 2002, for a third time in 2003 and again in November 2004. We now have a panel of four years of interviews where the same

individuals are re-interviewed at consecutive time points. (See Appendix A for a full description of the panel design, sample selection and fieldwork procedures.)

#### ***Wave 4 response outcomes***

The panel survey has enjoyed high response rates throughout the four years of data collection with the wave 4 response rates being higher than those achieved at wave 3. At wave 4, 1501 households in the FBiH and 1212 households in the RS were issued for interview. Since there may be new households created from split-off movers it is possible for the number of households to increase during fieldwork. A similar number of new households were formed in each entity; 159 in the FBiH and 166 in the RS. This means that 3038 households were identified during fieldwork. Of these, 2969 were eligible for interview, 69 households having either moved out of BiH, institutionalised or deceased (40 in the RS and 29 in the FBiH). As Table 1.1 shows, interviews were achieved in 95.6% of eligible households, an extremely high response rate by international standards for a survey of this type which testifies to the high quality of the fieldwork and data collection operations in both entities.

**Table 1.1** Wave 4 Response outcomes for eligible households by entity

	<b>Entity</b>		
	<b>RS %</b>	<b>FBiH %</b>	<b>Total BiH %</b>
Interviewed household	98.2 (1314)	93.4 (1523)	95.6 (2837)
Untraced mover	0.4 (5)	1.0 (16)	0.7 (21)
Non-interviewed	1.4 (19)	5.6 (92)	3.7 (111)
<b>Total N</b>	<b>1338</b>	<b>1631</b>	<b>2969</b>

In total, 9128 individuals (including children) were enumerated within the sample households at wave 4, 5019 individuals in the FBiH and 4109 in the RS. Within in the 2837 eligible households, 7603 individuals aged 15 or over were eligible for interview with 7116 (93.6%) being successfully interviewed. Within co-operating households (where there was at least one interview) the interview rate was higher (98.6%).

**Table 1.2** Wave 4 Response outcomes for eligible individuals by entity

	<b>Entity</b>		
	<b>RS %</b>	<b>FBiH %</b>	<b>Total BiH %</b>
Interviewed	99.2 (3354)	98.1 (3762)	98.6 (7116)
Non-interviewed	0.8 (28)	1.9 (73)	1.4 (101)
<b>Total N</b>	<b>3382</b>	<b>3835</b>	<b>7217</b>

A very important measure in longitudinal surveys is the annual individual re-interview rate as a high attrition rate, where large numbers of respondents drop out of the survey over time, can call into question the quality of the data collected. In BiH the individual re-interview rates have been high for

the survey. The individual re-interview rate is the proportion of people who gave an interview at time t-1 who also give an interview at t. Of those who gave a full interview at wave 3, 6654 also gave a full interview at wave 4. This represents a re-interview rate of 98.9% - which is extremely high by international standards. When we look at those respondents who have been interviewed at all four years of the survey there are 5923 cases which are available for longitudinal analysis, 2732 in the RS and 3191 in the FBiH. This represents 76.5% of the responding wave 1 sample, a retention rate which is again high compared to many other panels around the world<sup>1</sup>.

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<sup>1</sup> Note that all results presented throughout this report are weighted to account for sample selection probabilities and non-response at waves 2, 3 or 4. The numbers reported in the tables which follow are therefore the weighted sample numbers. The tables report cases with valid responses only.

## **2. Demographic and social situation in BiH**

### **Key Findings**

- *Those living in the RS are more likely than those living in the FBiH to be self-employed even though the levels of self-employment have increased in both entities over the four year period.*
- *Aggregate levels of unemployment in BiH have decreased over the four years by around two percent, a change which seems to be mainly due to an increase in self-employment and a reduction in the percentage describing themselves as a 'housewife'. This is a continuation of a trend noted at wave 3 which suggests more women with families may be starting to enter the labour force.*
- *Around 25% of people in BiH have no educational qualifications and only 3% have university level qualifications. There has been an increase in the percentage with secondary level qualifications.*
- *3% of respondents in the RS and 4% of those in FBiH had gained a qualification between 2003 and 2004. These were primarily younger people and students.*
- *The trend over the four years shows a marked increase in home ownership. The rate of growth in home ownership has been faster in the RS than in FBiH. If this trend continues at the same rate for the next few years the levels of home ownership in the RS will be comparable to those in FBiH.*
- *As in 2003, 30% of working age households in BiH had no-one in paid employment at the time of the survey in 2004.*
- *Households in FBiH continue to be generally better off in terms of mean household income from all sources. This seems to be mainly due to higher levels of income from employment in FBiH.*
- *The four year trend suggests a gradual decline in average household size as the percentage of one and two person households has increased and the number of larger households decreased.*

This section gives some descriptive tables across a variety of key demographic and social variables for the four years of the survey. A more detailed examination of specific areas is contained in the sections which follow.

Table 2.1 shows the distribution across a number of key demographic variables for the interviewed sample. The year on year trends within each entity are fairly stable with both entities having similar distributions of age, sex and current marital status at all waves.

**Table 2.1**      **Key demographic variables Waves 1 to 4 (all interviewed adults including new entrants at Waves 2, 3 and 4)**

		Entity											
		RS %				FBIH %				Total BiH %			
		W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
<b>Sex</b>	Male	49.9	50.3	49.2	49.7	47.2	47.2	47.0	46.4	48.4	48.6	48.0	47.8
	Female	50.1	49.7	50.8	50.3	52.8	52.8	53.0	53.6	51.6	51.4	52.0	52.2
<b>Age</b>	15 - 24	18.2	18.3	17.6	15.9	19.8	19.7	19.7	18.2	19.1	19.1	18.7	17.2
	25 - 34	15.4	15.4	15.8	16.9	16.4	16.1	16.0	15.3	16.0	15.8	15.9	16.0
	35 - 44	16.6	15.8	15.3	14.4	18.8	17.8	17.8	18.0	17.8	16.9	16.6	16.5
	45 - 54	18.5	18.3	18.9	19.2	16.3	16.5	16.5	16.9	17.3	17.3	17.6	17.9
	55 - 64	14.1	14.2	13.7	13.8	13.4	13.2	13.4	13.0	13.7	13.7	13.5	13.3
	65 and over	17.1	18.1	18.7	19.8	15.5	16.6	16.7	18.7	16.2	17.3	17.6	19.1
<b>Marital Status</b>	Single	30.2	28.2	27.8	27.2	30.1	27.8	27.3	26.3	30.1	28.0	27.5	26.7
	Married	57.4	58.4	57.9	57.3	57.3	58.7	58.6	58.8	57.4	58.5	58.3	58.2
	Widow/er	10.6	11.4	12.3	13.0	11.2	11.6	11.6	12.6	10.9	11.5	11.9	12.8
	Divorced/separated	1.8	2.0	1.9	2.4	1.4	1.9	2.3	2.3	1.6	1.9	2.1	2.4
<b>Employment status*</b>	Employee	26.5	25.1	25.9	25.4	22.9	23.9	24.6	25.6	24.5	24.4	25.2	25.5
	Self-employed	4.7	7.1	7.0	7.5	2.4	3.6	4.3	4.9	3.4	5.2	5.6	6.0
	Fixed term/seasonal worker	1.8	2.1	1.8	1.2	1.3	1.5	1.6	1.2	1.5	1.8	1.7	1.2
	In family business	2.5	3.4	2.4	4.4	0.8	1.6	1.6	1.9	1.6	2.4	2.0	3.0
	Housewife	18.4	18.2	17.5	15.3	23.7	20.9	20.6	18.6	21.4	19.7	19.2	17.2
	Student	8.2	8.4	8.3	7.6	10.1	9.7	10.8	8.9	9.3	9.1	9.7	8.3
	Pensioner	14.6	13.0	15.8	15.9	17.0	17.4	17.3	20.3	15.9	15.4	17.3	18.4
	Unemployed	19.8	18.2	17.6	19.5	19.4	17.3	16.6	16.0	19.6	17.7	16.6	17.6
	Military service	0.2	0.1	0.2	0.1	0.3	0.3	0.2	0.1	0.3	0.2	0.2	0.1
	Unable to work	3.3	4.3	3.5	3.1	2.1	3.4	2.5	2.5	2.7	3.8	2.5	2.8

Note that employment status is the subjective report by the individual i.e. what 'best' describes their current status. Includes all sample members.

When we look at current employment status, those in the RS report consistently higher levels of self-employment, fixed term contract or seasonal work and also working in the family business at all four years (2001 to 2004) than those living in FBIH. However, the trend suggests that levels of self-employment are increasing in the FBIH, with 4.9% being self-employed at wave 4 (2004) compared to 2.4% at wave 1 (2001). The proportion of self-employed has also increased in the RS with 7.5% being self-employed in 2004 compared to 4.7% in 2001. In the FBIH this trend does not appear to be

due to any decrease in the percentage of employees which has in fact increased over the period in the FBiH. Rather, the move into self-employment appears to be from other non-employed categories. Both entities have a decreasing proportion of respondents reporting themselves as a 'housewife' and the trend suggests that the level of unemployment has also decreased over the four years by around 2%. This is not accounted for by those 'unable to work' as this remains fairly similar over the four years showing no clear trend. Both entities maintain similar percentages of students and pensioners across the four years even though the proportion of pensioners shows a slight increase.

Table 2.2 gives the level of qualifications held by those interviewed at each of the four waves. Overall, the highest level of qualification remains fairly stable over the period. In both entities the trend suggests a slight decrease in the proportion with no qualifications at all or primary level only and a slight increase in the percentage with secondary qualifications but more or less stable percentages with junior college or university level qualifications. At wave 1, 48.5% of respondents in FBiH had secondary level or higher qualifications and at wave 4 50.4% had secondary level or higher, an increase of nearly 2%. Most of this trend seems to be due to an increase in the percentage with secondary level qualifications rather than junior college or university level qualifications. As more students gain their secondary qualifications they may be more likely to stay on in further education but the extent to which this happens will depend on a number of factors, not least the cost of staying in education relative to entering employment.

In the RS, 2.7% of respondents had gained a qualification of some kind in the last year and in the FBiH 4.0% had done so. Most of those gaining qualifications were students and those aged 15 to 24 years (80.8% of those who had gained a qualification), presumably through completing or partially completing educational courses they were doing over the period.

Table 2.2 Highest educational qualification (all interviewed)

	Entity											
	RS %				FBiH %				Total BiH %			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
No qualifications	23.8	22.9	26.1	25.9	26.1	25.3	23.0	23.2	25.1	24.3	24.4	24.4
Primary school certificate	27.7	27.8	26.0	25.7	25.4	25.1	25.8	25.0	26.4	26.3	25.9	25.3
Secondary school certificate	43.0	43.5	42.2	45.9	42.3	43.2	44.6	45.3	42.6	43.3	43.5	44.3
Junior College	3.0	3.1	2.9	2.9	2.9	2.9	3.0	3.0	2.9	3.0	2.9	3.0
Undergraduate diploma/higher degree	2.6	2.7	2.8	2.6	3.3	3.5	3.6	3.4	3.0	3.1	3.3	3.1
Total N	3501	3501	3069	2831	4635	4637	3722	3669	8136	8138	6791	6500

Table 2.3 shows the legal status of dwellings at each of the four years of the survey. The overall trend suggests quite a marked increase in ownership or co-ownership of property over this period. At wave 1, 70.1% of households owned their dwelling but by wave 4, 82.9% were owners, an increase of over 12%. The levels of home ownership in the RS are consistently lower over the four years than in the FBiH but the increase in ownership continues to be greater in the RS than the FBiH over the four years. In the RS, home ownership has increased by 28.5% compared to the FBiH which has had an increase of 8.6%. In part the faster rate of increase in the RS is due to the lower levels of home ownership to start with compared with the FBiH but in the past year alone home ownership in the RS has increased at three times the rate of the FBiH, 3.2% in the RS compared to .9% in the FBiH. If the trend in the RS continues at the same rate over the next few years the levels of home ownership in the RS will be comparable to those in the FBiH.

Temporary accommodation was the second largest type of tenancy arrangement in both entities at wave 1 but over the four years the trend is quite sharply downwards, particularly in the RS. By wave 4 the percentage in temporary accommodation for BiH as a whole had fallen to 2.8% from 13.8% at wave 1, 8.1% at wave 2 and 4.9% at wave 3. This trend can be seen in both entities with just 3.0% of households being in temporary accommodation at wave 4 in the RS and 2.6% in the FBiH. The RS has had a greater percentage fall in temporary accommodation, down 16.1% over the four years with the FBiH levels falling by 7%.

**Table 2.3**      **Legal status of dwelling Waves 1 to 4**

	<b>Entity</b>											
	<b>RS %</b>				<b>FBiH %</b>				<b>Total BiH %</b>			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Owned/ co-owned outright	62.1	69.6	77.4	80.6	76.4	79.9	84.1	85.0	70.1	75.2	81.1	82.9
Under privatisation	2.4	2.5	1.9	0.8	4.0	1.8	1.0	1.4	3.3	2.2	1.4	1.2
Tenancy right holder	7.8	1.8	0.7	0.2	1.2	1.1	0.5	0.1	4.1	1.5	0.6	0.2
Rented	2.5	6.1	5.9	6.5	1.5	2.6	3.1	2.9	1.9	4.2	4.4	4.6
Temporary accommodation	19.1	11.6	7.2	3.0	9.6	5.2	3.1	2.6	13.8	8.1	4.9	2.8
Free from family/friends	3.4	5.0	4.9	5.8	5.2	7.4	6.2	7.2	4.4	6.3	5.6	6.5
Illegal occupation	0.9	1.6	0.6	0.1	1.0	1.3	0.6	0.5	1.0	1.4	0.6	0.3
Emergency lodging/refugee centre	1.1	0.8	0.9	2.1	0.6	0.4	0.9	0.2	0.8	0.6	0.9	1.1
Other	0.7	0.8	0.6	1.0	0.4	0.3	0.4	0.2	0.9	0.5	0.5	0.6
<b>Total N</b>	<b>1318</b>	<b>1299</b>	<b>1153</b>	<b>1314</b>	<b>1681</b>	<b>1580</b>	<b>1439</b>	<b>1523</b>	<b>2999</b>	<b>2879</b>	<b>2592</b>	<b>2837</b>

In contrast, the trend in the rented sector seems to have seen an increase over the four years with 4.6% being in rented accommodation at wave 4 compared to just 1.9% at wave 1. The increases in home ownership and in rented accommodation signal a gradual shift towards households having more



permanent housing arrangements as the need for temporary accommodation decreases. By wave 4 almost no households in the panel were in illegal occupation of a property (0.3%) or in emergency accommodation of some kind (1.1%). The proportion of tenancy right holders has almost completely disappeared over the four year period as the right to buy policy has encouraged these households to purchase their dwelling.

Table 2.4 gives the mean number of people, adults and children aged under 15 years per household at waves 2, 3 and 4. For BiH as a whole the mean number of people, including children under 16, living in a household at wave 4 was 3.05, only slightly smaller than the mean at wave 3 of 3.29 people. However, the trend over the three year period suggests a gradual decline in average household size and the pattern is similar in both entities.

**Table 2.4** Household size - Number of people, adults and children aged under 15 in enumerated households Waves 2, 3 and 4

<b>Entity</b>									
	<b>RS %</b>			<b>FBiH %</b>			<b>Total BiH %</b>		
	W2	W3	W4	W2	W3	W4	W2	W3	W4
<b><i>Number people</i></b>									
One	15.1	16.7	19.2	14.2	14.0	16.7	14.6	15.1	17.8
Two	20.4	19.9	23.4	22.3	23.4	26.5	21.5	21.9	25.1
Three	19.9	20.9	19.5	17.6	17.1	17.9	18.6	18.8	18.6
Four	22.8	21.3	21.2	24.4	24.2	22.6	23.7	22.9	21.9
Five	12.7	12.4	9.1	11.4	11.3	9.9	11.9	11.7	9.5
Six or more	8.9	8.9	7.6	10.1	10.0	6.5	9.7	9.6	7.0
Mean (Std. Dev)	3.31 (1.678)	3.24 (1.667)	3.04 (1.603)	3.34 (1.693)	3.33 (1.712)	3.06 (1.572)	3.33 (1.686)	3.29 (1.693)	3.05 (1.586)
Total N	1335	1109	1314	1715	1439	1523	3050	2548	2837
<b><i>Number aged 15 or over</i></b>									
One	15.8	17.5	20.2	15.5	15.3	17.8	15.6	16.3	18.9
Two	29.9	29.7	33.2	36.9	37.0	39.5	33.8	33.8	36.6
Three	24.8	24.3	21.5	20.9	20.7	20.0	22.6	22.3	20.7
Four	19.3	18.8	17.9	17.7	18.2	16.2	18.4	18.5	17.0
Five	7.8	7.7	5.3	5.9	6.0	4.9	6.7	6.7	5.1
Six or more	2.3	2.0	2.0	3.0	2.7	1.6	2.8	2.5	1.8
Mean (Std. Dev)	2.82 (1.314)	2.76 (1.285)	2.61 (1.246)	2.73 (1.340)	2.73 (1.329)	2.56 (1.214)	2.77 (1.329)	2.74 (1.310)	2.58 (1.229)
Total N	1334	1109	1314	1715	1439	1523	3049	2547	2837
<b><i>Number aged under 15</i></b>									
None	70.0	70.5	72.8	63.2	63.7	67.6	66.2	66.7	70.0
One	15.0	14.7	13.8	17.5	17.2	18.1	16.4	16.1	16.1
Two	11.2	11.3	11.0	15.2	14.9	12.3	13.4	13.3	11.7
Three or more	3.7	3.6	2.5	4.2	4.2	2.0	3.9	4.0	2.3
Mean (Std. Dev)	0.49 (0.853)	0.48 (0.853)	0.44 (0.797)	0.61 (0.916)	0.60 (0.905)	0.49 (0.810)	0.58 (0.891)	0.55 (0.884)	0.47 (0.805)
Total N	1335	1109	1314	1715	1439	1523	3050	2548	2837

This trend seems to be due to an increase the percentage of one and two person households and a decline in the percentage of larger households with five or more people. In conjunction, the percentage of households with no children aged under 15 years has increased slightly while the percentage with three or more children under 15 years has fallen. Whether this trend over the relatively short time span of three years can be said to represent a wider demographic change in household composition within BiH is too early to say. However it is not unlikely that BiH will follow the trend in other European countries where birth rates have fallen and average household size has decreased along with a marked increase in single person households in many countries.

Table 2.5 shows the number of persons employed in households at waves 2, 3 and 4 by entity. In terms of numbers within each household who were in paid employment at wave 4 for BiH as a whole, there is little difference from wave 3 in the proportion of households where there is no-one in employment. The pattern is not the same in each entity however with the RS showing a very slight decrease in the proportion of households with no-one in employment and the FBiH a slight increase. In contrast to waves 2 and 3, the FBiH were almost equally as likely as the RS to have two or more people in the household in employment; 18.9% in the FBiH compared to 19.4% in RS.

Table 2.5 Numbers of employed in household

	Entity								
	RS %			FBiH %			Total BiH %		
	W2	W3	W4	W2	W3	W4	W2	W3	W4
<i><b>Number people employed</b></i>									
None	40.5	42.2	42.0	47.5	45.6	46.2	44.5	44.1	44.4
One	37.1	34.7	38.6	35.5	36.5	35.0	36.2	35.7	36.5
Two	18.3	18.7	15.1	14.4	15.3	16.0	16.1	16.8	15.6
Three or more	4.1	4.4	4.3	2.6	2.5	2.9	3.2	3.4	3.5
Mean (Std. Dev)	0.87 (0.882)	0.86 (0.894)	0.83 (0.895)	0.72 (0.813)	0.75 (0.818)	0.76 (0.842)	0.79 (0.847)	0.80 (0.854)	0.79 (0.865)
Total N	1335	1166	1267	1714	1440	1916	3049	2606	2721
<i><b>Number people employed (hoh under 65)</b></i>									
None	28.8	27.0	28.7	37.3	33.5	30.0	33.6	30.8	29.5
One	42.8	41.7	45.6	42.0	43.3	44.7	42.3	42.7	45.1
Two	23.1	25.1	20.0	17.3	19.7	21.2	19.8	22.0	20.7
Three or more	5.3	6.1	5.8	3.4	3.5	4.0	4.2	4.6	4.8
Mean (Std. Dev)	1.06 (0.887)	1.11 (0.900)	1.05 (0.911)	0.87 (0.828)	0.93 (0.829)	1.00 (0.844)	0.95 (0.859)	1.01 (0.864)	1.02 (0.872)
Total N	969	733	785	1286	1015	1096	2256	1748	1881

Where the head of household was aged under 65 years, under a third of households (29.5%) had no-one in paid employment, with the overall trend over the three years being downwards from 33.6% of households at wave 1. However, this downward trend in workless households seems to be almost

entirely due to a decrease in the FBiH rather than in the RS where the proportion of workless households has remained stable over this period. Working age households in the RS were as likely as those in the FBiH to have two or more working people in the household, something of a change from waves 2 and 3 where the RS tended to have larger numbers of people in the household working compared to the FBiH. As with the changes in average household size it is difficult to see what might be the underlying processes behind this shift over a relatively short time period. It may be the case that as opportunities in the labour market open up women in particular may be taking on some form of employment. This is supported by the earlier observation (Table 1) that the percentage of respondents describing themselves as a 'housewife' has decreased over the past four years while self-employment has increased.

The mean household income from employment and non-employment sources is given in Table 2.6 below.

**Table 2.6** Mean household usual monthly income from employment and non-employment sources - Waves 3 and 4

Source of income	Entity					
	RS (KM)		FBiH (KM)		Total BiH (KM)	
	W3	W4	W3	W4	W3	W4
Employment*	513.61 (419.04) <i>546</i>	562.71 (512.58) <i>622</i>	744.39 (637.98) <i>787</i>	769.93 (636.46) <i>789</i>	649.89 (570.04) <i>1332</i>	687.58 (598.81) <i>1411</i>
Non-employment**	173.17 (178.23) <i>569</i>	197.21 (199.81) <i>687</i>	249.29 (175.24) <i>796</i>	256.77 (194.18) <i>802</i>	217.55 (180.38) <i>1365</i>	231.37 (198.73) <i>1489</i>
Gifts, services in kind from within BiH	48.98 (64.84) <i>176</i>	31.36 (37.11) <i>186</i>	61.86 (91.95) <i>267</i>	46.74 (60.80) <i>255</i>	56.74 (82.41) <i>442</i>	41.21 (53.96) <i>441</i>
Remittances from abroad	78.61 (103.44) <i>190</i>	62.83 (79.65) <i>198</i>	121.44 (200.32) <i>245</i>	117.58 (176.57) <i>208</i>	102.75 (166.38) <i>435</i>	95.09 (147.15) <i>406</i>
Gifts, services in kind from charities, humanitarian organisations***	15.48 (15.95) <i>9</i>	8.02 (8.84) <i>13</i>	55.33 (178.22) <i>20</i>	16.33 (17.39) <i>17</i>	42.52 (147.05) <i>29</i>	13.25 (15.15) <i>30</i>
Total employment and non-employment	416.27 (398.38) <i>910</i>	453.29 (467.13) <i>1055</i>	596.18 (578.99) <i>1315</i>	611.26 (578.97) <i>1329</i>	522.60 (520.34) <i>2225</i>	547.27 (541.95) <i>2384</i>
Total all sources	409.73 (394.75) <i>982</i>	443.32 (460.97) <i>1148</i>	608.97 (583.70) <i>1365</i>	614.97 (577.02) <i>1397</i>	525.60 (522.41) <i>2347</i>	545.14 (539.40) <i>2545</i>

The number in (brackets) is the standard deviation and the N is given in *italics*.

\* Employment income includes income from main job plus any other jobs.

\*\* Non-employment income includes payments received from veterans' benefits, survivors pension, old age pension, disability pension, Civil Victims of War program, permanence allowance, temporary allowance, carers allowance, child benefits.

\*\*\* There were three cases in the RS where 5000 KM or more had been received. These have been excluded from the calculation of the mean for the RS as these outliers skewed the distribution so that the mean was misleading.

On average, household income from employment and non-employment sources is higher in the FBiH than in the RS with the BiH mean household income from all sources being 545 KM per month. This reflects an average rise of 20 KM per month over the year since 2003 and an average increase of 27 KM per month since 2002.

Households with income from employment continue to be better off than those without employment income in both entities. In both entities, we see an increase in the mean income from employment but also a slight increase in income from non-employment sources. Remittances from abroad are slightly lower on average in 2004 than in 2003. Remittances coming from a family member abroad, while no doubt significant for some households, are received by around one fifth of households in the sample.

Households in both entities receive income or income in kind from support from gifts, services in kind, remittances from abroad, charities and humanitarian organisations but the numbers receiving income from these sources is relatively small. Income from employment and non-employment sources therefore remain the main sources of income for most households. The overall effect on total mean income from all sources is not large however as the increases in income from one source tend to be balanced by decreases in others. The distribution of income is discussed further in sections 5 and 6.

### **3. Housing, migration and geographical mobility**

#### **Key Findings**

- *There has been a marked trend over the past four years towards home ownership.*
- *Overall, the data suggest that housing conditions in both entities have continued to improve.*
- *Access to running water in the accommodation and to sewerage facilities has improved. Just 7.5% of households in BiH do not have running water in their accommodation and 14.5% have no sewerage.*
- *Ownership of mobile phones has continued to increase rapidly, particularly in the RS where a higher percentage of households now have a mobile phone than in FBiH.*
- *Access to a telephone within the accommodation continues to be higher in FBiH than RS but similar proportions now have access to the internet from their home.*
- *A non-monetary hardship scale suggests that households in the RS are generally worse off than those in the FBiH even though this varies depending on the characteristics of the household.*
- *Households who have four or more problems with the condition of their accommodation have the lowest mean incomes and score worst on the hardship scale so suffer from multiple sources of deprivation.*
- *6% of people in BiH moved house between 2003 and 2004. The percentage of people saying they expect to move in the coming year has fallen from 11% in 2002 to 4.6% in 2004.*
- *Changes in housing tenure between 2003 and 2004 confirm the trend of households in BiH moving towards more permanent types of tenure status, in particular home ownership, as the levels of temporary and illegal occupations fall and the privatisation process continues.*

This section looks at housing conditions, access to facilities, some non-monetary hardship indicators, changes in housing tenure and geographical mobility over the years of the survey.

Table 3.1 gives details of housing conditions and access to facilities in the RS and FBiH at waves 2, 3 and 4. Overall, housing conditions seem similar across the period even though there has been a reduction in the percentage of households described as inappropriate for living. Access to running water within the property and sewerage seems to have improved. In total 92% of households in BiH had running water in 2004 compared to 87% in 2002. In the RS the percentage relying on a standpipe of well has fallen from 17% in 2002 to 11% in 2004 and in FBiH from 9% in 2002 to 4% in 2004. Access to sewerage has also improved over the three year period, by 2% in the RS and 4% in FBiH.

Table 3.1 Housing conditions and access to facilities - Waves 2, 3 and 4 by entity

	<i>RS %</i>			<i>FBiH %</i>			<i>BiH %</i>		
	W2	W3	W4	W2	W3	W4	W2	W3	W4
<b><i>Housing condition</i></b>									
Very good	20.9	20.6	20.6	29.8	28.2	28.1	25.9	24.8	24.6
Appropriate for living	54.9	54.3	61.0	54.6	57.5	60.1	54.7	56.1	60.5
Inappropriate for living	15.0	15.8	12.9	8.7	7.4	7.5	11.5	11.1	10.0
Partly devastated	2.6	2.5	2.0	3.2	3.0	1.6	2.9	2.8	1.8
Major devastation	1.6	1.8	0.6	1.0	1.1	0.5	1.2	1.4	0.6
Under construction	5.0	4.9	2.9	2.6	2.8	2.2	3.7	3.7	2.5
<b><i>Water source</i></b>									
Running water in unit/property	82.6	83.9	88.6	91.0	87.0	95.9	87.3	85.6	92.5
Standpipe or well	17.4	16.1	11.4	9.0	13.0	4.1	12.7	14.4	7.5
<b><i>Sewerage</i></b>									
Public sewer/septic tank	75.8	73.5	78.0	87.9	88.0	92.0	82.6	81.7	85.5
No sewerage/latrine	24.2	26.6	22.0	12.1	12.0	8.0	17.4	18.3	14.5
<b><i>Access to telephone</i></b>									
Own phone	58.7	55.0	60.9	72.5	72.7	79.4	66.4	64.8	70.8
Shared phone	3.8	3.4	3.2	6.1	5.6	3.0	5.1	4.6	3.1
No phone	37.4	41.6	35.8	21.0	21.7	17.5	28.2	30.6	26.0
<b><i>Has mobile phone</i></b>									
Yes	18.3	34.4	46.7	16.0	42.1	44.2	17.0	38.7	45.4
No	81.7	65.6	53.3	84.0	57.9	55.8	83.0	61.3	54.6
<b><i>Has internet access</i></b>									
Yes	2.3	5.3	7.6	4.1	9.3	6.6	3.3	7.5	7.0
No	97.7	94.7	92.4	95.9	90.7	93.4	96.7	92.5	93.0
<b><i>Has car or van</i></b>									
Yes	38.2	37.6	39.4	34.9	39.2	34.8	36.4	38.5	36.9
No	61.8	62.4	60.6	65.1	60.8	65.2	63.6	61.5	63.1
Total N	1348	1153	1314	1707	1439	1523	3055	2592	2837

Note: If living in same property as the previous year, these questions were not asked. If in same property, the previous wave response reported.

Access to a telephone continued to be higher for households in the FBiH (82.4%) than the RS (64.1%) even though having a telephone has increased in both entities by around 5%. Having a mobile phone continued to increase rapidly between 2003 and 2004, particularly in the RS where the levels of

mobile phone ownership are now higher than in FBiH. In the RS, 46.7% of households had a mobile phone compared to 44.2% of households in FBiH. For BiH as a whole, the percentage with a mobile phone has increased from 17% in 2002 to 45.4% in 2004, more than doubling in the space of three years.

The penetration of the internet also increased over the period with 7.0% of households having access to the internet from home at wave 4 compared to 3.3% at wave 2 even though the trend is not consistent. In the RS there has been a continuing upward trend but in FBiH the percentage of households with internet access fell between 2003 and 2004 following a fairly steep rise between 2002 and 2003. Nonetheless, the rate of increase in these relatively new technologies is rapid, more than doubling the proportion of households with internet access over the three year period.

Levels of car ownership have remained fairly stable, even though 63% of households still do not have a car or van of any kind.

On average, the cost of rented housing seems to fluctuate year on year with the average rents being around the level of the 2002 survey despite a rise in 2003. This may be due in part to the relatively small numbers of households who pay rent which means that changes in the level of rent reported for just a few households may affect the mean (Table 3.2). For BiH as a whole, the average monthly rent reported in 2004 was 142 KM. The mean weekly travel costs for households fell slightly in both entities compared to 2003.

Table 3.2 Mean monthly rent and weekly travel expenses - Waves 2, 3 and 4

	Entity								
	RS			FBiH			Total BiH		
	W2	W3	W4	W2	W3	W4	W2	W3	W4
Mean monthly rent*	153.94	155.99	148.23	135.98	167.84	131.98	147.25	161.26	142.21
	101	70	95	60	56	56	161	126	151
Mean weekly travel costs	27.80	25.39	19.86	28.80	26.37	21.89	28.36	25.96	20.98
	937	803	958	1187	1136	1170	2124	1939	2128

\* Excludes those living in rent free accommodation

### ***Hardship scale***

Table 3.3 shows the results of a non-monetary hardship scale. The question was asked “*If you wanted to, could you afford to...*” and then six activities including:

- a) *Have friends or family for a drink or meal at least once a month*
- b) *Pay for a week’s annual holiday away from home*
- c) *Replace worn out furniture*
- d) *Buy new, rather than second hand clothes*

- e) *Eat meat, chicken or fish at least every second day*  
 f) *Keep your house adequately warm*

The responses were summed to give a scale ranging from zero (can afford to do none of the activities) to six (can afford to do all of the activities). The proportion of households that could afford to do none of the activities in the RS was higher than that of the FBiH, whilst the proportion in the FBiH who could afford to do five or six of the activities was higher than in the RS. However, the gap between households in the two entities is not as large as in 2003 where households in the RS were twice as likely as those in FBiH to be able to afford none of the items. The proportions who could afford between one and four of the activities continued to be similar in both entities. The mean number of activities which could be afforded in the FBiH was 3.0 compared to 2.4 in the RS.

Table 3.3 Hardship scale

	<i>RS</i> %		<i>FBiH</i> %		<i>Total BiH</i> %	
Can afford to do:	W3	W4	W3	W4	W3	W4
None	22.5	17.1	11.2	13.0	16.2	14.9
1-2	28.2	27.6	28.9	28.5	28.6	28.1
3-4	37.8	42.0	37.8	37.1	37.8	39.4
5-6	11.5	13.3	22.1	21.5	17.4	17.7
<i>N households</i>	<i>1152</i>	<i>1313</i>	<i>1438</i>	<i>1521</i>	<i>2590</i>	<i>2834</i>

Whether or not households can afford to do these activities depends on household income and other characteristics of the household. When we look at housing tenure, households in the FBiH are able, on average, to afford to have or do more of the activities than households in the RS (Table 3.4). Those who own all or part of their house are able to afford to do more of these activities than those who rent, something which applies in both entities. Households in temporary accommodation in the RS are most likely to be unable to afford any of the activities and least likely to be able to afford 5-6 of these. These patterns remain unchanged since 2003.

Table 3.4 Hardship scale by housing tenure and entity, 2004

Housing Tenure								
	Own		Rent		Temporary occupant		Rent-free	
	RS %	FBiH %	RS %	FBiH %	RS %	FBiH %	RS %	FBiH %
None	15.1	12.2	20.5	8.7	38.5	20.5	23.7	19.3
1-2	28.4	27.2	23.9	26.1	23.1	38.5	19.7	37.6
3-4	42.3	38.0	45.5	43.5	28.2	28.2	44.7	30.3
5-6	14.2	22.7	10.2	21.7	10.3	12.8	11.8	12.8
Mean	2.72	2.99	2.51	3.04	1.72	2.31	2.53	2.32
N	1069	1314	88	46	39	109	76	109



The numbers employed in the household is also associated with the ability to afford to do these activities (Table 3.5). As the number of persons employed in the household increases, so does the proportion able to afford three or more of the listed activities while the proportion of households who cannot afford to do any of these falls. Despite this relationship holding for both entities, households in the RS are still less well-off in terms of this scale than households in the FBiH, regardless of the number employed even though the gap is not as large as was observed in 2003.

**Table 3.5** Hardship scale by number of employed persons in household and entity, Wave 4

	Number of employed people in household							
	None		One		Two		Three or more	
	RS %	FBiH %	RS %	FBiH %	RS %	FBiH %	RS %	FBiH %
<b>None</b>	23.8	20.3	16.0	7.8	5.5	5.5	5.5	6.3
<b>1-2</b>	36.8	38.6	25.0	25.1	14.3	12.2	12.7	8.3
<b>3-4</b>	32.7	30.4	40.0	43.7	53.9	40.6	60.0	39.6
<b>5-6</b>	6.7	10.7	14.0	23.4	26.3	41.7	21.8	45.8
<b>Mean</b>	2.07	2.20	2.74	3.20	3.61	3.98	3.49	4.17
<b>N</b>	541	681	500	538	217	254	55	48

As could be expected, households with lower incomes scored worst on the hardship scale. Table 3.6 shows the hardship scale by income quartile and entity. Households in the lowest quartile of income were less likely to be able to afford to have or do any of the activities asked about than those in higher income quartiles. In the lowest quartile of income just over one quarter (26.7%) of RS households and 28.3% of FBiH households could afford none of the activities. This represents an improvement on the 2003 position for the RS where a third (34.5%) of RS households could afford none of the activities. In the highest income quartile very few households could afford none (3.9% in the RS and 2.2% in the FBiH). Within each quartile those in the FBiH seem more affluent and able to do more - on average - than those in the RS.

**Table 3.6** Hardship scale by income quartile and entity, Wave 4

	Income quartile							
	Lowest		Second		Third		Highest	
	RS %	FBiH %	RS %	FBiH %	RS %	FBiH %	RS %	FBiH %
<b>None</b>	26.7	28.3	18.2	20.4	13.2	7.1	3.9	2.2
<b>1-2</b>	34.4	36.4	30.1	37.1	26.1	26.5	14.7	17.7
<b>3-4</b>	30.8	21.3	44.7	32.8	47.6	45.7	51.6	42.8
<b>5-6</b>	8.1	14.0	7.0	9.7	13.2	20.7	29.8	37.3
<b>Mean</b>								
<b>N</b>	442	272	302	402	311	396	258	451

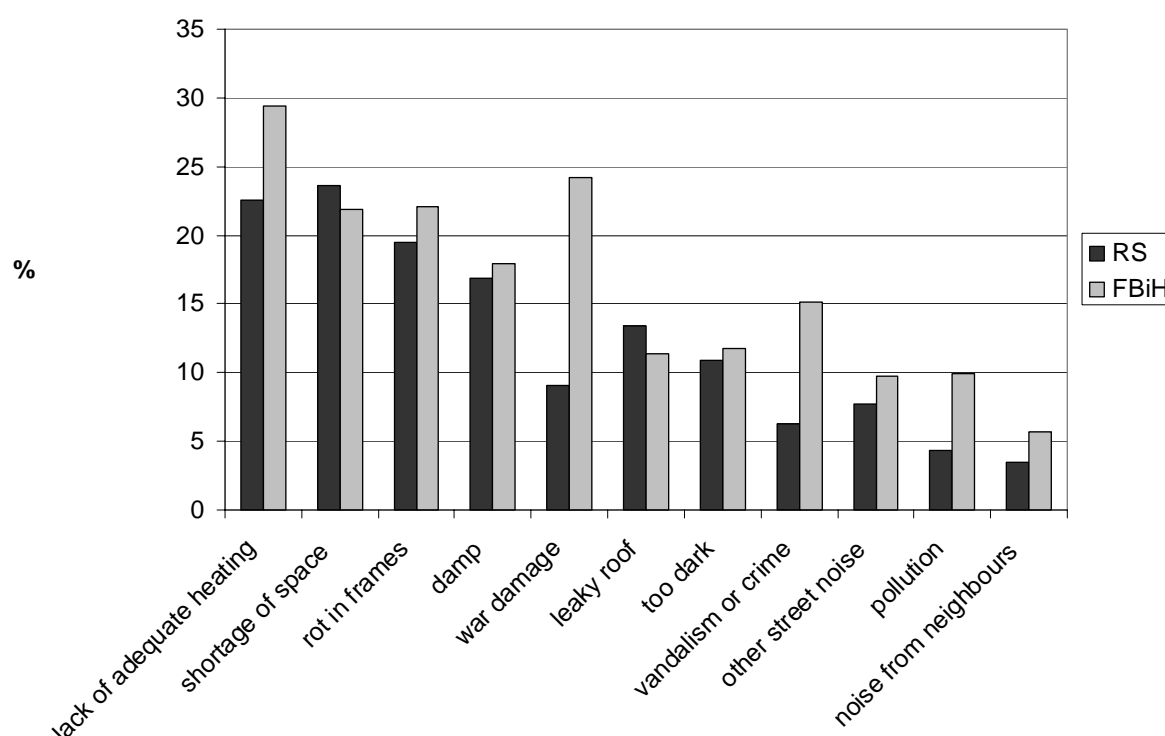
Respondents were also asked whether they had any difficulties keeping up with housing payments over the past twelve months. Nearly all said that they had not had any difficulties: 94.2% in the RS and 91.9% in the FBiH. Of those who had found it difficult over the past year, under half had to

borrow money (43.4% in the RS and 35.8% in the FBiH). Most of those who were finding it difficult had to cut back on other household spending in order to make payments (97.4% in the RS and 93.5% in the FBiH).

### ***Housing conditions***

The survey asked about housing conditions and whether the household had any problems with the accommodation (Fig 3.1). The most common problem with accommodation was lack of adequate heating facilities, this was the highest reported problem in both entities but it was particularly common in the FBiH. War damage, too dark, pollution, noise and vandalism or crime were also more common in the FBiH than in the RS. Households in the RS were more likely than those in the FBiH to mention shortage of space or a leaky roof.

**Figure 3.1** Proportion of households with problems with their accommodation



A scale of housing conditions was computed ranging from zero, where no problems were reported, up to eleven where there was a problem in each of the areas asked about (Table 3.7). Over a third of all households (38.1%) reported none of the problems whilst less than one percent (0.6%) reported seven or more problems. The mean number of problems reported across BiH was 1.60. Households in the FBiH reported slightly more problems, on average, than the RS with 1.79 per household in FBiH

compared to 1.38 in the RS. Overall, housing conditions in both entities have improved according to this scale compared to 2003 where the mean number of problems reported was 1.66 per household.

Table 3.7 Housing conditions scale, Waves 3 and 4

	<i>RS %</i>		<i>FBiH %</i>		<i>Total BiH %</i>	
	W3	W4	W3	W4	W3	W4
Number of problems:						
None	41.3	44.8	29.7	32.3	34.9	38.1
1	19.1	23.6	21.0	21.3	20.2	22.4
2	13.7	10.7	22.8	16.0	18.8	13.5
3	10.7	5.9	10.5	13.1	10.6	9.8
4+	15.1	15.0	15.9	17.4	15.5	16.3
Mean number	1.52	1.38	1.77	1.79	1.66	1.60
<b>N</b>	<i>1166</i>	<i>1314</i>	<i>1440</i>	<i>1522</i>	<i>2606</i>	<i>2836</i>

Those in rented or temporary accommodation appear to have more problems, on average, with their accommodation than those who own their house (Table 3.8). In all tenure groups, those in the FBiH report having more problems with their accommodation than those in the RS.

Table 3.8 Accommodation problems by housing tenure and entity, Wave 4

	<b>Housing Tenure</b>							
	<b>Own</b>		<b>Rent</b>		<b>Temporary occupant</b>		<b>Rent-free</b>	
	<b>RS %</b>	<b>FBiH %</b>	<b>RS %</b>	<b>FBiH %</b>	<b>RS %</b>	<b>FBiH %</b>	<b>RS %</b>	<b>FBiH %</b>
None	47.8	33.7	43.2	22.2	15.4	20.5	32.9	24.8
1	23.2	21.4	23.9	17.8	25.6	15.4	29.0	25.7
2	10.8	16.5	10.2	11.1	7.7	20.5	11.8	10.1
3	5.4	12.8	4.6	26.7	12.8	10.3	4.0	12.8
4+	12.9	15.7	18.2	22.2	38.5	33.3	22.4	26.6
Mean	1.25	1.70	1.48	2.42	2.90	2.49	1.90	2.11
<b>N</b>	<i>1070</i>	<i>1316</i>	<i>88</i>	<i>45</i>	<i>39</i>	<i>39</i>	<i>76</i>	<i>109</i>

Table 3.9 looks at the relationship between having problems with the accommodation and the hardship scale; that is the ability to afford to do the activities mentioned earlier. As might be expected, there is a clear association between the two, with those who are able to afford more of the activities in the hardship scale being less likely to have problems with their accommodation. Of those who could afford none of the activities in the hardship scale, 42.4% in the RS and 45.2% in the FBiH had four or more problems with their accommodation. In contrast, of those who could afford five or six of the activities in the hardship scale, just 4.6% of households in the RS and 9.5% in the FBiH reported having four or more problems with their accommodation. This relationship holds for both entities even though households in the RS who can afford to do five or six of the activities are more likely than those in the same situation in the FBiH to have no problems with their accommodation (69.1% compared to 43.6%). Whilst just over three-fifths of those in the RS who can afford five or six of the activities have no problems with their accommodation, under one-fifth (17.4%) of those who can afford none of the activities can say the same about their house. And in the FBiH only 13.7%

of those who can afford none of the activities also report having no problems with their accommodation. This suggests that there is a proportion of households in BiH who are less able to afford to do various activities that might be considered part of normal daily living and who also suffer from poor housing conditions. As the households who score badly on the hardship scale also tend to have lower household incomes (Table 3.6) this suggests there are some households suffering from multiple sources of deprivation.

**Table 3.9 Problems with accommodation and hardship scale, Wave 4**

Accommodation problems	Hardship scale							
	Afford none		One to two		Three to four		Five to six	
	RS %	FBiH %	RS %	FBiH %	RS %	FBiH %	RS %	FBiH %
No problems	17.4	13.7	37.6	20.3	53.1	41.3	69.1	43.6
One	14.7	10.2	25.7	24.9	26.8	23.1	20.6	19.9
Two	10.7	15.2	13.3	19.6	10.7	13.5	4.6	16.3
Three	14.7	15.7	7.2	15.5	3.1	11.7	1.1	10.7
Four or more	42.4	45.2	16.3	19.6	6.3	10.5	4.6	9.5
Mean	3.00	3.27	1.50	2.05	0.89	1.36	0.57	1.29
N	224	197	362	433	552	564	175	326

### **Geographic mobility**

In total 8.5% of households had moved address between wave 3 and wave 4. Those in the RS (9.8%) were more likely to have moved than those in the FBiH (7.4%). At the individual level, 6.2% of wave 4 respondents had moved in the previous year; 8.5% of respondents in the RS and 4.5% of respondents in the FBiH. Table 3.10 shows some of the characteristics of those who had moved. Women in both entities were more likely to have moved house than men as were those who were cohabiting or were divorced or separated.

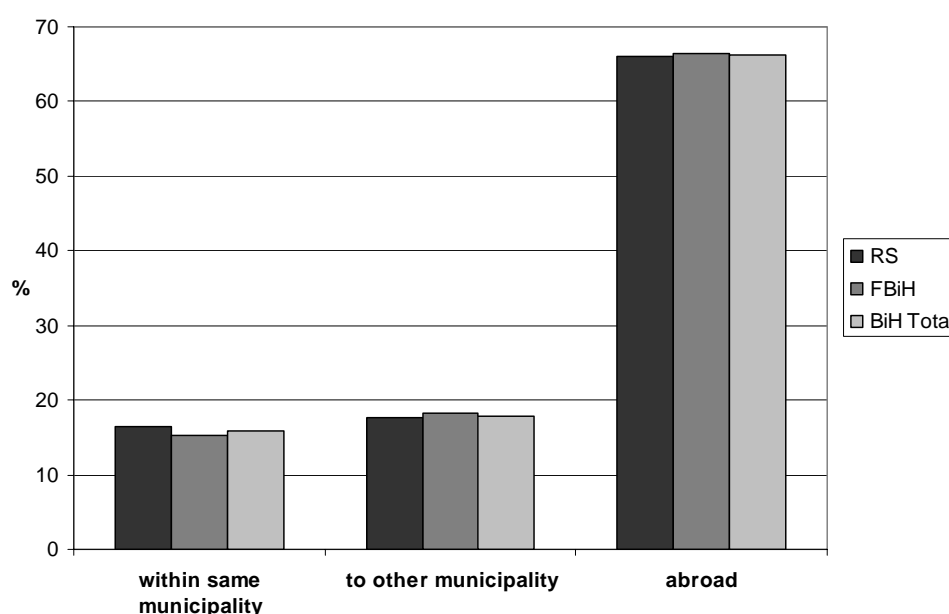
**Table 3.10 Characteristics of movers and non-movers between Wave 3 and Wave 4**

	RS %		FBiH %	
	Not moved	Moved	Not moved	Moved
Male	92.0	8.0	96.3	3.7
Female	91.0	9.0	94.9	5.1
Single	93.5	6.5	97.5	2.5
Legally married	91.1	8.9	95.2	4.8
Living together	68.4	31.6	69.7	30.3
Widow/er	93.6	6.4	94.4	5.6
Divorced or separated	81.6	18.4	88.9	11.1
N	2871	267	3332	158

When asked whether they wanted to stay in their present neighbourhood or would prefer to move most people said they liked living in their current neighbourhood. Just 15.1 percent of those in the RS and 6.9 percent of those in the FBiH said that they did not like living where they were. In total just

under a quarter (24.2%) said that if they could choose they would prefer to move somewhere else. This proportion was higher in the RS (31.0%) than the FBiH (19.0%). Of those who wanted to move, two-thirds (66.2%) would like to move abroad with similar proportions saying they would like to move within the same municipality (17.9%) and another municipality (15.9%) (Figure 3.2). These preferences do not seem to have changed since wave 2 or 3, where similar views were given. Of the one third who want to move, an overseas destination remains the main preference.

**Figure 3.2 Preferred destination for those wanting to move - Wave 4**



All respondents were asked whether they expected to move in the coming year and compared to waves 2 and 3, fewer expected to move in the coming year. At wave 4, 4.6% said they expected to move. At wave 3, 6.2% of respondents expected to move in the coming year and at wave 2 it was 11.4%. Those in the RS were more likely to expect to move (6.5%) than those in the FBiH (3.2%). Unlike the preferred destination, the main expected destination of any move was within the same municipality. Just under one-quarter (24.9%) of those expecting to move thought that they were likely to move abroad. This is a slight increase on wave 3 where 19% thought they would move abroad and wave 2 where 15.8% of those expecting to move in the coming year thought they would move abroad. (Fig 3.3)

At wave 4 respondents were asked the same questions on preferences and expectations of moving. This allows us to compare people's expectations with their actual behaviour one year on. Of those who at wave 3 said they preferred to move, 11.0% had moved address by wave 4. This compared with just 3.1% of those who said that they wanted to stay where they were at wave 3. Respondents were also asked how likely it was they would actually move in the next year. Respondents who, at wave 3,

said that they were either very likely or quite likely to move, were in fact more likely to have moved address than those who thought it unlikely (Table 3.11). Even so, almost two-thirds (65.1%) of those who had said at wave 3 it was very likely that they would move in the coming year had not moved by the time of the wave 4 interview. And of those who said at wave 3 that it was not very likely they would move in the coming year, 8.8% had actually moved by the time of the wave 4 interview.

Figure 3.3 Expected destination for those wanting to move - Wave 4

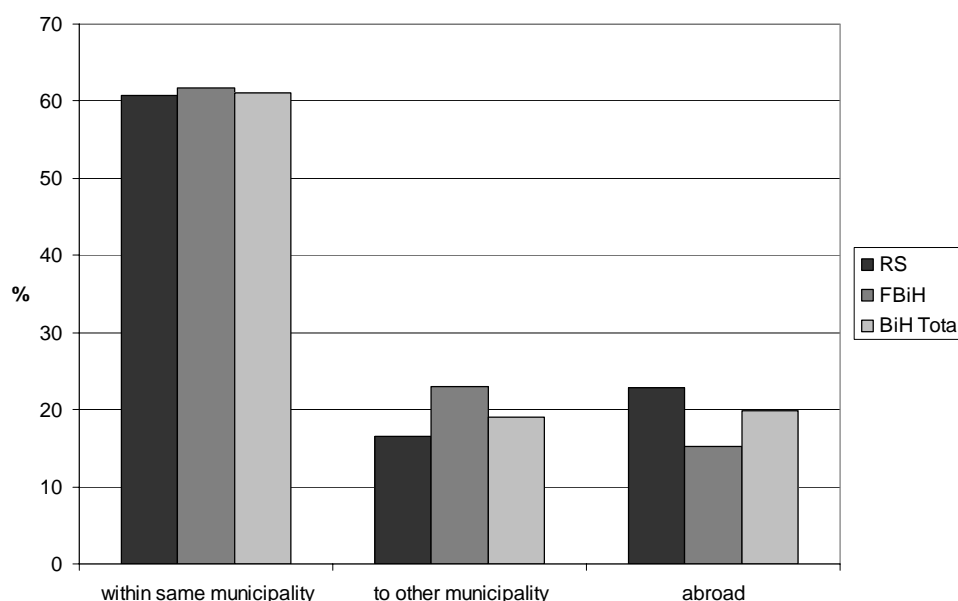


Table 3.11 Expectation of moving and behaviour at Wave 3

<i>Likelihood of moving at Wave 3</i>	<i>Moved between waves 3 and 4</i>	<i>Stayed at same place</i>
Very likely	34.9	65.1
Quite likely	27.2	72.8
Not very likely	8.8	91.2
Not likely at all	3.5	96.5
<b>N</b>	<b>341</b>	<b>5978</b>

### *Changes in housing tenure*

Table 3.12 below is a cross-wave matrix of changes in housing tenure between waves 3 and 4 for households where at least one individual from wave 3 was present at wave 4. The diagonal highlighted in bold shows the cases where the reported housing tenure was the same at both waves. The cases on the off-diagonal reported a change in housing tenure status, changes which are likely to be due to moving address in many cases. Note that the numbers of cases in the off-diagonal cells are small so should be interpreted with caution. The categories have not been collapsed as the differences are of substantive interest.

In the RS we can see that 95.8% of cases were in accommodation that was owned outright at both years and 11.6% were in accommodation under privatisation at both years. Of those who were under privatisation at wave 3, 81.6% had shifted to the owned outright category at wave 4, 4.2% to the tenancy right holder category, none into rented temporary accommodation and 2.6% into rent free accommodation. A slightly higher proportion in the FBiH (97.4%) owned their house outright at both years while 58.3% had moved from under privatisation to owning their home. Those in rented accommodation were the next most stable group in the RS with 66.3% being in rented accommodation at both years. In the FBiH the percentage was 49.3% in rented accommodation at both years. It is interesting to note that in both entities the proportion who were in temporary and particularly illegal accommodation at both waves has fallen sharply. Although the numbers are very small (n=16) just 9.5% of those in illegal occupation in the RS at wave 3 were still in the same position at wave 4, the majority (63.2%) having moved into owning their home. In FBiH just 3.9% of illegal occupants (n=17) were still in the same position a year later with 77.4% of these now owning their home.

Table 3.13 shows the changes in housing tenure across the four years of the survey and gives a cross wave matrix from wave 1 to wave 4. The changes over the longer term show some of the features as the year on year changes. Ownership is still the most stable category with 96% of households owning their accommodation at both years. The least stable category was tenancy right holder where less than 1% of RS households and 2.5% of FBiH households were in that category at both years, the majority having moved into home ownership. Across all tenure types at wave 1, the main move is into ownership by wave 4 followed by moves into rented accommodation. This supports the observation made earlier when looking at the trend in the cross-sectional distributions over the four years where the percentage of home ownership has increased. Most of the tenancy right holders will have taken advantage of the right to buy policy and simply purchased the property and the process of privatisation has continued to move ahead. The overall picture suggests that households in both entities have continued moving to more regular and permanent types of tenure status over the four year period.

Table 3.12 Housing tenure Wave 3 by Wave 4

	<b>WAVE 3 HOUSING TENURE</b>							
<b>WAVE 4 HOUSING TENURE</b>	%	%	%	%	%	%	%	%
<b>RS</b>	Own outright	Under Privatisation	Tenancy right Holder	Rented	Temp Accom.	Free	Illegal occup.	Emergency Accom.
Own outright	<b>95.8</b>	81.6	54.5	10.6	21.3	52.0	63.2	3.6
Under privatisation	0.3	<b>11.6</b>	30.7	0.0	1.3	1.3	0.0	0.0
Tenancy right holder	0.0	4.2	<b>0.0</b>	0.0	1.0	0.0	0.0	0.0
Rented	0.4	0.0	0.0	<b>66.3</b>	7.8	7.8	0.0	49.3
Temporary accommodation	0.4	0.0	0.0	2.7	<b>36.6</b>	4.1	7.0	25.6
Uses free of charge	2.6	2.6	0.0	9.2	9.4	<b>34.1</b>	0.0	0.0
Illegal occupation	0.0	0.0	0.0	0.0	0.0	0.0	<b>9.5</b>	0.0
Emergency accommodation	0.0	0.0	0.0	11.2	21.1	0.0	20.3	<b>21.6</b>
<i>Total N</i>	<i>2424</i>	<i>61</i>	<i>16</i>	<i>164</i>	<i>223</i>	<i>110</i>	<i>16</i>	<i>37</i>
<b>FBiH</b>	Own outright	Under privatisation	Tenancy right Holder	Rented	Temp Accom.	Free	Illegal occup.	Emergency Accom.
Own outright	<b>97.4</b>	58.3	49.9	25.5	23.3	40.8	77.4	18.2
Under privatisation	0.4	<b>36.4</b>	50.1	0.0	5.6	2.3	0.0	0.0
Tenancy right holder	0.0	2.7	<b>0.0</b>	0.0	0.0	0.0	0.0	0.0
Rented	0.4	0.0	0.0	<b>49.3</b>	12.6	2.9	0.0	30.9
Temporary accommodation	0.4	0.0	0.0	12.2	<b>43.5</b>	0.6	18.8	32.5
Uses free of charge	1.3	2.6	0.0	8.9	6.8	<b>53.5</b>	0.0	0.0
Illegal occupation	0.1	0.0	0.0	2.4	3.3	0.0	<b>3.9</b>	0.0
Emergency accommodation	0.0	0.0	0.0	0.0	4.9	0.0	0.0	<b>18.5</b>
<i>Total N</i>	<i>2957</i>	<i>32</i>	<i>18</i>	<i>101</i>	<i>97</i>	<i>152</i>	<i>17</i>	<i>22</i>



Table 3.13 Housing tenure at Waves 1 and 4

	<b>WAVE 1 HOUSING TENURE</b>							
<b>WAVE 4 HOUSING TENURE</b>	%	%	%	%	%	%	%	%
<b>RS</b>	Own outright	Under Privatisation	Tenancy right Holder	Rented	Temp Accom.	Free	Illegal occup.	Emergency Accom.
Own outright	<b>96.1</b>	90.6	84.3	42.0	47.7	54.4	65.7	60.9
Under privatisation	0.3	<b>5.5</b>	3.6	0.0	0.7	0.0	4.7	0.0
Tenancy right holder	0.1	0.0	<b>0.9</b>	0.0	0.2	0.0	0.0	0.0
Rented	0.0	3.9	6.9	<b>51.3</b>	15.7	8.0	16.3	0.0
Temporary accommodation	0.2	0.0	1.7	1.9	<b>16.0</b>	2.8	0.0	8.6
Uses free of charge	2.7	0.0	0.3	4.7	7.9	<b>33.6</b>	0.0	17.7
Illegal occupation	0.0	0.0	0.0	0.0	0.2	0.0	<b>0.0</b>	0.0
Emergency accommodation	0.0	0.0	0.0	0.0	11.1	0.0	13.3	<b>5.7</b>
<i>Total N</i>	<i>1946</i>	<i>73</i>	<i>191</i>	<i>73</i>	<i>622</i>	<i>66</i>	<i>22</i>	<i>41</i>
<b>FBiH</b>	Own outright	79.5	87.3	48.1	46.6	53.1	59.2	38.9
Under privatisation	0.5	<b>17.0</b>	0.0	4.1	2.9	2.1	0.0	0.0
Tenancy right holder	0.0	0.9	<b>2.5</b>	0.0	0.0	0.0	0.0	0.0
Rented	0.6	0.0	1.3	<b>42.6</b>	10.1	11.6	3.0	14.1
Temporary accommodation	0.3	1.8	8.9	0.0	<b>23.6</b>	1.1	4.3	12.0
Uses free of charge	1.9	0.0	0.0	1.8	11.2	<b>32.1</b>	30.2	31.0
Illegal occupation	0.5	0.0	0.0	0.0	2.2	0.0	<b>3.3</b>	0.0
Emergency accommodation	0.0	0.0	0.0	0.0	3.1	0.0	0.0	<b>4.0</b>
<i>Total N</i>	<i>2787</i>	<i>91</i>	<i>38</i>	<i>49</i>	<i>254</i>	<i>128</i>	<i>20</i>	<i>24</i>

#### **4. Employment and unemployment**

##### ***Key Findings***

- *Employment rates for the working age population (15-64 years) increased by around 6% between 2001 and 2004 but unemployment rates for BiH have fallen by only 1% over the period.*
- *The aggregate unemployment rates have increased between 2003 and 2004, reversing the previous downward trend. The increase is greater in the RS than in FBiH.*
- *39% of people who were unemployed in 2001 were in paid employment by 2004.*
- *13% of those who were in paid employment in 2001 were unemployed by 2004 and a further 7% had left the labour market altogether.*
- *BiH has seen a decline in agricultural occupations between 2001 - 2004 while the proportion working for private sector employers has increased.*
- *The proportion of those in employment receiving pension benefits has increased but health benefits from employers remain at 2002 levels.*
- *Men in BiH continue to be more likely to be in paid employment than women.*
- *Those in good health are more likely to be employed. However, in the RS 17% of those aged 65 years or over were still in employment.*
- *People with no educational qualifications are least likely to be in paid employment followed by those with primary school education only.*
- *Those with no educational qualifications are significantly less likely to have moved into employment from unemployment between 2001 - 2004.*
- *Men are significantly more likely to have moved into employment over the four years than women but this is only the case in FBiH. In RS, women are as likely to enter employment as men.*

Employment is a key policy area and this section analyses employment trends and the characteristics of those in the labour market, the unemployed and the inactive over the survey years.

Table 4.1 gives the characteristics of the total interviewed sample, including those aged 65 years or over at wave 4 and for the working age population aged 15-64 years, according to whether they were in paid employment or not in paid employment. The 'not in paid employment' category includes all forms of non-employment including housewives, students, the retired, those in military service and those unable to work.

In both entities women were more likely than men to be not in paid employment even though women in the RS were more likely than women in the FBiH to be in paid employment. In the RS 32% of women were in paid employment compared 22.4% of women in the FBiH. Similar percentages of men were employed in each entity, 51.4% in the RS and 50.2% in the FBiH. For the working age population the patterns are similar with men being more likely to be in employment than women. In the RS, 56.9% of men were in employment and 37.7% of women. In the FBiH, 58.2% of men were in employment compared to 28.2% of women of working age.

In both entities younger people were less likely to be in paid employment than older age groups, something which is likely to be due to still being in full-time education but also to relatively high levels of unemployment for younger people. The proportion of those in paid employment increases through the age ranges until a noticeable drop in the 55 - 64 age range as people start to move into retirement. In the over 65 years age group the majority of respondents were not in paid employment as you would expect. However in the RS 17.1% of older people reported being in paid employment compared to only 3% in the FBiH.

When we look at the working age population, those in the 15 - 24 years age group and those in the 55 - 64 age group continue to be less likely to be in employment than those in the 25 - 54 age groups. The fall in employment rates therefore begins sooner than retirement age for many people.

Education level is clearly associated with employment. Those with no education are most likely to be not in paid employment followed by those with only primary level education. In the RS 64% of those with primary education were not in paid employment compared to 73.4% in the FBiH. For the working age respondents, similar patterns can be seen with those having secondary level or higher qualifications being more likely to be in employment than those with primary school or no qualifications. Those with a degree were the most likely to be in employment even though the numbers are fairly small.

Table 4.1 Characteristics of total interviewed sample and working age sample (15-64 years) by whether in paid employment Wave 4

		RS row %					FBIH row %				
		Not in employment		In employment		N	Not in employment		In employment		N
		All	15-64 years	All	15-64 years		All	15-64 years	All	15-64 years	
<b>Sex</b>											
	Male	48.6	43.1	51.4	56.9	1563	49.8	41.8	50.2	58.2	1619
	Female	68.0	62.3	32.0	37.7	1575	77.6	71.8	22.4	28.2	1869
<b>Age band</b>											
	15-24	73.0		27.0		498	78.6		21.4		636
	25-34	45.3		54.7		532	46.2		53.8		533
	35-44	37.1		62.9		453	46.7		53.3		629
	45-54	43.0		57.0		605	43.7		56.3		589
	55-64	65.9		34.1		430	72.7		27.3		454
	65 and over	82.9		17.1		620	97.1		3.0		652
<b>Marital status</b>											
	Single	59.6	59.6	40.4	40.4	855	69.5	68.8	30.5	31.2	926
	Legally married	54.2	48.3	45.8	51.7	1761	57.7	49.7	42.3	50.3	2038
	Living together	50.3	43.1	49.7	56.9	47	64.7	59.5	35.4	40.5	19
	Widow/er	76.9	56.7	23.1	43.3	405	88.2	73.8	11.8	26.2	443
	Divorced	44.2	41.9	55.8	58.1	69	56.7	47.3	43.3	52.7	64
	/separated										
<b>Highest education level</b>											
	None	78.7	72.4	21.3	27.6	796	85.1	74.6	14.9	25.4	791
	Primary school cert	64.0	62.7	36.0	37.3	794	73.4	70.2	26.6	29.8	852
	Secondary cert	44.8	42.5	55.2	57.5	1325	51.6	47.5	48.4	52.5	1546
	Junior college	43.3	36.8	56.7	63.2	89	47.9	32.0	52.1	68.0	103
	Undergrad degree	23.4	16.1	76.6	83.9	81	32.0	17.6	68.0	82.4	117
<b>Total N</b>		1830	1311	1308	1197		2260	1653	1234	1233	

Table 4.2.1 gives the distribution of whether in current employment at waves 1 to 4 using respondents' own definition of their current employment status. Table 4.2.1 shows the proportions in each of the four waves who self-report as employed, unemployed and not in employment for those of working age only (15 - 64 years). Those who are coded as unemployed are those who said that "Unemployed" best describes their activity status. Those who are not in employment are primarily those who said that they were a "housewife" but also includes students, those in military service and those incapable to work. Using this definition of unemployment inevitably produces a different distribution of unemployment to that provided by the ILO definition where fairly strict criteria are applied. However, we can see the trend in the unemployment rate over the four years using the respondent's self-definition.

From respondents self-report, the rate of unemployment fluctuates across the four years. From waves 1 to 3 we see a downward trend but at wave 4 the unemployment rates are higher than at wave 3, particularly in the RS. Nonetheless, over the four years the trend overall is down with 21.5% of respondents saying they were unemployed in 2004 compared to 22.9% in 2001.

Table 4.2.1 Cross-sectional employment status at Waves 1-4 by entity for working age respondents (15-64 years)

	Entity											
	RS %				FBiH %				BiH %			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Unemployed	23.4	21.8	20.9	24.3	22.5	20.5	18.5	19.5	22.9	21.1	19.6	21.5
Employed	41.0	43.5	44.5	44.9	32.1	36.0	38.0	40.9	36.1	36.0	40.9	42.6
Not in employment	35.6	34.7	34.6	30.9	45.4	43.6	43.4	39.6	41.0	43.6	39.5	35.9
Total N	2609	2632	2552	2313	3268	3295	3163	3080	5877	5929	5715	

In addition to a downwards trend in unemployment we see a slight fall in the percentage who were not in employment over the four years and an accompanying increase in the percentage who were in employment. This trend can be seen in both entities and even though the RS continues to have higher rates of employment than the FBiH the rate of growth in employment is greater in the FBiH than in RS. In the RS 44.9% of respondents said they were in employment at wave 4 compared to 41% at wave 1, an increase of 3.9%. In the FBiH 40.9% were in employment at wave 4 compared to 32.1% at wave 1, an increase of 8.8%. For BiH as a whole the employment rate has increased to 42.6% at wave 4 from 36.1% at wave 1, an increase of 6.5%.

Using the wave 1, 2 and 4 data, the ILO definition of unemployment can be calculated and this shows a somewhat different picture to the self-reported status above. Under the ILO definition of unemployment those who are not in current employment must have looked for work in the past four weeks and be available to start work within two weeks if a job were offered to them. Table 4.2.2. shows that 14.2% of the sample were unemployed by this definition at wave 4 and that the trend over the four years has been an increase in unemployment from 8.5% in 2001(wave 1) and 12% in 2002 (wave 2). While this trend can be

seen in both entities the rate of increase is greater in the RS than in FBiH. In the RS unemployment has increased by 7.8% over this period compared to 4.7% for the FBiH. At wave 4 (2004) unemployment was almost 4 percentage points higher in the RS (16%) than the FBiH (12.7%).

In the RS, the increase in unemployment has been accompanied by a fall in the percentage who are not in employment and also in the employed. This suggests that the increase in unemployment in the RS is due to a combination of more people who were previously inactive in the labour market looking for work but also to some people moving into unemployment from employment.

In FBiH the pattern is not entirely the same. As in the RS, there has been a fall in the percentage who are inactive but in contrast this has been accompanied by an increase in the percentage who are in employment from 39.6% in 2001 to 44.3% in 2004.

**Table 4.2.2** Cross-sectional employment status (ILO definition unemployment) at Waves 1, 2 and 4 by entity for working age respondents (15-65 years).

	<b>Entity</b>								
	RS %			FBiH %			BiH %		
	W1	W2	W4	W1	W2	W4	W1	W2	W4
Unemployed	9.2	13.6	16.0	8.0	10.7	12.7	8.5	12.0	14.2
Employed	50.1	50.9	46.8	39.6	40.9	44.3	44.3	45.4	45.4
Not in employment	40.7	35.6	37.2	52.4	48.4	43.0	47.1	42.6	40.5
Total N	2668	2978	2158	3274	3435	2776	5942	6233	4932

So while respondents own definition of their current status suggests that unemployment has decreased slightly over the four year period the ILO definition of unemployment, where recent job search activity is the critical element, shows an increase in unemployment. The fact that more people are now looking for employment may be a positive sign in some circumstances as it may suggest people feel that there are more jobs available so looking for work is worthwhile. However, for the RS, where levels of employment have also fallen, this interpretation is not likely to hold.

As many of the same individuals have been interviewed at each of the four years of the survey, we can look at the slightly longer term movements for individuals between different employment statuses. Table 4.3 is all respondents aged between 15 - 64 years at waves 1 and 4. Again, the employment status is as reported by the respondent.

The percentages highlighted in bold on the diagonal show the respondents who were in the same category at each of waves 1 and 4. For BiH as a whole, those in paid employment at wave 1 were the most stable group with 79.4% still being in paid employment at wave 4. Those not in paid employment at wave 1 were the next most stable group with 71.1% being in the same category at wave 4. Unemployment was

the least stable group with 46.6% being unemployed at both wave 1 and wave 4. While this suggests there is a core of long-term unemployed, there is considerable movement both into and out of the unemployed category over the four years.

Table 4.3 Cross-wave employment status Waves 1 - 4 by entity for working age respondents (15-64 years)

Wave 4 Employment status RS	Employment status at Wave 1		
	Unemployed %	Employed %	Not in employment %
Unemployed	<b>51.9</b>	16.7	14.7
Employed	34.7	<b>77.4</b>	69.7
Not in employment	13.4	6.0	<b>15.6</b>
<i>Total N</i>	<i>569</i>	<i>982</i>	<i>896</i>
<b>FBiH</b>			
Unemployed	<b>42.5</b>	10.2	14.1
Employed	42.8	<b>81.4</b>	14.1
Not in employment	14.7	8.3	<b>71.9</b>
<i>Total N</i>	<i>621</i>	<i>861</i>	<i>1335</i>
<b>All BiH</b>			
Unemployed	<b>46.6</b>	13.4	14.3
Employed	39.2	<b>79.4</b>	14.7
Not in employment	14.1	7.2	<b>71.1</b>
<i>Total N</i>	<i>1188</i>	<i>1826</i>	<i>2251</i>

For all in BiH, 13.4% of those who had been employed at wave 1 were unemployed at wave 4 and 14.3% of those not in employment at wave 1 were unemployed at wave 4. However, 39.2% of those who were unemployed at wave 1 were in employment by wave 4 with a further 14.1% moving into the 'not in employment' category. So there are indications that half of the unemployed over this period either found a job and became employed or left the labour market for some other reason. These reasons may include ill health or looking after the home or family or some respondents may simply have redefined themselves as not employed, possibly because they had become discouraged and stopped searching for work. A not insignificant proportion of respondents had moved from not in employment to being unemployed or in employment. This suggests that over the four year period approaching one third of the non-employed did start to look for work at some point and around half of these were successful in finding work by wave 4.

The patterns in each entity are similar even though a higher percentage are unemployed at both points in the RS than in the FBiH. The employment category is also more stable in the FBiH than in the RS. In the FBiH the 'not in employment' category was also more stable than in the RS with 69.7% of those not in employment at wave 1 in the RS having moved into employment by wave 4. The FBiH had a slightly higher percentage of respondents moving into the 'not in employment' category from both unemployment and employment than in the RS.

Table 4.4 gives the distribution of occupations and industries at waves 3 and 4 for those in employment at each year. Occupations were coded to ISCO and industry to NACE classifications. The distributions are similar across the two years with the main difference between entities continuing to be the proportion of those in agricultural occupations, with more people being employed in agriculture in the RS (23.7%) compared to the FBiH (15.7%). Despite this, there has been a noticeable fall in the proportion of respondents in agricultural jobs in the RS since wave 2, down by 6.6%.

Agriculture continued to be the main industry sector in RS (23.7%) despite a fall in the proportion in this sector followed by manufacturing (19.7%) which also saw a fall since wave 3. In the FBiH manufacturing was still a major sector at wave 4 (17.5%) with a slight increase in the percentage of respondents in a manufacturing job than at wave 3. In combination, the public sector including public administration, education, health and social services and other community services continued to be a major sector at wave 4 at similar levels as at wave 3.

Table 4.4 Occupation and industry distribution by entity, Waves 3 and 4. Those in current employment aged 15-64

	Entity					
	RS %		FBiH %		BiH %	
	W3	W4	W3	W4	W3	W4
<b>Occupation (ISCO)</b>						
Legislative official/government	1.9	1.7	1.6	2.1	1.7	1.9
Scientists and researchers	5.4	4.4	7.5	7.3	6.5	6.0
Technical and other professional	9.0	9.1	10.1	9.6	9.6	9.4
Clerical	5.4	5.5	5.0	5.1	5.2	5.3
Service and Sales	18.2	20.1	16.6	17.2	17.4	18.5
Agriculture	20.7	23.1	11.5	15.3	16.0	18.9
Non-industrial skilled	23.1	22.7	28.9	27.8	26.1	25.5
Machine and vehicle operators	6.0	6.7	9.5	9.9	7.8	8.5
Other unskilled	8.8	5.8	8.3	4.9	8.6	5.3
Military	1.4	1.0	1.0	0.9	1.2	0.9
Total N	1177	1121	1252	1332	2429	2453
<b>Industry (NACE)</b>						
Agriculture	24.2	23.7	11.9	15.7	17.9	19.4
Fishing	0.3	0.2	0.1	0.0	0.2	0.1
Mining	0.8	0.9	5.8	5.3	3.3	3.3
Manufacturing	21.6	19.7	16.1	17.5	18.8	18.5
Electricity, gas, water	2.3	2.2	3.0	2.5	2.7	2.4
Construction	8.0	8.6	13.1	11.8	10.6	10.4
Wholesale and retail trade	10.1	10.0	12.3	12.7	11.3	11.4
Hotels and restaurants	5.1	6.7	4.7	4.8	4.9	5.7
Transport, storage and communications	4.8	4.7	7.4	7.2	6.1	6.1
Financial services	1.3	1.2	1.3	1.5	1.3	1.4
Real estate	0.8	0.2	1.6	2.2	1.2	1.3
Public administration & defence	6.8	7.2	4.1	4.0	5.4	5.4
Education	4.1	4.0	5.8	5.7	5.0	5.0
Health and social work	4.0	4.0	3.7	3.5	3.8	3.7
Other community services	4.7	4.7	7.6	5.3	6.2	5.0
Private households with employed persons	0.6	1.8	0.9	0.1	0.7	0.9
Extra-territorial organisations	0.4	0.3	0.6	0.5	0.5	0.4
Total N	1185	1119	1249	1327	2434	2446



In addition to the ISCO and NACE coding of current occupation and industry, respondents were also asked to describe their current employment status. Table 4.5 shows the distribution of employment status for those in current employment at each of waves 3 and 4. The level of self-employment is fairly high in both entities even though it is noticeable that the proportion working for an employer in the private sector has increased, more so in the RS than in the FBiH. This rise is accompanied by a fall in people working in the public sector. Just under one tenth of those in employment are working unpaid supporting a family member's business, farm or enterprise.

**Table 4.5** Current employment status Waves 3 and 4 – respondents in current employment aged 15-64

	Entity					
	RS %		FBiH %		BiH %	
	W3	W4	W3	W4	W3	W4
Owner/co-owner of enterprise which employs workers	2.1	3.2	3.3	3.2	2.7	3.2
Owner/co-owner of enterprise which doesn't employ workers	3.7	1.6	2.4	1.7	3.0	1.7
Owner/co-owner of small business	1.2	1.3	2.2	1.2	1.7	1.2
Farmer on own farm	9.9	11.1	2.7	7.0	6.2	8.9
Entrepreneur in free profession	0.9	1.6	2.7	1.4	1.8	1.5
Work for employer in private sector	26.5	37.1	34.4	38.5	30.6	37.8
Work in public enterprise	42.3	31.4	41.3	37.9	41.8	34.9
Unpaid supporting family member	9.4	10.9	8.1	7.4	8.8	9.0
Work for international organisation	0.4	0.3	0.6	0.5	0.5	0.4
Other activity	3.5	1.5	2.4	1.2	2.9	1.3
Total N	1189	1122	1265	1336	2454	2458

Respondents were asked for the usual hours worked per week. When we look at the usual hours worked per week in BiH, the mean weekly hours worked was relatively high even though they have fallen on average since 2003. In each entity the mean hours worked was 43.5 hours per week, no significant change from waves 2 or 3. Those who worked either more than 42 hours per week or less than 40 hours per week were asked why they worked more or less hours. Table 4.6 gives the reasons people gave for working more or less hours at waves 3 and 4.

**Table 4.6** Reason working more than 42 hours per week or less than 40 hours per week Waves 3 and 4

	Entity					
	RS%		FBiH%		BiH%	
	W3	W4	W3	W4	W3	W4
<b>More than 42 hours per week</b>						
Regular office hours are more than 42 hours per week	45.9	41.1	57.3	52.3	53.0	47.9
Overtime	29.1	31.8	13.9	12.1	19.7	19.8
<b>Less than 40 hours per week</b>						
Regular office hours are less than 40 hours per week	3.6	4.7	8.0	14.7	6.3	10.8
Illness	2.4	5.8	2.4	4.6	2.4	5.0
Cannot find full-time job	12.3	9.5	5.8	5.1	8.3	6.8
Lack of education, training	0.9	0.2	0.6	0.6	0.7	0.4
Do not want to work longer hours	1.2	0.7	1.9	2.3	1.6	1.7
Other	4.5	4.1	10.2	8.2	8.0	6.6
Total N	333	405	539	631	872	1036

The main reason for working more than 42 hours per week was that the regular office hours were longer than that, something which was more likely in the FBiH than in the RS. However, the percentage of people giving this response was lower compared to wave 3 even though more people in the RS reported it was due to doing overtime. Whether this reflects a change in work practices or overtime payment policies for some employers is not clear. In contrast, there is some indication that people would like to work more hours where they were working under 40 hours per week as 6.8% said they could not find a full-time job at wave 4.

Those in paid employment were asked if they received benefits as part of their employment including a salary or part of one, health insurance or pension insurance. Table 4.7 shows the benefits received by entity together with the number of benefits being received by respondents. For BiH as a whole, the distributions are similar across the three years even though there has been some fluctuation at the aggregate level. The proportion receiving health or pension benefits from their employment increased slightly at wave 3 but by wave 4 was almost the same as at wave 2. Since 2002 there has been an increase in those saying they have pension insurance but the levels of health insurance are unchanged.

Table 4.7 Benefits received in current job – Waves 2, 3 and 4, respondents aged 15-64

		Entity								
		RS%			FBiH%			BiH%		
		W2	W3	W4	W2	W3	W4	W2	W3	W4
Receives salary or part of one	Yes	74.9	74.1	68.2	92.4	90.4	87.6	83.3	82.5	78.4
	No	25.1	25.9	31.5	7.6	9.6	12.3	16.7	17.5	21.4
Receives health insurance	Yes	46.1	51.2	48.8	71.3	70.9	67.1	58.2	61.3	58.4
	No	53.9	48.8	50.9	28.7	29.1	32.8	41.8	38.7	41.4
Receives pension insurance	Yes	43.4	48.1	47.1	66.2	65.0	61.9	54.3	56.8	54.9
	No	56.6	51.9	52.6	33.8	35.0	38.0	45.7	43.2	44.9
Number of benefits received	None	22.5	24.2	26.9	6.5	9.5	11.4	14.8	16.7	18.4
	One	32.3	25.5	22.3	22.0	19.6	25.8	27.4	22.5	24.2
	Two	3.0	2.9	0.3	6.4	6.0	0.0	4.7	4.5	0.2
	Three	42.2	47.4	40.5	65.0	64.9	62.9	53.1	56.3	57.2
	Total N	1525	1191	1118	1412	1258	1333	2937	2449	2451

Those in the FBiH continued to fare better than those in the RS as they were more likely to have any of the benefits listed and were also more likely than those in the RS to have more than one benefit from their current job. However, in both entities respondents were less likely to have all three benefits from their job in 2004 than they were in either of the previous two years.

All respondents in the sample, regardless of their current employment status, were asked whether they would like to get a new job in the next 12 months. In the RS 38.8% of the sample who were of working age said that they did want to get a new job, compared to just 30.6% in the FBiH. The proportion in the RS has decreased since wave 3 whilst the proportion in the FBiH has increased. Those who were more likely than not to say that they wanted a new job were those who were on a seasonal or temporary contract (92.1% in RS, 72.1% in FBiH) and the unemployed (64.7% in RS, 84.0% in FBiH). The main reasons people gave for wanting a new job were for a higher salary (61.2% in RS, 62.4% in FBiH) and to work in their field (26.6% in RS, 21.4% in FBiH). The proportion who wanted higher salaries had increased by around 20% since wave 3, whilst the proportion who wanted a job in their field fell by a similar amount. However, there was not a great deal of expectation that getting a new job was likely. Just 3.8% in the RS and 5.0% in the FBiH of those who wanted a new job said that they thought it was likely to happen.

### ***Predicting employment***

A multivariate model using logistic regression to predict the likelihood of being in employment at wave 4 for those of working age is given in Table 4.8. This model controlled for a number of independent variables including sex, age, age squared, marital status, qualifications, health status, whether disabled, residential status, whether moved in the last year, whether had training in the last year, chronic diseases and being a smoker.

For BiH as a whole the model predicts that men were more likely than women to be in employment. There was also a positive relationship with age but a negative relationship with age-squared, suggesting that as people age, the likelihood of being in employment decreases. Those who were divorced or separated were statistically more likely to be in employment compared to the never married. As at waves 2 and 3, level of education was related to the likelihood of being in employment. Having any form of education above primary level increases the likelihood of being in employment and having a university level qualification is most significant compared to having no qualifications at all.

The likelihood of being in employment was reduced for the disabled compared to those who were able bodied and those who described their health as 'fair' were less likely to be in employment. Those who were permanent residents who had to move during the war or were temporary residents were also less likely to be in employment compared to permanent residents who did not move during the war. However, unlike wave 3, the coefficients for these categories were statistically significant at wave 4. Being a smoker is also positively related to being in employment but as at waves 2 and 3 this is likely to be a spurious effect due to the fact that men are both more likely to be in employment and are more likely to be smokers.

When we run the same model separately for each entity, the broad picture remains the same as for BiH as a whole. However, there are some differences for each entity. In the FBiH those who were divorced or separated were more likely to be in employment compared to the never married but this was not significant in the RS. Being a temporary resident in the FBiH reduced the chances of being in employment significantly while in the RS this did not affect the chances of being employed. In contrast, being a displaced resident in either entity did reduce the likelihood of being in employment.

**Table 4.8** Logistic regression results predicting being in employment at Wave 4

	<i>RS</i>		<i>FBiH</i>		<i>BiH</i>	
	B	S.E.	B	S.E.	B	S.E.
Male	0.929**	0.093	1.359**	0.092	1.144**	0.065
Age	0.289**	0.024	0.314**	0.024	0.298**	0.017
Age-squared	-0.004**	0.000	-0.004**	0.000	-0.004**	0.000
Married	0.282+	0.129	0.698**	0.129	0.475**	0.090
Cohabiting	0.390	0.313	0.192	0.433	0.398	0.249
Widow/er	0.578+	0.240	0.624*	0.235	0.507*	0.165
Divorced/separated	0.379	0.292	1.101**	0.295	0.728**	0.206
Primary educ.	-0.194	0.140	-0.040	0.132	-0.082	0.095
Secondary educ.	0.388*	0.132	0.470**	0.121	0.472**	0.088
College educ.	0.722*	0.266	1.221**	0.265	1.018**	0.186
University educ.	1.645**	0.328	1.899**	0.304	1.814**	0.220
Disabled	-1.102**	0.239	-1.241**	0.233	-1.154**	0.165
Health excellent	-0.102	0.140	0.040	0.126	-0.027	0.092
Health good	-0.070	0.142	-0.308+	0.141	-0.170	0.099
Health fair	-0.109	0.111	-0.342*	0.108	-0.214*	0.077
Displaced resident	-0.393**	0.108	-0.444**	0.127	-0.371**	0.081
Temporary resident	-0.112	0.130	-0.778**	0.191	-0.271*	0.104
Moved in last year	0.291	0.153	0.034	0.176	0.185	0.114
Has chronic disease	-0.748**	0.142	-0.237	0.136	-0.480**	0.097
Smoker	0.190	0.108	0.248+	0.103	0.218*	0.074
Constant	-6.027	0.436	-7.065	0.433	-6.549	0.304
R <sup>2</sup>	0.160		0.215		0.183	
N	2718		3180		5898	

\*\* Sig .001

\* Sig .01

+ Sig .05

### ***Predicting moves into employment, wave 1 to 4***

As the same individuals have been interviewed at each of the three years of the survey, we can examine the characteristics of those most likely to move into paid employment over the whole period. The model shown in Table 4.9 predicts the likelihood of moving into employment between waves 1 and 4 for those of working age at both years. The dependent variable was coded '1' if not in employment, either unemployed or out of the workforce, at wave 1 and in employment at wave 4. These are the cases that moved from non-employment to employment over this period. All other cases were coded '0' on the dependent variable. In this model the characteristics of respondents at wave 1 are used as the independent variables predicting a move into employment by wave 4. As the

wave 1 questionnaire did not contain questions on general health, disability, and smoking, these variables are not included in this model. All other variables are included as in the previous model at Table 4.8.

Men were more likely than women to have moved into employment from non-employment between waves 1 and 4 even though this result is driven entirely by men in the FBiH. Men in the RS were no more likely to have moved into employment than women over this period. Marital status was not associated with a move into employment over the four years. As at waves 2 and 3, those respondents with any qualifications, and in particular university level qualifications, were less likely to move into employment than those with no qualifications at all. While this may seem counter-intuitive it can be interpreted as being the result of the higher probability of being employed at wave 1 for those who have any qualifications at all. So those with any qualifications at all were less likely to be unemployed at wave 1 so could not move into employment as they were already in employment.

**Table 4.9** Logistic regression results predicting moving into employment between Waves 1 and 4 (respondents aged 15-64 interviewed at both waves)

	<b>RS</b>		<b>FBiH</b>		<b>BiH</b>	
	B	S.E.	B	S.E.	B	S.E.
Male	-0.178	0.121	0.630**	0.111	0.261**	0.080
Age	0.011	0.033	0.011	0.030	0.004	0.022
Age-squared	-0.001	0.000	-0.001	0.000	0.000	0.000
Married	-0.137	0.173	0.077	0.165	0.009	0.118
Cohabiting	0.013	0.394	-0.392	0.791	-0.045	0.347
Widow/er	-0.296	0.365	-0.175	0.343	-0.272	0.248
Divorced/separated	0.135	0.426	0.416	0.392	0.247	0.286
Primary educ.	-0.281	0.213	-0.543*	0.176	-0.416*	0.133
Secondary educ.	-0.516+	0.213	-0.749**	0.168	-0.594**	0.130
College educ.	-0.672	0.402	-0.931*	0.357	-0.773*	0.264
University educ.	-1.793*	0.623	-2.073**	0.537	-1.894**	0.405
Has chronic disease	-0.092	0.176	-0.238	0.162	-0.169	0.119
Displaced resident	0.344	0.207	-0.066	0.196	0.091	0.141
Temporary resident	0.273+	0.137	-0.473+	0.204	-0.034	0.108
Moved in last year	0.198	0.193	0.133	0.232	0.175	0.148
Constant	-0.745	0.545	-0.716	0.505	-0.629	0.366
R <sup>2</sup>	0.037		0.048		<b>0.034</b>	
N	2280		2625		4905	

\*\* Sig .001

\* Sig .01

+ Sig .05

## 5. Income

### *Key Findings*

- *Over one third of households in the RS and under one fifth of households in the FBiH were in the bottom income quartile in 2004.*
- *The percentage of households in the lowest income quartile has increased in the RS but fallen in FBiH.*
- *'Work rich' households where two or more people were in paid employment continue to be significantly better off than other households, especially in the FBiH.*
- *As at previous years of the survey, the gender of the household head was associated with income levels, with female headed households being more likely to be in the bottom income quartile than male headed households. Male headed households were more likely than female headed households to be in the upper income quartile.*
- *People in the youngest age group (15-24 years) had low mean incomes, increasing in the middle years to peak in the 35 - 44 age group and then falling as people age and enter retirement.*
- *Women's incomes from all sources are significantly lower than men's incomes in BiH with the earnings gap being greater in the RS than in FBiH.*
- *As the level of education held increases, so do income levels. Those with no qualifications or primary education only are significantly worse off than those with higher level qualifications.*
- *Over one quarter of households with dependent children under fifteen in BiH had no income from employment sources with the proportion of these workless households increasing in the RS but falling in FBiH.*
- *For BiH as a whole, the percentage of people saying they were living comfortably had increased from 2.6% at wave 2 to 4.3% at wave 4 while the percentage who were 'finding it very difficult' reduced slightly from 18% at wave 2 to 14% at wave 4.*

Income is a central indicator of the long term well-being of households in BiH and this section examines income trends over the four year period together with income transitions for individuals within the sample.

### ***Household income***

The mean monthly household income from all sources reported in the survey at wave 4 including employment income, non-employment income, gifts or remittances, was 545 KM for BiH as a whole, 443 KM in the RS and 614 KM in the FBiH. (See Table 2.6 in section 2 for the means for each source by entity). If we divide the monthly household income distribution into deciles and quartiles we can see the proportion of households in each tenth and each quarter of the income distribution.

Table 5.1 shows the proportion of households in each decile and quartile by entity at each of waves 2, 3 and 4. The proportion of households in the lowest two deciles of the income distribution continues to be higher in the RS than in the FBiH, even though the gap between the RS and FBiH has narrowed for the lowest income decile. At the other end of the income distribution a higher proportion of FBiH households are found in the top two deciles than in the RS, a difference which has increased slightly over the three years.

Looking at income quartiles, the RS shows a slight upward trend in the proportion of households in the lowest income quartile since wave 2. In the RS, 35.8% of households at wave 4 were in the lowest quarter of the income distribution compared to 32.4% at wave 2 and 34% at wave 3. So while percentage of the very poorest in RS i.e. those in the lowest income decile has fallen, the proportion in the lowest quartile has increased suggesting that incomes for the poorest have increased on average but not substantially for most households. In the RS, there is a slight increase in the proportion of households in the middle of the income distribution but a fall in the proportion in the upper quartile, from 20% at wave 2 to 17.7% at wave 4.

In contrast, there has been little change in the middle of the income distribution in the FBiH while the proportion in the upper quartile has continued to increase from 28.8% at wave 2 to 32.3%. As we have seen, mean household income in the FBiH is higher than in the RS but the RS also has a relatively high proportion of the poorest households compared to the FBiH, a difference which the data continue to suggest is increasing rather than decreasing over time. The data from the Household Budget Survey will provide additional information on this trend.

Table 5.1 Monthly household income decile and quartile by entity - Waves 2, 3 and 4

Monthly household income	Entity					
	RS%			FBIH%		
	W2	W3	W4	W2	W3	W4
Lowest decile	17.6	18.4	15.6	5.1	3.6	5.8
2	10.1	11.3	16.4	9.2	9.0	7.2
3	10.0	10.3	8.6	10.2	9.8	10.6
4	8.8	9.8	9.1	10.5	12.8	10.9
5	10.8	9.4	9.2	10.1	7.8	9.6
6	7.8	9.6	10.8	10.6	10.4	9.7
7	11.2	10.4	9.8	11.3	9.7	9.5
8	8.2	7.7	5.7	9.6	11.7	11.1
9	8.2	7.5	7.7	10.7	11.9	12.7
Highest decile	7.3	5.6	7.1	12.7	13.3	13.1
Lowest quartile	32.4	34.0	35.8	19.5	17.4	18.2
2	24.9	25.1	23.2	25.7	25.6	25.8
3	22.7	24.5	23.3	26.0	25.3	23.8
Highest quartile	20.0	16.3	17.7	28.8	31.6	32.3
N households	1212	1035	1162	1602	1365	1559

As the main source of income for households is from employment, the number of persons employed in a household has a significant effect on total household income. In Table 5.2 household income quartiles are shown by the number of persons employed in the household at each of waves 3 and 4.

Households with no-one employed, including those with no-one of working age, are more likely to be in the lowest quartile compared to those with at least one person employed. Households with two or more people employed in the household are more likely to be in the highest income quartile than other households. These ‘work rich’ households are therefore significantly better off than other households in both entities even though the distribution across quartiles differs in each entity.

In the RS, the proportion of households with no-one employed who are in the lowest income quartile has fluctuated over the three years but a higher proportion of these households are in the lowest quartile at wave 4 than at wave 2, 53.6% at wave 2 compared to 57.9% at wave 4. In contrast, the proportion of households with two or more people employed in the upper quartile has increased over the period, from 43.1% at wave 2 to 44.3% at wave 3 and 54.2% at wave 4. In the FBIH a similar trend is seen with the proportion of households with two or more people in employment who are in the upper quartile increasing from 65.4% at wave 2 to 74.2% at wave 4. The effect of having no-one employed in the household in terms of being in the lowest quartile is not as marked in the FBIH as in the RS even though over one third of non-employed households in the FBIH are found in the bottom quartile at each year, something which has remained constant over the period.



The differential effect between entities of the numbers in employment on increasing total household income is likely to be due to higher average wages from employment in the FBiH rather than differing employment rates in each entity. As was noted in section 1, a higher proportion of households in the RS have more than one person in employment than in the FBiH and the rates of self-employment are higher in the RS. However, this does not translate into comparable income levels for those in the RS.

Table 5.2 Monthly household income quartile by numbers employed within the household – by entity  
Waves 2, 3 and 4

	Number persons employed								
	None %			One %			Two or more %		
	W2	W3	W4	W2	W3	W4	W2	W3	W4
<b>RS</b>									
Lowest quartile	53.6	63.6	57.9	27.2	20.2	24.3	5.9	4.3	10.8
2	23.3	25.3	29.4	32.4	30.3	23.7	16.3	17.6	8.9
3	15.3	9.2	10.1	22.8	36.2	36.3	34.6	33.7	26.1
Highest quartile	7.8	1.9	2.6	17.6	13.2	15.7	43.1	44.3	54.2
N households	472	423	532	448	356	489	289	255	246
<b>FBiH</b>									
Lowest quartile	36.2	34.9	34.0	6.5	4.3	4.8	3.1	1.6	4.4
2	30.5	40.0	42.1	28.0	19.6	15.6	8.5	2.4	4.2
3	20.5	16.6	15.4	34.3	40.6	38.4	23.0	14.9	17.3
Highest quartile	12.8	8.4	8.6	31.2	35.5	40.9	65.4	81.0	74.2
N households	732	607	671	586	510	508	283	248	275

At waves 2 and 3, the composition of the household in terms of whether it was a female headed household or a male headed household had an effect on household income, with female headed households being on the whole poorer than those headed by a male. At wave 4, the same pattern is evident even though the proportion of female headed households in the lowest quartile fell slightly compared to wave 3 and the results for male headed households are somewhat mixed. Table 5.3 shows that for BiH as a whole, the proportion of households with a male head in the bottom quartile fell from 20.4% at wave 2 to 18.7% at wave 3 but then increased again to 21.5% at wave 4. On the other hand, the proportion of female headed households in the bottom quartile increased from 39.4% at wave 2 to 41.7% at wave 3 and then fell to 37.1% at wave 4. However, the proportion of male headed households in the highest quartile continued to increase, from 26.6% at wave 2 to 28% at wave 3 and 30% at wave 4. In contrast, the proportion of female headed households in the upper quartile fell from 20.3% to 16.3% at wave 3 and remained constant at 16.1% at wave 4.

These differences in income between male and female headed households are likely to be due, at least in part, the differences in employment rates and wages earned between men and women. They are also likely to be associated with age, where female headed households may be more likely to be widows living on a limited income from social benefits, pensions and other non-employment sources than male headed households. In addition, it may be the case that some female headed households

with dependent children are unable to work or have limited hours of work or low paid part-time work due to their family commitments.

Table 5.3 Monthly household income quartile by whether male or female headed household – Waves 2, 3 and 4

Gender of household head						
	Male head			Female head		
	W2	% W3	W4	W2	% W3	W4
<b>All BiH</b>						
Lowest quartile	20.4	18.7	21.5	39.4	41.7	37.1
2	26.5	25.6	22.3	21.9	23.7	31.2
3	26.6	27.7	26.2	18.5	18.3	15.6
Highest quartile	26.6	28.0	30.0	20.3	16.3	16.1
N households	2123	1783	1957	691	657	726
<b>RS</b>						
Lowest quartile	26.8	28.0	31.3	52.3	53.0	48.3
2	26.7	27.1	22.3	18.4	19.5	26.3
3	24.3	26.7	26.4	16.9	17.3	14.2
Highest quartile	22.1	18.3	20.0	12.4	10.2	11.2
N households	946	787	928	266	266	325
<b>FBiH</b>						
Lowest quartile	15.2	11.3	14.0	31.3	33.9	29.4
2	26.3	24.4	22.3	24.0	26.5	34.6
3	28.4	28.5	26.1	19.5	18.9	16.5
Highest quartile	30.2	35.7	37.6	25.2	20.7	19.6
N households	1177	996	1031	425	392	399

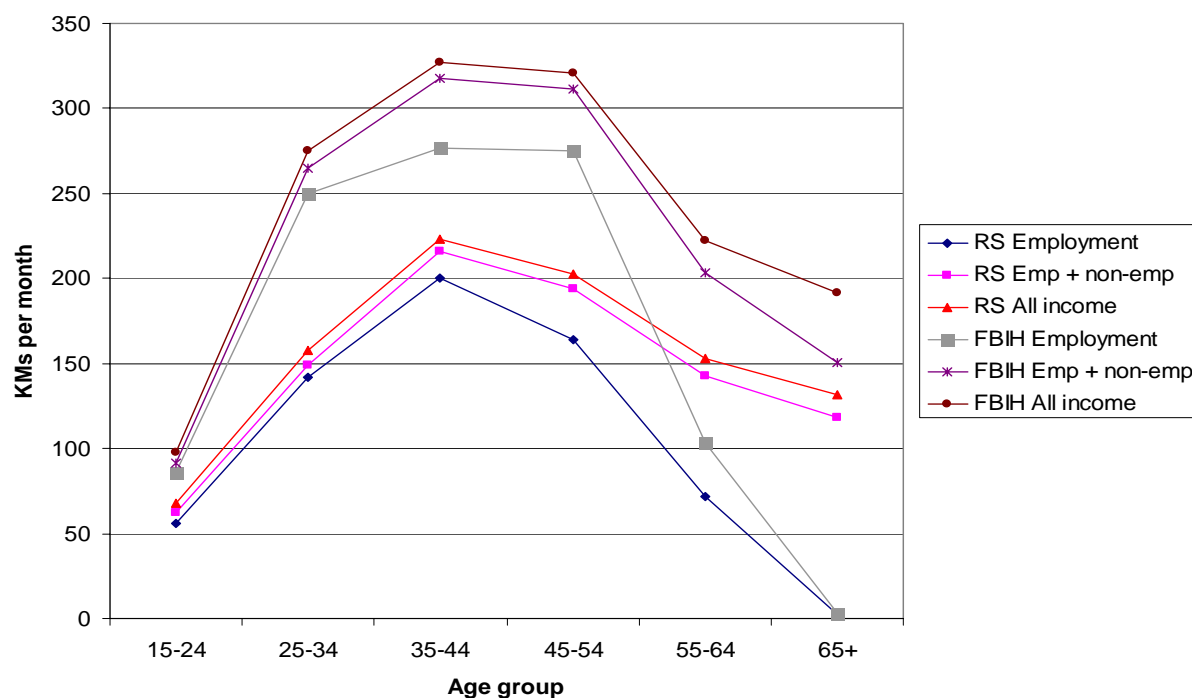
### *Income sources*

Figure 5.1 below gives the mean individual monthly income by source of income and age group by entity at wave 4. Individuals in both entities have the same pattern across the age range with the mean income being low for the youngest age group, increasing through the middle years to peak in the 35 - 44 age group and then falling as people age and enter retirement. Despite the similarity in the overall pattern of individual income across age groups in each entity, the mean individual income is consistently lower for those in the RS than in the FBiH, something which holds across income sources and age groups.

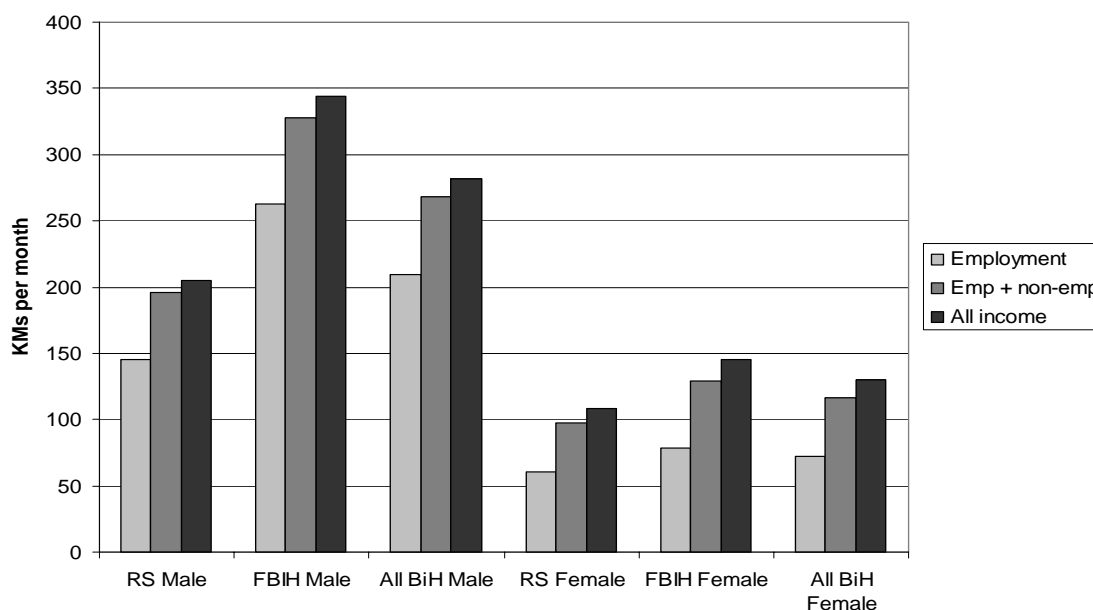
Figure 5.2 shows the mean monthly individual income for men and women by entity. Women's incomes continue to be significantly lower than men's incomes from all sources. Women in the RS had a mean monthly income from employment of 60 KM per month compared to 145 KM for men in the RS. This compares to 51 KM for women in the RS at wave 3 and 111 KM for men, so while both genders have seen an increase in earnings, the average gap between men's and women's earnings increased slightly. The gap in the FBiH is less with women in the FBiH having a mean monthly income from employment of 129 KM per month compared to 196 KM for men in the FBiH. This represents a significant increase in women's average earnings in FBiH compared to wave 3 but may

be a result driven by a few high earning women. While these differences are likely to reflect differences in hours worked with women possibly working fewer hours than men, it also suggests that there may be an element of gender segregation within the labour market with women being primarily located in less well paid jobs than men. In both entities, average earnings for men have increased since 2002. The average male earnings for BiH in 2002 were 167 KM per month compared to 210 KM per month in 2004.

**Fig 5.1** Mean income by source and age group, Wave 4

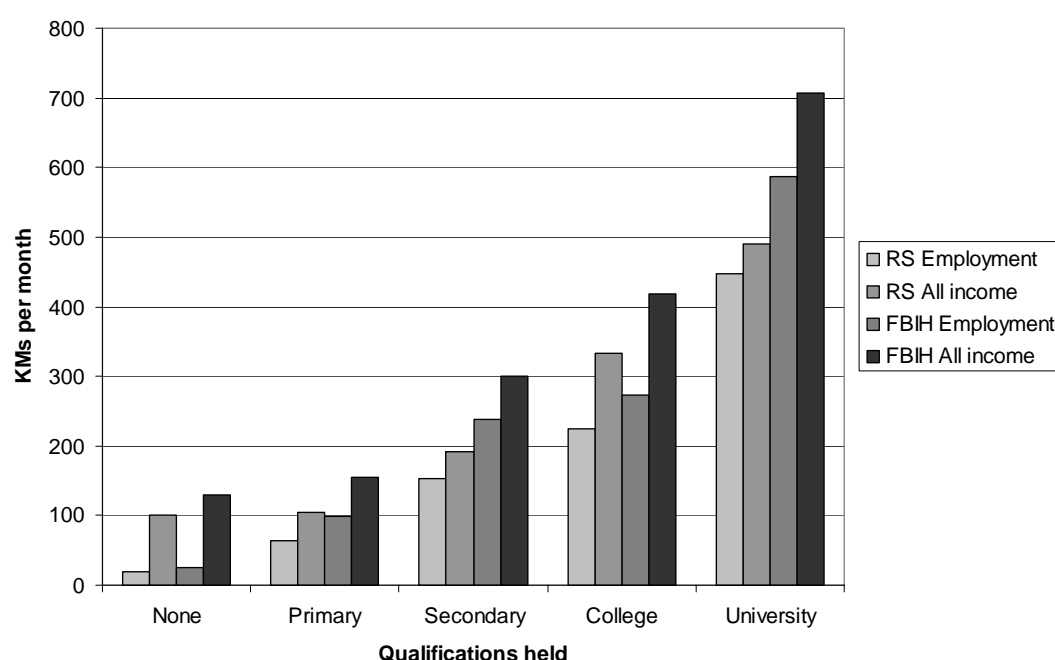


**Fig 5.2** Mean monthly individual income by gender, Wave 4



As in previous years of the survey, the level of qualifications held by respondents is clearly associated with income levels (Fig 5.3). As the level of education increases, the mean monthly income for those respondents increases. Those with no education or primary level education only are significantly worse off than those with higher level qualifications. The pattern is the same for each entity even though mean income levels differ with the returns to a university degree being highest in FBiH.

**Fig 5.3 Mean monthly income by level of qualifications, Wave 4**



Reducing child poverty is a key policy objective. Table 5.4 gives the percentage of households with at least one dependent child aged under 15 by whether they had any employment income at each year. At wave 1, in BiH as a whole 26.2% of households with dependent children had no income from employment. In the RS we can see a steady increase the percentage of households with no income from employment who have dependent children. In the RS, 19.9% of households with dependent children had no employment income in 2001 while in 2004 this had increased to 31.1%. In contrast, the FBiH has seen a steady reduction in the proportion of households with no employment income who have dependent children, from 30.4% in 2001 to 23% in 2004.

As employment income forms the largest element of most household income in BiH, children in these households are likely to be living in relatively poor conditions compared to children living in a household which has some employment income. Of most concern is the fact that deprivation levels for children in RS are likely to be increasing relative to three years ago but also that the gap between the RS and FBiH is widening over time. The proportions for BiH remain unchanged over the period even though there are marked differences between the entities.

**Table 5.4** Households with dependent children aged under 15 years by whether any income from employment – by entity Waves 1 to 4

	<b>Entity</b>											
	<b>RS %</b>				<b>FBiH %</b>				<b>Total BiH %</b>			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Has employment income	80.1	75.5	71.8	68.9	69.6	74.3	75.0	77.0	73.8	74.8	73.7	73.8
No employment income	19.9	24.5	28.2	31.1	30.4	25.7	25.0	23.0	26.2	25.2	26.3	26.2
N	428	400	340	294	658	630	523	457	1086	1030	863	751

If we look at movements between categories over the three years from 2001-2004 (Table 5.5) we see that in the RS 58.5% of households with dependent children had no employment income at both points. In the FBiH, 49.1% of households with dependent children had no employment income at both waves. This suggests these households are likely to have been consistently poorer over the four year period than other households.

The table also shows that in the RS, 41.5% of households with dependent children and no employment income at wave 1 had shifted into the category with employment income by wave 4. In the FBiH, 50.9% of households with dependent children and no employment income at wave 1 had some employment income by wave 4. On the other hand one quarter, 26.2% of RS households with dependent children and employment income at wave 1 had no employment income at wave 4. In the FBiH, 11.4% had shifted into having no employment income.

**Table 5.5** Households with dependent children by whether have any employment income Waves 1 and 4 by entity

<b>Wave 4</b>	<b>Wave 1</b>	
	Has employment income %	No employment income %
<b>RS</b>		
Has employment income	<b>73.8</b>	41.5
No employment income	26.2	<b>58.5</b>
N	218	56
<b>FBiH</b>		
Has employment income	<b>88.6</b>	50.9
No employment income	11.4	<b>49.1</b>
N	259	117

Once again there was a clear relationship between levels of income for households with dependent children and the level of education of the head of the household (Table 5.6 ). Almost half (45.8%) of households with dependent children where the head of the household had no qualifications had no income from employment. In contrast, 13.3% of households with dependent children where the head

of household had a university level qualification had no income from employment. The level of education affects not only individual well-being and position in the labour market but has a wider impact on the well-being of dependent children living in their households.

**Table 5.6** Proportion of households with dependent children and no employment income, by level of education of head of household – All BiH, Wave 4

	No diploma	Primary school certificate	Secondary school certificate	Junior college	University
Employment income	54.3	64.9	81.6	69.9	86.7
No employment income	45.8	35.2	18.4	30.1	13.3

As well as factual information on income, respondents were also asked a series of subjective questions about their financial situation and expectations. Respondents were first asked how well they thought they were managing financially. They were then asked whether they thought they were better off financially than one year ago, worse off or about the same as one year ago. Finally they were asked whether they thought their financial situation would be better a year from now, worse or about the same in one year's time (see Table 5.7).

For BiH as a whole, the percentage of people saying they were living comfortably had increased from 3.7% at wave 3 to 4.3% at wave 4, an increase of almost 2% compared to 2002 where 2.6% gave this response. The percentage who were 'finding it very difficult' reduced slightly from 18% at wave 2 (2002) to 16.6% at wave 3 and this trend continued at wave 4 with 14% giving this response.

**Table 5.7** Subjective financial situation, whether better or worse off financially than last year, expectation for coming year - Waves 3 and 4

	Entity					
	RS%		FBiH%		BiH%	
	W3	W4	W3	W4	W3	W4
Living comfortably	1.8	2.1	5.3	6.0	3.7	4.3
Doing alright	16.6	21.2	26.0	30.4	21.7	26.4
Just about getting by	35.4	36.8	36.5	36.5	36.0	36.6
Finding it quite difficult	24.4	19.8	19.9	17.9	21.9	18.7
Finding it very difficult	21.8	20.1	12.3	9.3	16.6	14.0
Better off than last year	4.3	6.5	6.4	9.4	5.5	8.1
Worse off than last year	44.4	38.1	25.1	23.3	33.8	29.7
About the same	51.3	55.5	68.5	67.4	60.7	62.2
Expect will be better off next year	19.7	23.2	23.3	26.6	21.7	25.1
Expect will be worse off next year	31.5	27.2	19.8	19.0	25.1	22.5
Expect will be the same	48.8	49.6	56.9	54.4	53.2	52.4
N	3046	2830	3743	3755	6789	6585

As at previous years of the survey, the majority of respondents thought that their financial situation was about the same as one year previously and tend to reflect the patterns we have already observed in terms of household income for both entities. In the RS 38.1% of respondents thought they were worse off than a year before compared to 23.3% in the FBiH. In the RS, 6.5% of respondents thought their financial situation had improved while 9.4% thought the same in the FBiH.

When we look at the responses for expectations about one year ahead, respondents were relatively evenly split between optimism and pessimism about the future, even though in this case respondents in the FBiH were less likely to say that they would be better off next year in the wave 4 survey. For BiH as a whole, one quarter of respondents thought they would be better off in a year's time, a further fifth thought they would be worse off financially with just over half saying they thought they would be about the same. Respondents in the RS were more inclined to be pessimistic about the future than those in the FBiH with 27.2% of RS respondents saying they would be worse off compared to 25.1% in the FBiH.

We can also look at the extent to which people's expectations of their financial situation in the next year were actually realised by comparing the responses to these questions given at wave 3 with their wave 3 and 4 mean individual income levels. Table 5.8 shows individual mean income levels at waves 3 and 4 by people's expectations at wave 3.

**Table 5.8** Wave 3 expectations and Wave 3 and 4 mean income (individual)

Expectations at Wave 3	Entity			
	RS mean income		FBiH mean income	
	W3	W4	W3	W4
Better off	156.70	172.43	247.82	280.80
Worse off	112.85	136.14	164.34	197.72
About the same	147.00	165.37	227.39	239.53

In some respects, people's expectations were fulfilled but in others they were not. In the RS, those who in wave 3 thought they would be better off in the future did see an increase in their mean incomes in the following year (+15.7 KM/month). Those who predicted they would be worse off also saw a rise in their income, but at a lower level than those who had been optimistic (+9.15 KM/month). And those who thought they would remain about the same saw their income rise by 19 KM/month. In the FBiH, those who thought their income would stay about the same saw the lowest rise (+12.14) whilst those who thought they would be better off and those who thought they would be worse off saw their income rise by a similar amount (+33.38 KM for those thinking they would be worse off and +32.98 KM for those saying they would be better off).

## 6. Poverty dynamics

### *Key Findings*

- *Using a definition of poverty as two-thirds of median income we can construct a poverty threshold for BiH. At wave 4, 35.7% of households in BiH were in poverty by our definition, 41.9% in the RS and 27.6% in the FBiH.*
- *The proportion of households in poverty fell in the RS between 2003 and 2004 but rose slightly in FBiH.*
- *Household composition has a significant effect on the likelihood of being in poverty with female headed households being more likely to be poor than male headed households.*
- *4.8% of households with dependent children and some employment income were under the poverty threshold, over two-thirds (70%) of households with dependent children and no employment income were in poverty.*
- *29.8% of children aged under fifteen in the RS and 17.6% of children in the FBiH were living in poverty at wave 4, levels which remained unchanged between 2003 and 2004.*
- *There is a good deal of movement around the poverty threshold with just three-fifths of households were on the same side of the poverty threshold at all four waves.*
- *The overall trend over the four years is downward, with fewer households living in poverty in 2004 than in 2001.*
- *Two-fifths (40.3%) of households in BiH never went below the poverty threshold over the four year period; 32.2% in the RS and 46.3% in the FBiH. By contrast, 13.2% of households were always under the threshold; 17.1% in the RS and 10.3% in the FBiH.*
- *Age, employment status, marital status and level of education were all associated with levels of poverty over the four years.*
- *Those with educational qualifications were significantly less likely to fall into poverty and also more likely to move out of poverty over the four years.*



One of the strengths of longitudinal panel data is the ability to observe transitions between states over time for individuals and households and as the number of years of the panel increase, more transitions can be observed. A major use of panel data in other countries has been in poverty research where movements into and out of poverty, together with the characteristics of those making these shifts, can be analysed. It is typically the case that poverty levels, however they are defined, tend to remain fairly stable at the aggregate level over time. That is, the percentage of households or individuals at a given point in time will tend to look similar year on year. A common finding with panel data however, is that there is a good deal of movement into and out of poverty over time for individuals. In other words, many people are not in long term permanent poverty but hover around the poverty line, at some points in time being in poverty and at others just out of poverty. This phenomenon has been termed as ‘churning’ at the bottom of the income distribution.<sup>2</sup>

There are many debates about what constitutes an appropriate measure of poverty and differing views about how a poverty line should be defined. For the purposes of the analysis reported in this section we use a definition which is often employed for this type of analysis. This defines as being in poverty those whose income is less than two thirds of the median income for the population. In the tables which follow, we have used the same definition as in the wave 3 report. We have used median income for BiH as whole rather than for each entity as this allows us to examine poverty across the whole population and make comparisons between entities using a common baseline.

### ***Poverty threshold***

Using the definition of poverty as two-thirds of median income we can construct a poverty indicator for BiH. The median income at wave 4 is 375 KM per month, so the poverty threshold is 250 KM per month. In total, 35.7% of households in BiH at wave 4 were under this threshold so were in poverty by our definition. This compares to 34.7% at wave 3, a slight increase at the aggregate level of 1%. As at wave 3, there is a marked difference between entities. In the RS 41.9% of households live under the poverty threshold, compared to 27.6% in the FBiH. This represents a fall in the percentage of poor households in the RS compared to wave 3 where 46.4% were under the threshold but an increase in FBiH where 25.3% were under the threshold at wave 3.

Household composition has a significant effect on the likelihood of being in poverty. Over half (61.4%) of the households with a female head of household are under the poverty threshold compared to one-third (33.5%) of those with a male head of household. This difference holds across entities: 70.4% of female-headed households in the RS and 55.3% in the FBiH were below the threshold,

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<sup>2</sup> See for example Jarvis, S. and Jenkins, S. (1995) *‘Do the poor stay poor? New evidence about income dynamics from the British Household Panel Survey’* Occasional paper 95-2, ISER, University of Essex.

compared to 42.6% and 26.0% of male-headed households. The same pattern was seen at wave 3 even though at wave 4 the percentage of poor households is greater.

The lack of employment income is also significant for levels of poverty in both entities. Whilst just 4.8% of households with dependent children and some employment income were under the poverty threshold, over two-thirds (70%) of households with dependent children and no employment income were in poverty. This proportion is worse in the RS (83.6% of households with children and no employment income) than the FBiH (58.1%). The proportion of households with children in poverty clearly will have a long term impact on the life chances of those children. When we look at all children aged under 15 in each entity, 29.8% of children in the RS and 17.6% of children in the FBiH were living in poverty at wave 4. These levels of poverty for children were unchanged compared to the wave 3.

Table 6.1 shows the proportion of households under the poverty threshold for each of waves 1 to 4 by entity. At all four years, the RS has a higher proportion of households in poverty than the FBiH. In the RS, the percentage of households in poverty has fluctuated over the four years, ranging from 43.5% at wave 1, rising to 48.1% at wave 2, falling to 46.4% by wave 3 and then falling further to 41.9% at wave 4. Even though the differences year on year are not large, this is positive as it suggests that the overall trend is downward with the percentage of households living in poverty in the RS at wave 4 being lower than four years previously at wave 1. In the FBiH the pattern is somewhat different. At wave 1, 33.4% of households were in poverty, and as with the RS we see a rise in poverty levels at wave with 35.2% of households under the threshold. At wave 3 there is a steep decline in the proportion under the threshold, down to 25.3% of households which then increases by a few percentage points at wave 4. As with the RS, the trend over the four years is downward with fewer poor households at wave 4 than at wave 1.

**Table 6.1** Proportion of households under the poverty threshold, Waves 1 - 4

	Entity							
	RS %				FBiH %			
	W1	W2	W3	W4	W1	W2	W3	W4
In poverty	43.5	48.1	46.4	41.9	33.4	35.2	25.3	27.6
N	1005	1164	1165	1314	1276	1439	1441	1523

Table 6.2 shows the transitions across the poverty threshold over the four year period<sup>3</sup>. As has been found by other panel surveys, there is a good deal of movement around the poverty threshold. Just three-fifths of households were on the same side of the poverty threshold at all four waves. Around

<sup>3</sup> For this analysis any movement above or below the poverty threshold is included. Many short distance moves with a relatively small change in income can move someone above or below the threshold.

two-fifths (40.3%) of households in BiH never went below the poverty threshold over the period; 32.2% in the RS and 46.3% in the FBiH. By contrast, 13.2% of households were always under the threshold; 17.1% in the RS and 10.3% in the FBiH. Those in the RS were also more likely to enter poverty over the four years, 13.5% compared to 7.2% in FBiH while those in FBiH were more likely to be never in poverty over the period, 46.3% in FBiH compared to 32.2% in RS. The proportions exiting poverty over the four years is the same in both entities. Between waves 3 and 4 over half of households stayed out of poverty (54.9%) whilst a quarter of households remained in poverty (25.1%). Just over one in ten households (10.7%) entered poverty whilst a slightly lower proportion (9.2%) exited poverty.

**Table 6.2** Poverty transitions across all four waves

	Entity	
	RS %	FBiH %
Always in poverty	17.1	10.3
Never in poverty	32.2	46.3
Exit poverty	16.9	16.0
Enter poverty	13.5	7.2
Exit and re-enter poverty	8.6	6.7
Enter and exit poverty	8.4	10.9
In and out of poverty at alternate waves	3.3	2.7
<i>N</i>	<i>947</i>	<i>1273</i>

Table 6.3 shows the proportion of households and individuals who were under the poverty threshold at each wave (first two rows). It also looks at the characteristics of those who were in poverty at each year. So for example in the RS 36.3% of men were under the poverty threshold at wave 1, compared to 38.4% of women at the same time. A higher proportion of those aged 55 and over were in poverty at each year of the survey, something which holds across entities even though the levels of poverty are higher in the RS than in the FBiH. Interestingly, home ownership does not necessarily reduce levels of poverty, suggesting that housing wealth does not necessarily reflect income levels. Those living in rented accommodation tend to have the lowest levels of poverty at each year.

Employment status is significant across the four years. Even though they are working, those who are self-employed do not have reduced chances of being in poverty, especially in the RS, which may suggest that the quality of self-employed jobs in terms of income generation is not as high as the jobs being done by employees. Being an employee does reduce the chances of being in poverty in both entities but to a greater extent in FBiH where employment income tends to be higher as we have seen. The unemployed, pensioners, those who are unable to work due to ill-health, housewives and in the RS, those who work in a family business are most likely to be in poverty.

Widows, and the divorced or separated were more likely than those in other marital situations to be in poverty at each year, something which is in line with the effects of age and household composition noted earlier. Finally, those with no qualifications are more likely to be poor than those with higher level qualifications, again highlighting the importance of education for improving living standards and longer term life chances.

Table 6.3 Proportions under the poverty threshold

	Entity							
	RS %				FBiH %			
	W1	W2	W3	W4	W1	W2	W3	W4
In poverty (households)	43.5	48.1	46.4	41.9	33.4	35.2	25.3	27.6
In poverty (individuals)	37.7	42.0	39.0	37.5	26.7	29.9	19.7	21.0
<b>Sex</b>								
Male	36.3	40.1	37.9	35.2	25.1	27.9	18.8	18.7
Female	38.4	43.0	40.8	39.8	28.1	29.9	21.1	23.0
<b>Age</b>								
15-24	32.1	37.5	33.2	25.7	21.4	26.8	17.4	11.5
25-34	30.2	36.5	32.2	33.9	21.7	26.1	15.5	14.9
35-44	36.4	32.4	32.5	29.6	21.2	22.4	16.6	15.2
45-54	32.6	38.2	33.9	33.2	22.5	25.8	17.4	14.3
55-64	40.4	49.1	46.2	41.9	38.6	40.5	26.9	28.9
65+	54.8	60.9	61.0	57.0	46.6	43.9	28.9	41.5
<b>Housing tenure</b>								
Own	38.1	43.5	39.8	37.8	25.8	29.2	18.4	20.4
Rent	28.3	31.4	25.1	26.0	21.2	24.0	18.8	12.6
Temporary occupant	38.2	32.4	38.1	43.0	27.1	20.5	28.4	18.9
Rent-free	26.2	43.2	32.0	42.5	38.8	34.0	33.0	36.5
Other	67.6	40.4	58.5	38.4	34.0	42.6	22.5	45.7
<b>Employment status</b>								
Employee	21.4	19.3	15.5	13.2	10.1	11.9	6.2	4.7
Self-employed	29.4	48.9	47.5	48.7	13.8	14.0	12.3	16.1
Seasonal/temporary	28.0	33.3	31.6	34.9	12.5	35.1	10.0	5.4
Family business	29.5	64.5	48.1	51.1	25.0	26.2	18.0	28.1
Housewife	45.8	54.7	52.8	49.1	34.0	37.9	23.8	24.5
Student	30.7	31.9	26.8	24.2	18.9	25.0	13.6	10.6
Pensioner	49.9	45.8	47.2	41.9	43.8	41.9	25.7	33.9
Unemployed	48.2	53.6	51.7	49.2	35.4	43.1	36.0	31.2
Incapable	63.2	67.1	59.6	64.2	52.2	20.6	25.0	40.7
<b>Marital status</b>								
Single	35.4	37.2	34.9	33.7	23.5	24.1	17.3	14.6
Married	36.1	40.7	36.7	34.4	26.5	30.0	18.1	19.4
Co-habiting	33.3	35.3	34.1	26.7	36.4	50.0	3.2	2.2
Widow/er	52.1	61.0	58.3	57.5	42.1	42.2	36.0	40.2
Divorced/separated	33.3	54.8	45.1	54.9	45.1	34.9	29.6	39.2
<b>Education level</b>								
None	41.9	54.9	51.5	56.1	35.4	37.0	27.2	40.8
Primary school certificate	44.4	47.0	44.2	43.0	31.8	31.5	21.2	20.3
Secondary school certificate	31.9	32.7	29.5	26.1	21.2	25.2	14.6	13.1
Junior college	21.6	17.0	20.0	20.4	14.5	14.3	12.7	12.7
University	5.1	4.8	12.8	12.9	4.5	10.7	14.9	8.2

We can also model the likelihood of moving into or out of poverty. Table 6.4 shows the results of a logistic regression analysis to model transitions into poverty over the period. Using those who were not in poverty at wave 1 as the baseline, respondents with any form of educational qualification were significantly less likely to fall into poverty compared to those with no qualifications. The higher the level of education, the less likely it was for them to make the transition into poverty. Those who were displaced persons or temporary residents were more likely to fall into poverty in FBiH. Those who were unemployed or self-employed were more likely to fall into poverty but only in the RS.

Table 6.4 Logistic regression modelling transitions into poverty between Wave 1 and Wave 4

	<i>BiH</i>		<i>RS</i>		<i>FBiH</i>	
	B	S.E.	B	S.E.	B	S.E.
Male	0.054	0.129	0.172	0.167	0.040	0.219
Age	-0.058*	0.023	-0.050	0.030	-0.057	0.037
Age-squared	0.001*	0.000	0.001	0.000	0.001	0.000
Married	0.409+	0.208	0.507+	0.259	0.272	0.364
Cohabiting	0.137	0.562	0.277	0.591	--	--
Widow/er	0.295	0.285	0.455	0.385	0.437	0.461
Divorced/separated	0.583	0.438	0.735	0.575	0.579	0.705
Primary educ.	-0.434+	0.174	-0.511+	0.231	-0.400	0.287
Secondary educ.	-0.927**	0.178	-1.101**	0.242	-0.619+	0.285
College educ.	-0.912*	0.305	-1.329*	0.429	-0.260	0.450
University educ.	-0.974*	0.307	-1.076+	0.423	-0.640	0.470
Has chronic disease	0.070	0.140	0.012	0.187	0.090	0.223
Displaced resident	0.486+	0.192	-0.216	0.357	1.046**	0.237
Temporary resident	0.529**	0.143	0.249	0.167	0.197	0.330
Moved in last year	0.220	0.206	0.317	0.238	0.147	0.439
Self-employed	0.663*	0.253	0.700+	0.304	0.398	0.506
Temporary worker	0.674+	0.342	0.667	0.420	0.575	0.641
Family enterprise	0.653	0.373	0.441	0.482	0.855	0.615
Looking after house	-0.014	0.194	0.232	0.257	0.176	0.319
Student	-0.049	0.293	0.242	0.370	-0.329	0.520
Pensioner	-0.260	0.214	-0.233	0.298	-0.033	0.326
Unemployed	0.359+	0.177	0.554+	0.225	0.178	0.313
Incapable of work	-0.232	0.440	0.000	0.553	-0.369	0.812
Constant	-0.880	0.521	-0.511	0.680	-1.586	0.871
R <sup>2</sup>	0.045		0.051		0.050	
N	3443		1519		1911	

NOTE: sample is all those **not in** poverty at wave 1.

\*\* Sig .001

\* Sig .01

+ Sig .05

Table 6.5 shows the opposite model and predicts transitions out of poverty. In this case being married had a positive effect on moving out of poverty compared to those who are never married. Any level of education and in particular a secondary or college level qualification significantly improved the likelihood of moving out of poverty.

Table 6.5 Logistic regression modelling transitions out of poverty between Wave 1 and Wave 4

	<i>BiH</i>		<i>RS</i>		<i>FBiH</i>	
	B	S.E.	B	S.E.	B	S.E.
Male	-0.025	0.126	0.143	0.169	-0.409+	0.205
Age	-0.049*	0.020	-0.046	0.028	-0.036	0.031
Age-squared	0.000	0.000	0.000	0.000	0.000	0.000
Married	0.886**	0.172	0.826**	0.235	1.004**	0.272
Cohabiting	0.509	0.449	0.526	0.532	0.960	0.857
Widow/er	0.449+	0.223	0.582	0.317	0.255	0.329
Divorced/separated	0.176	0.361	0.520	0.571	-0.373	0.483
Primary educ.	0.306+	0.142	0.099	0.210	0.652**	0.204
Secondary educ.	0.689**	0.149	0.556+	0.228	0.951**	0.208
College educ.	1.103*	0.358	1.228+	0.505	0.974	0.525
University educ.	1.177	0.746	0.646	1.032	1.816	1.195
Has chronic disease	0.061	0.118	0.253	0.169	-0.178	0.172
Displaced resident	-0.156	0.166	-0.271	0.249	-0.074	0.237
Temporary resident	-0.165	0.138	-0.075	0.174	0.067	0.256
Moved in last year	0.402	0.229	0.416	0.275	0.528	0.436
Self-employed	-0.608	0.377	-0.452	0.426	-1.055	0.864
Temporary worker	-0.278	0.524	-0.365	0.671	-0.024	0.970
Family enterprise	0.274	0.475	0.336	0.546	0.361	0.967
Looking after house	0.218	0.205	0.134	0.276	-0.135	0.337
Student	0.516	0.313	0.813	0.421	0.155	0.497
Pensioner	0.418+	0.196	0.389	0.271	0.137	0.315
Unemployed	-0.011	0.180	-0.008	0.229	-0.057	0.320
Incapable of work	-0.139	0.333	-0.182	0.466	-0.317	0.499
Constant	0.755	0.504	0.424	0.683	0.857	0.793
R <sup>2</sup>	0.069		0.062		0.098	
N	1909		993		916	

NOTE: sample is all those **in** poverty at wave 1.

\*\* Sig .001

\* Sig .01

+ Sig .05

## 7. Health

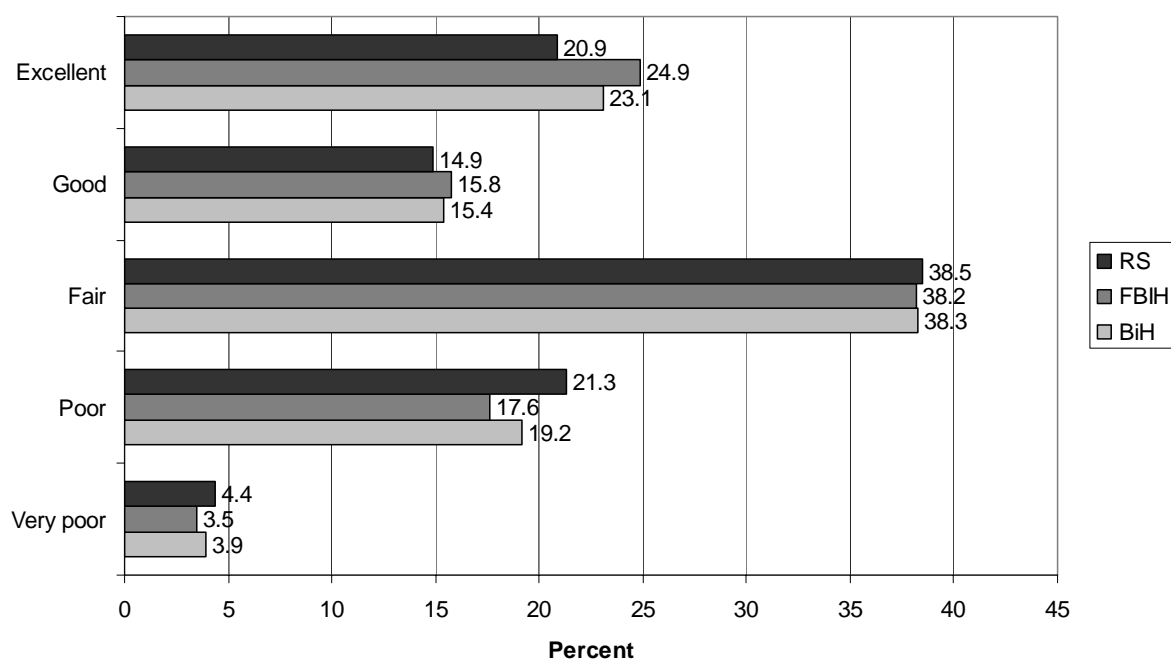
### *Key Findings*

- *38% of respondents described their own health compared to others of their own age as fair and a further 38% described their health as good or excellent. Just under one fifth said that their health was poor and only 4% said it was very poor.*
- *Over half of those who said their health was either excellent or good in 2003 said the same in 2004.*
- *For those who had used the service, the mean number of visits to a GP in the past fourteen months was 3.33 visits for BiH as a whole, 2.65 visits in the RS and 3.86 visits in the FBiH.*
- *7.7% of respondents considered themselves to be disabled. The disabled were less likely to be either in employment or unemployed and more likely to be out of the labour market than able bodied respondents.*
- *Fewer than one-third of respondents said they had smoked in the last seven days. The proportion who smoke is similar in both entities but men were more likely than women to be smokers.*
- *Smokers tended, on average, to be relatively heavy smokers with the mean number of cigarettes smoked in the last seven days being 132 (almost 19 per day) in the RS and 138 (over 19 per day) in the FBiH.*
- *Around a quarter of those who were smoking at wave 3 had given up by wave 4 while one-tenth of those who were non-smokers at wave 3 had taken up smoking a year later. This represents an increase in both the rates of stopping smoking and in the rates of taking up smoking compared to 2003.*
- *Respondents in the RS suffered from higher levels of psychological stress than those in the FBiH.*
- *Levels of psychological stress are higher for war veterans and increased with age.*

### Subjective health status and chronic conditions

For BiH as a whole 38% of respondents described their own health compared to others of their own age as fair and a further 38% described their health as good or excellent. Just under one fifth said that their health was poor and only 4% said it was very poor (Fig 7.1).

Fig 7.1 Subjective Health Status Wave 4



When we compare respondent's report of their health status at wave 4 against what they said at wave 3 (Table 7.1) we see that there is a good deal of movement between the categories for individuals.

Table 7.1 Subjective health status – Wave 3 to Wave 4 changes

		Subjective health status Wave 3				
Wave 4		Excellent	Good	Fair	Poor	Very poor
<b>RS</b>						
Excellent		<b>57.9</b>	27.6	9.4	3.9	4.6
Good		21.4	<b>32.9</b>	11.2	4.2	1.5
Fair		18.1	33.9	<b>61.2</b>	31.3	9.0
Poor		2.7	5.5	16.2	<b>52.7</b>	47.1
Very poor		0.0	0.2	2.0	7.9	<b>37.9</b>
<i>N</i>		<i>414</i>	<i>432</i>	<i>812</i>	<i>523</i>	<i>121</i>
<b>FBiH</b>						
Excellent		<b>65.9</b>	30.0	6.4	3.2	1.5
Good		12.2	<b>32.7</b>	13.0	6.1	3.3
Fair		20.0	32.0	<b>61.1</b>	31.5	18.0
Poor		1.8	5.1	18.2	<b>49.9</b>	41.7
Very poor		0.0	0.0	1.2	9.2	<b>35.5</b>
<i>N</i>		<i>548</i>	<i>554</i>	<i>901</i>	<i>411</i>	<i>112</i>



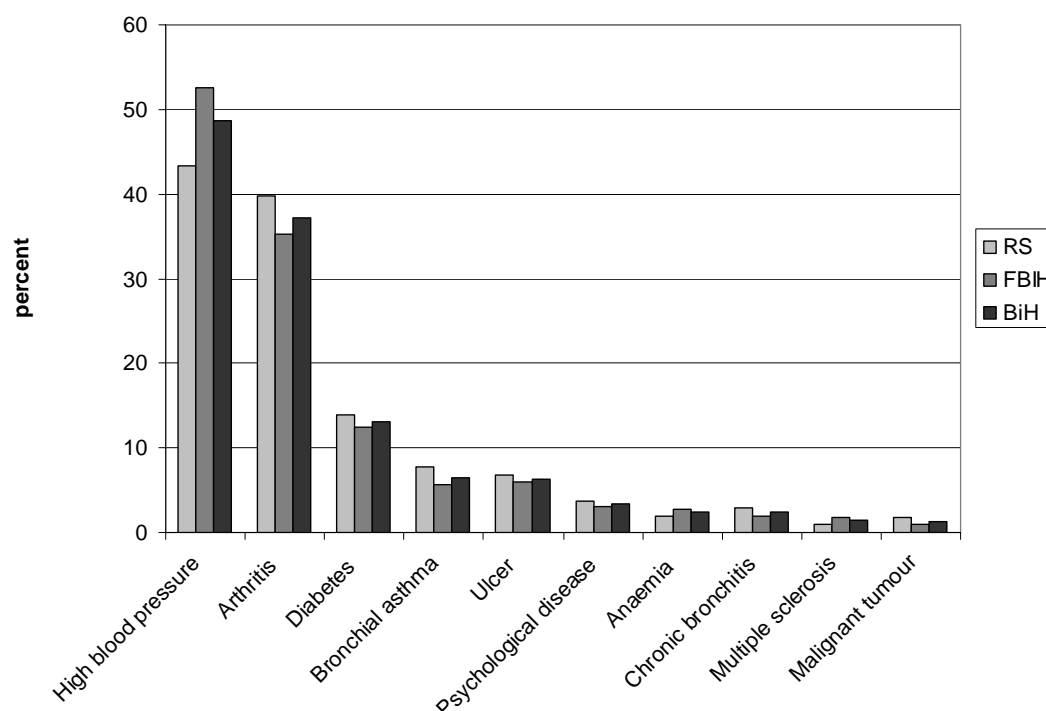
Over half of those who said their health was either excellent or fair at wave 3 said the same at wave 4. Only one third of those with good health at wave 3 were in the same category at both years. Under one third of these respondents in each entity said that their health was excellent at wave 4 while the remainder gave a worse health status at wave 4. More encouraging is the fact that half of those whose health was poor at wave 3 reported improved health.

In the whole sample 30.4% reported having some kind of chronic condition or illness. There was a slightly lower proportion in the RS (29.3%) than the FBiH (31.3%). Respondents were able to mention up to three conditions, with 11.2% mentioning one, 6.6% two and 4.2% mentioning three conditions. We can look at the extent to which the number of chronic conditions reported changed between waves 3 and 4 (Table 7.2). In the majority of cases in both entities those with no chronic conditions at wave 3 still had none at wave 4 (90.9% in the RS and 92.1% in FBiH). As at wave 3, the main chronic conditions mentioned were high blood pressure and arthritis (Fig 7.2).

Table 7.2      Number of chronic conditions – Wave 3 to Wave 4 changes

		<b>Number of chronic conditions Wave 3</b>			
	<b>Wave 4</b>	<b>None</b>	<b>One</b>	<b>Two</b>	<b>Three</b>
<b>RS</b>	None	<b>90.9</b>	53.1	38.7	42.0
	One	6.2	<b>31.1</b>	25.8	13.3
	Two	2.1	9.2	<b>17.3</b>	24.1
	Three	0.8	6.7	18.3	<b>20.7</b>
	<i>N</i>	<i>2207</i>	<i>459</i>	<i>251</i>	<i>159</i>
<b>FBiH</b>	None	<b>92.1</b>	43.6	37.9	24.9
	One	4.9	<b>34.7</b>	21.3	13.5
	Two	2.2	15.1	<b>26.1</b>	30.2
	Three	0.8	6.7	14.7	<b>31.4</b>
	<i>N</i>	<i>2480</i>	<i>470</i>	<i>299</i>	<i>167</i>

Figure 7.2. Chronic conditions – Wave 4



### *Use of health services*

For those who had used the service, the mean number of visits to a GP in the past fourteen months was 3.33 visits for BiH as a whole, 2.65 visits in the RS and 3.86 visits in the FBiH. The mean number of visits to a dentist in the last fourteen months was 0.78 visits; 0.60 visits in the RS and 0.92 in the FBiH. The mean number of visits for any type of medical or dental treatment are similar at each year of the survey. These mean numbers visits may not be evenly distributed across the population as there may be some individuals who visit the doctor or dentist more often and some individuals who do not go at all.

The mean amount spent on medical treatment for those who used any in the fourteen months since 1 September 2003 is shown in Table 7.3 below. As might be expected the highest mean cost for those using the service was for hospital visits followed by other doctor, private nurse and GP visits.

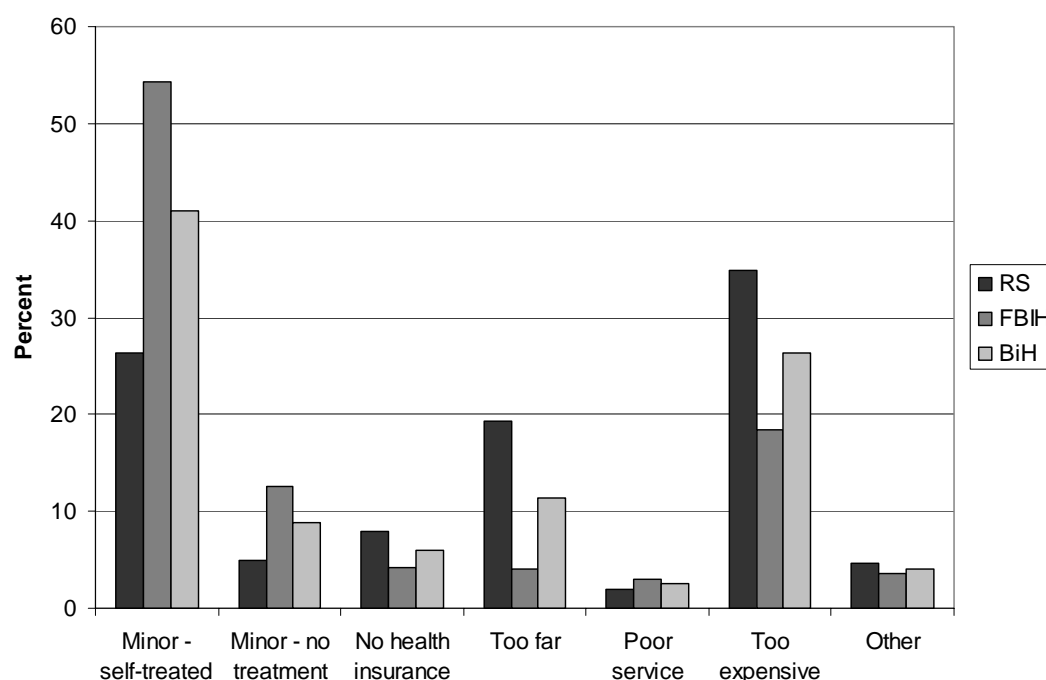
**Table 7.3**      **Mean amount spent on medical services in past year by entity - Wave 4 (respondents using medical services only)**

Mean amount KM spent	Entity		
	RS	FBiH	BiH
GP visits	121.09 (723)	104.66 (765)	112.16 (1488)
Gynaecologist	54.97 (233)	57.79 (195)	56.48 (428)
Dentist	61.55 (500)	91.89 (514)	78.25 (1014)
Other doctor	162.37 (230)	122.64 (284)	139.03 (514)
Private nurse	46.73 (10)	93.75 (12)	73.73 (22)
Physical therapist	74.28 (44)	122.31 (41)	96.67 (85)
Non-prescription drugs	52.96 (1020)	59.06 (1307)	56.67 (2327)
Hospital visits	399.40 (90)	403.82 (87)	401.70 (177)

The extent to which respondents took medical advice is likely to be affected by both cost and availability. Respondents were asked if they had needed medical treatment in the last twelve months but did not obtain it. There was some difference in responses to these questions between the entities. Overall 19.6% of respondents said that they had needed treatment but did not obtain it, 21.4% in the RS and 18.2% in the FBiH.

The main reasons they did not obtain medical treatment are shown in Fig 7.3 below and here there are some variations between the two entities. Over half the respondents in the FBiH said they had a minor disorder that they treated on their own compared to 26.4% of those in the RS. Respondents in the RS were also more likely to say that they did not get treatment because it was too expensive, 34.9% in the RS compared to 18.4% in the FBiH. In addition, 7.9% of respondents in the RS and 4.2% in the FBiH gave lack of medical insurance as the reason. Proximity was also an issue in the RS as 19.3% of respondents said it was too far to go to get medical treatment.

Figure 7.3 Reason medical treatment not obtained, Wave 4



### **Disability**

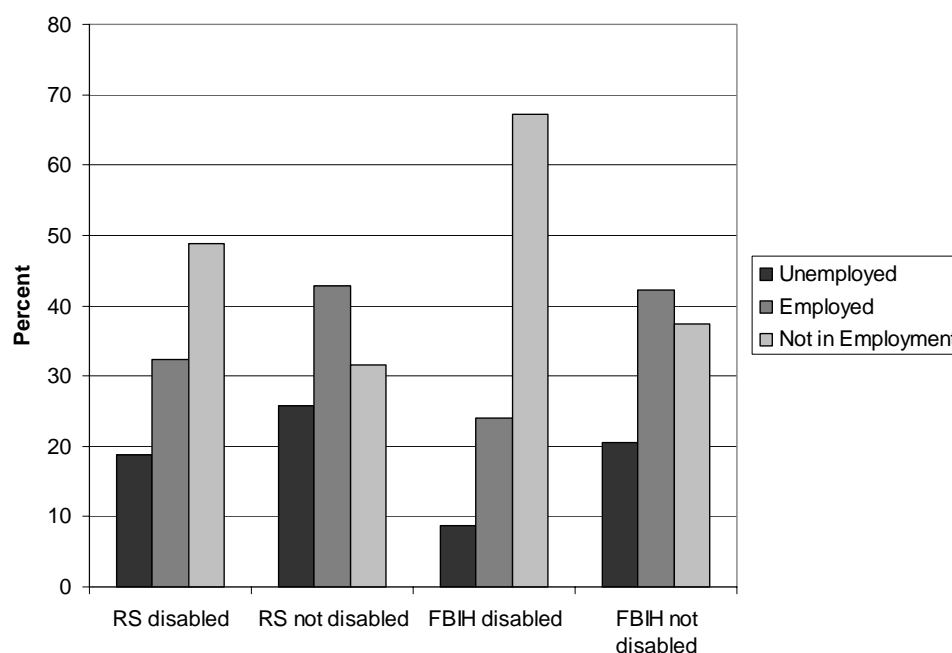
In total 7.7% of respondents considered themselves to be disabled. The proportion was similar across the entities (8.8% in the RS and 6.8% in the FBiH). Men were more likely than women to report being disabled. In the RS 10.6% of men were disabled compared to 6.9% of women. In the FBiH 8.7% of men were disabled, compared to 5.3% of women. The propensity to report being disabled increases with age, with those aged 65 or over being the most likely to be disabled. In the RS 19.8% of those aged over 65 years were disabled and in the FBiH 11.3%. Table 7.4 shows the type of disability for men and women in each entity. Men were more likely to be war wounded than women in both entities while women were more likely than men to report mobility impairment.

Table 7.4 Description of disability by gender – Waves 3 and 4 (disabled only)

Description of disability	Entity							
	RS %				FBiH %			
	Men		Women		Men		Women	
	W3	W4	W3	W4	W3	W4	W3	W4
Hearing impairment	15.7	8.1	8.2	5.3	7.1	9.8	8.6	10.4
Profoundly deaf	0.8	1.8	1.0	--	--	--	--	1.5
Visually impaired	7.9	11.8	12.2	12.2	4.3	7.1	14.0	17.7
Blind	1.6	0.8	--	--	--	--	--	--
Mobility impaired	26.8	27.9	41.8	48.0	29.1	26.1	41.9	46.9
Housebound	2.4	2.9	7.1	7.3	5.7	3.5	7.5	3.2
Learning difficulties	--	3.5	--	--	0.7	1.9	2.2	0.8
War wounded	26.0	22.5	--	--	36.9	34.0	2.2	1.4
Other	18.9	20.2	28.6	27.2	14.9	17.6	23.7	18.0
Total N	127	131	98	87	141	110	93	82

Those who reported being disabled were less likely to be either in employment or unemployed as defined by respondent's description of their current status. In both entities the disabled were more likely to be out of the labour market than able bodied respondents. Figure 7.4 shows the distribution by entity of current employment for those of working age 15 - 64 years. In the RS 32.4% of the disabled were in employment compared to 42.8% of the able bodied and 48.8% were not in employment compared to 31.5% of the able bodied. In the FBiH 24% of the disabled were in employment compared to 42.2% of the able bodied while 67.2% were not in employment compared to 37.3% of the able bodied.

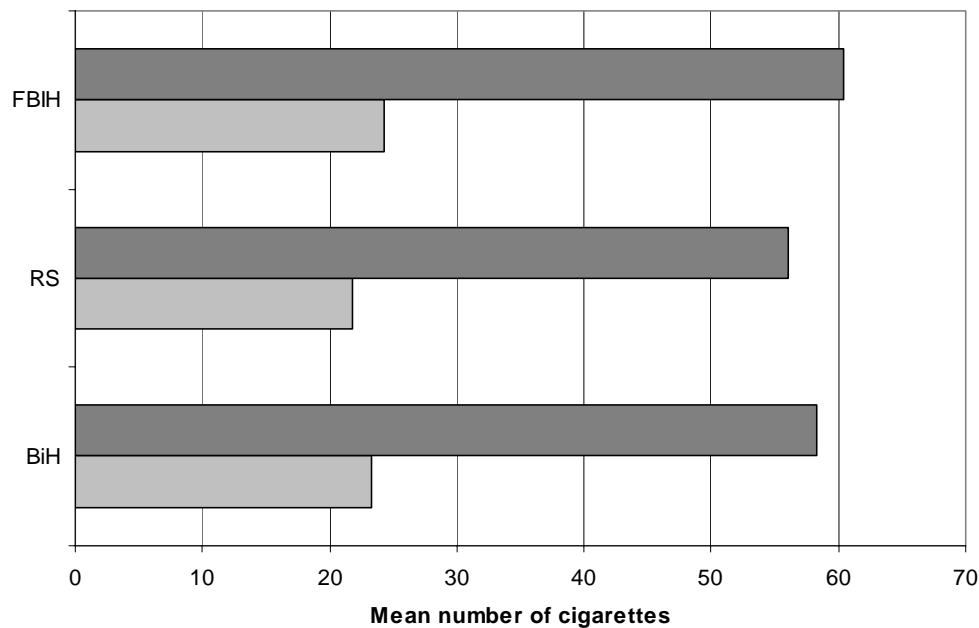
Fig 7.4 Whether disabled by employment, Wave 4



### ***Smoking behaviour***

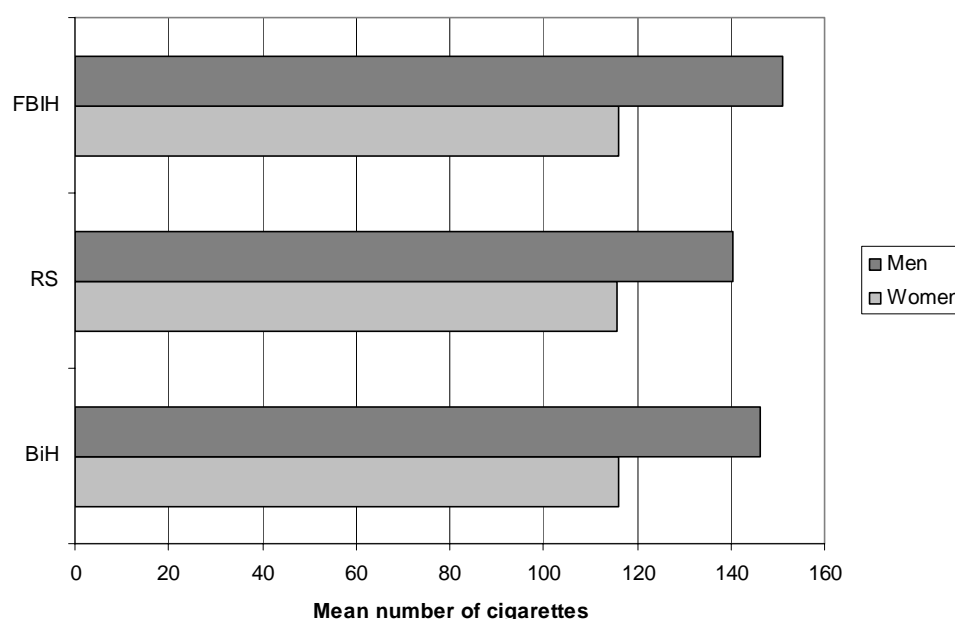
At wave 4, fewer than one-third of respondents said they had smoked in the last seven days. The proportion is very similar in the FBiH (29.5%) and the RS (29.3%) and men were more likely than women to be smokers. In the RS 39.9% of men smoked compared to 18.8% of women. In the FBiH 39.9% of men smoked, compared to 20.9% of women (Fig 7.5).

**Figure 7.5** Mean number of cigarettes smoked in the last seven days by gender (all sample)



When we look at those who smoke only, smokers tended, on average, to be heavy smokers with the mean number of cigarettes smoked in the last seven days being 132 (almost 19 per day) in the RS and 138 (over 19 per day) in the FBiH. Fig 7.6 shows the mean number of cigarettes smoked in the last seven days by gender for smokers only. Men are still heavier smokers, on average, than women smokers but the gap is not as large as for the whole population. Men smoked an average of 146 cigarettes in the last week (almost 21 per day) compared to 116 for women (about 16.5 per day). There was not much difference between women in the RS and in the FBiH. Men, however, in the FBiH were, on average, heavier smokers than those in the RS.

Figure 7.6 Mean number of cigarettes smoked in the last seven days by gender (smokers only)



As the same individuals have been interviewed at each year of the survey, we can observe changes in smoking behaviour over the two year period. So we can see what proportion of smokers continued smoking, what proportion gave up smoking and what proportion of non-smokers started smoking over that period.

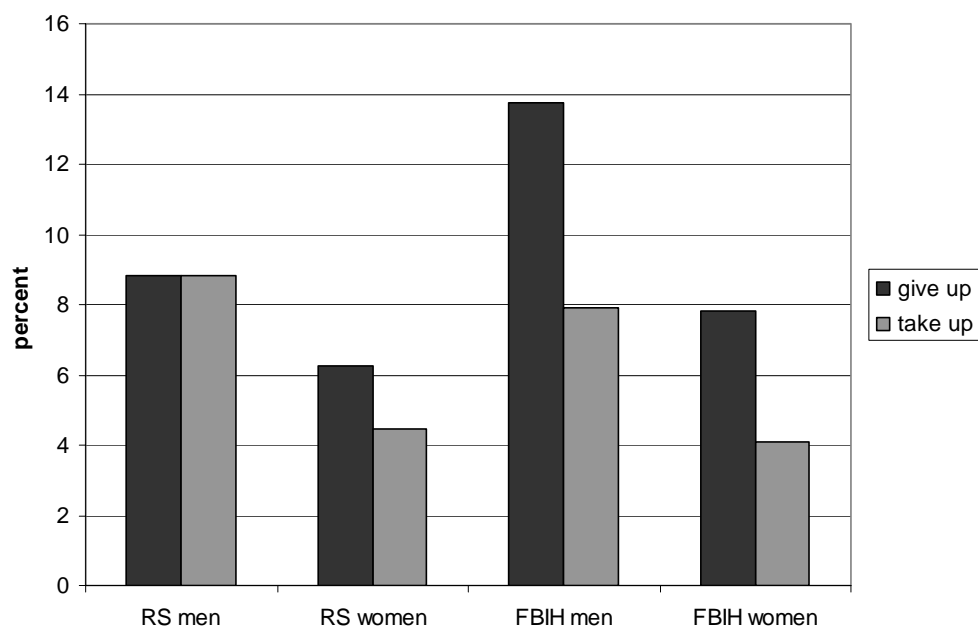
Table 7.5 shows respondents wave 3 smoking status by their wave 4 status. In total, around a quarter of those who were smoking at wave 3 had given up by wave 4 (27.8%). Around one-tenth of those who were non-smokers at wave 3 had taken up smoking a year later (9.2%). The rates of taking up and giving up smoking are similar for both entities even though the rate of taking up smoking is slightly higher in the RS (9.5%) than in the FBiH (8.9%).

Table 7.5 Wave 3 smoking status by Wave 4 status

		Wave 3 smoking status			
Wave 4		RS		FBiH	
		Smoker	Non-smoker	Smoker	Non-smoker
	Smoker	<b>75.3</b>	9.5	<b>70.1</b>	8.9
	Non-smoker	24.7	<b>90.5</b>	29.9	<b>91.1</b>
	<i>N</i>	694	1586	880	1625

Of those men who smoked at wave 3, 26.2% had given up by wave 4. The proportion of women who gave up smoking in between waves 3 and 4 is slightly higher, at 30.5%. Looking at those who were non-smokers at wave 3, men were more likely to have taken up smoking by wave 4: 14.8% of male non-smokers were smoking a year later compared to just 5.5% of female non-smokers.

Fig 7.7 Giving up and taking up smoking between Waves 3 and 4 by gender



The proportion of smokers who gave up between waves 3 and 4 generally increases with age. Around 26.4 percent of those smokers aged 25-54 gave up compared to 27.3% of those aged 55-64 and 31.7% of those aged 65 or more. The proportion of people taking up smoking decreases with age, from 14.9% of those non-smokers aged 25-34 to 3.9% of those aged 65 or more. Around one-quarter of smokers who were in employment gave up smoking, compared to around a third of smokers who were a housewife, student, pensioner or unemployed. Around a fifth of non-smokers who were employed or self-employed took up smoking compared to just 4.3% of housewives, 3.4% of students and 6.1% of pensioners. Of the non-employed groups, the unemployed were the most likely to start smoking (11%).

### ***Psychological well-being***

Respondents at wave 4 were asked a series of questions about their psychological well-being during the last week. These were:

*During the last week did you.....*

*accuse yourself for different things*

*have problems falling asleep or sleeping*

*feel hopeless in terms of the future*

*feel melancholic*

*worried too much about different things*

*feel that everything was an effort*

*constantly recall the most painful events you experienced during the war*

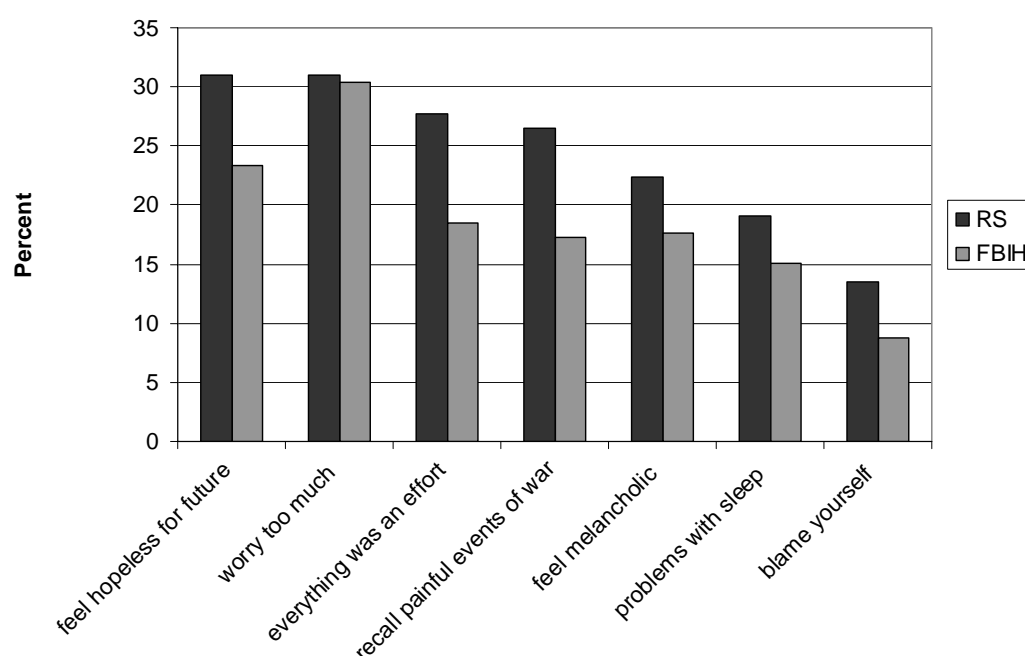


For each item they had four possible responses: ‘*Not at all*’, ‘*A little*’, ‘*Quite a bit*’ and ‘*Extremely often*’.

Figure 7.8 shows the proportion of respondents who said “quite a bit” or “extremely often” when asked how much they felt these things. On all of the items, those in the RS were more likely than those in the FBiH to say that they felt or experienced these things quite a bit or extremely often. The mean number of items that this response was given was 1.63 in the RS and 1.34 in the FBiH. Respondents in the RS were much more likely than those in the FBiH to say that they often felt hopeless in terms of the future, that everything was an effort and they recalled painful events they had experienced during the war.

Women were more likely than men to say that they felt these emotions quite a bit or very often. The average number of items to which a woman said “quite a bit” or “extremely often” was 1.74 compared to 1.18 for men. The mean score for women was higher in the RS (2.00 for women, 1.41 for men) than in the FBiH (1.54 for women, 1.02 for men). It may be the case that women suffer from more psychological stress than men on average but the difference between men and women may be partly due to a greater willingness for women to admit to such feelings than men.

**Figure 7.8** Psychological stress (percentage feeling “quite a bit” or “extremely often”)



The number of items to which a respondent gave these responses also increases with age; from 0.54 for those aged 15 - 24 up to 2.40 for those aged 65 and above.

Those who are in receipt of veteran's benefit are more likely to have said that they felt these emotions quite a bit or extremely often. The mean number of questions where this response was given was 3.42 for those in receipt of veteran's benefit (3.93 in the RS and 2.56 in the FBiH) compared to 1.46 for those who were not in receipt of this benefit (1.6 in the RS, 1.30 in the FBiH).

## 8. Values, opinions and quality of life

### *Key Findings*

- *The large majority of respondents in both entities disagreed that ordinary people got their fair share of the wealth.*
- *Most respondents (85.1%) agreed with the statement that “there is one law for the rich and one for the poor”. The proportion of agreement was higher in the RS (90.7%) than in the FBiH (80.8%).*
- *The statement that “It is the government’s job to provide a decent standard of living for everyone” was almost universally agreed with. Almost all respondents in the RS agreed (96.2%) and nine in ten of FBiH respondents agreed (90.2%).*
- *Those in the FBiH were more likely to strongly agree with the statement “Strong laws are needed to protect the working conditions and wages of employees” (60.6% compared to 50.7% in RS).*
- *For all aspects apart from the family and their husband, wife or partner, those in the FBiH were generally more satisfied with their life than those in the RS.*
- *As at waves 2 and 3, the aspect of life people were least satisfied with was household income with those in the RS scoring 33% and those in the FBiH 41.4%, reflecting the lower average incomes in the RS.*
- *Apart from police services, those in the FBiH rate their local facilities higher than those in the RS. The largest differences between the FBiH and the RS are shopping facilities (+14.93), rubbish collection services (+11.57) and public transport services (+11.35). The lowest rated services were social services (4.6% in the RS and 9.9% in the FBiH saying excellent or good) and advice centres (7.2% in the RS and 12% in the FBiH rated them excellent or good).*
- *Of the twelve services, respondents in the RS said that nine of them have got worse since 2003, whilst three services have got worse in the FBiH.*

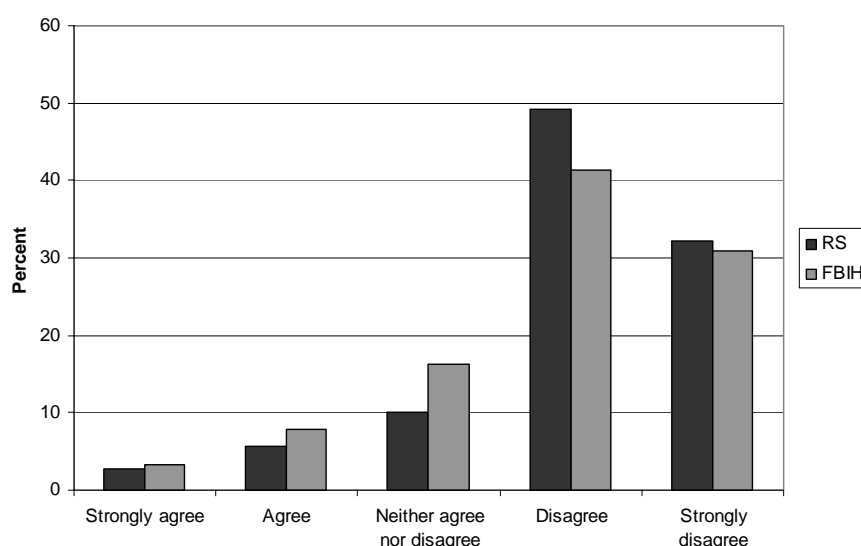
In addition to factual information about employment, income, health and education, respondents were asked a series of questions asking for their opinions and satisfaction with various aspects of their life.

### *Attitudes to society*

Using a five point scale from ‘strongly agree’ through to ‘strongly disagree’, respondents were asked how strongly they agreed or disagreed with a set of statements about society. Figures 8.1 to 8.5 show the responses to these statements.

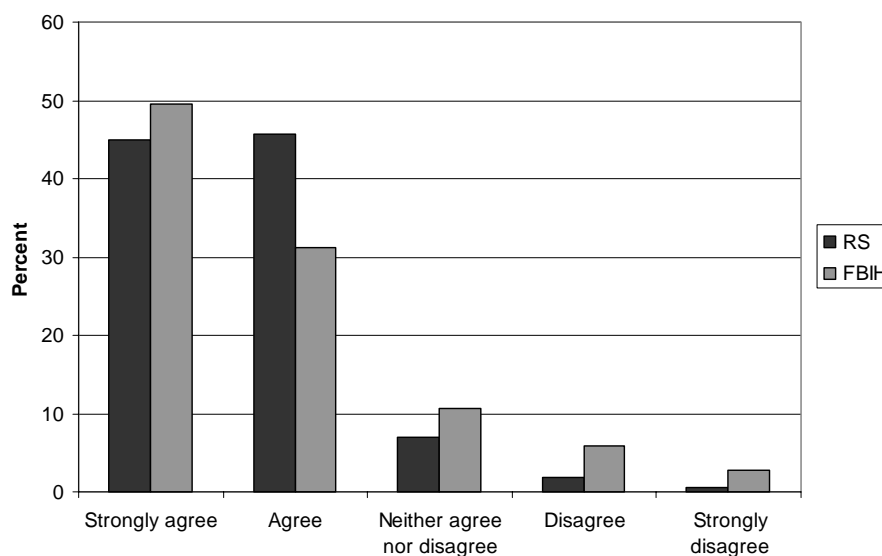
The large majority of respondents in both entities disagreed that ordinary people got their fair share of the wealth. Respondents in the RS were more inclined to disagree than those in the FBiH. There was not much difference between men and women or by age or education.

**Figure 8.1 Ordinary people get their fair share of BiH’s wealth**



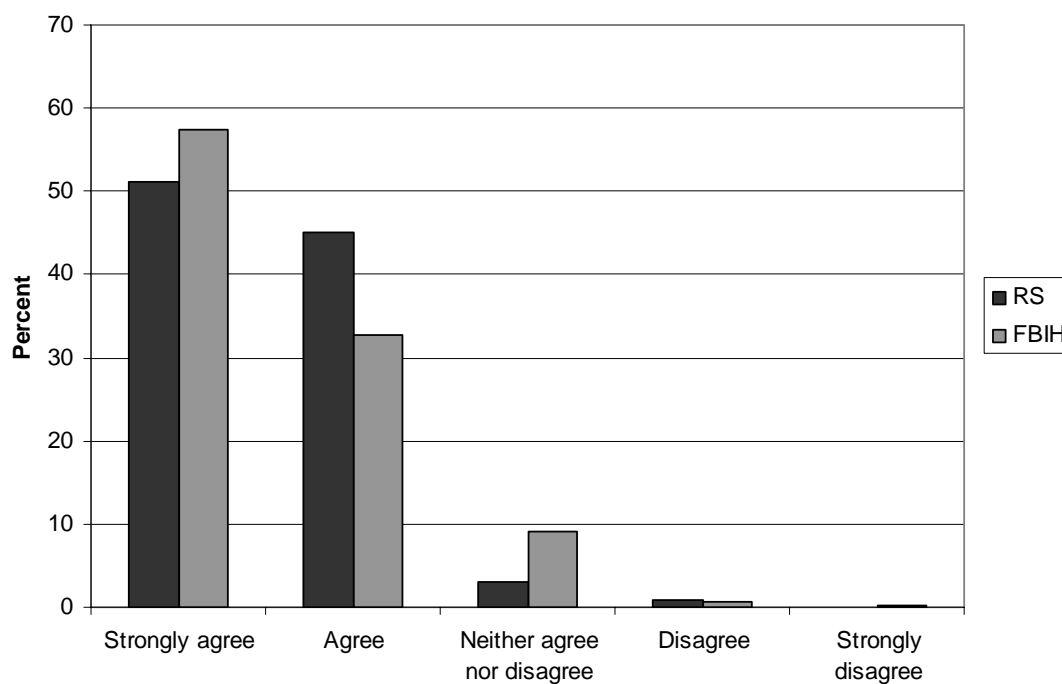
Most respondents (85.1%) agreed with the statement that “there is one law for the rich and one for the poor”. The proportion of agreement was higher in the RS (90.7%) than in the FBiH (80.8%). There was no difference between men and women within each entity. Respondents aged 35-64 were more likely in both the RS and the FBiH to agree with the statement than those who were younger or older. Those with a university degree were less likely to agree with the statement (86.2% in the RS and 74.2% in the FBiH) than those with a primary or secondary school certificate (91.1% in the RS and 81.5% in the FBiH).

**Figure 8.2** There is one law for the rich and one for the poor



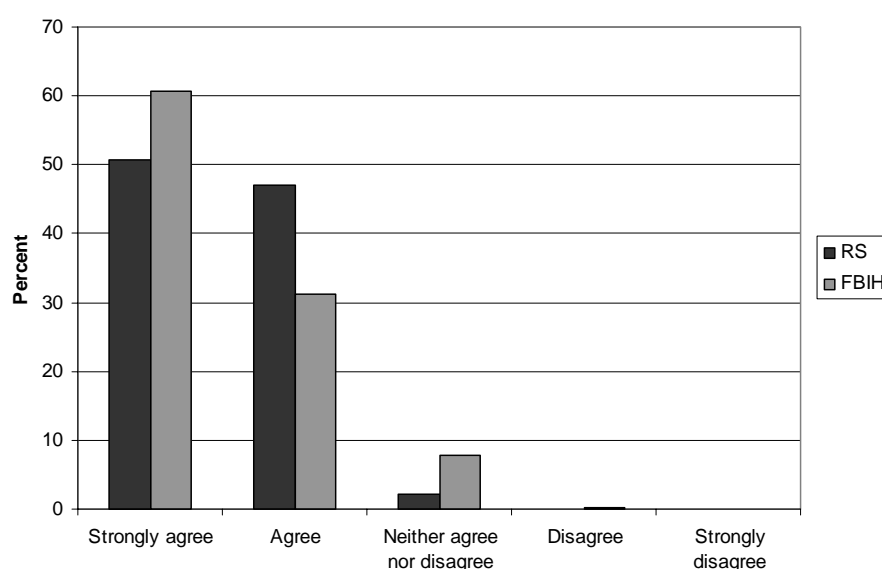
The statement that “It is the government’s job to provide a decent standard of living for everyone” was almost universally agreed with. Almost all respondents in the RS agreed (96.2%) and nine in ten of FBiH respondents agreed (90.2%). There was no real difference between men and women or across age groups within each entity. Respondents with a university degree in the RS were less likely to agree (90.7%) than others in the RS.

**Figure 8.3** It is the government’s job to provide a decent standard of living for everyone



Another statement with a large measure of agreement was that “Strong laws are needed to protect the working conditions and wages of employees”. Those in the FBiH were more likely to strongly agree (60.6% compared to 50.7%) but those in the RS were more likely to agree (47% compared to 31.2% in the FBiH). Combining those who “strongly agree” and “agree”, almost all those in the RS agreed with the statement (97.7%) and more than nine in ten of those in the FBiH (91.9%). Men in the FBiH were slightly more likely to agree (93.2%) than women (90.7%). Those respondents aged 35 - 64 were slightly more likely to agree than younger or older respondents.

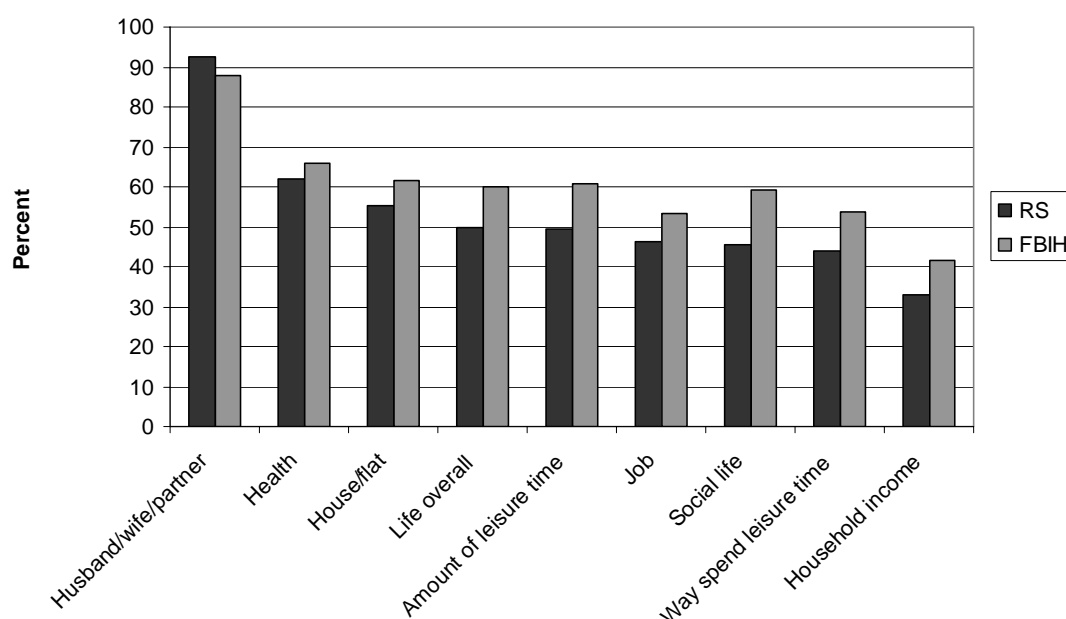
Figure 8.4 Strong laws are needed to protect the working conditions and wages of employees



### ***Satisfaction with life***

Respondents were asked to say how satisfied they were with different aspects of their own life. These included satisfaction with their health, household income, their house or flat, their husband or partner (if they had one) and their job (if they were in employment), their social life, amount of leisure time, the way they spend their leisure time and their satisfaction with life overall. Respondents were asked to say how satisfied or dissatisfied they were on a scale from 1 to 7 where 1 is not satisfied at all and 7 is completely satisfied. We produced a scale from 0 to 100% in order to calculate the mean levels of satisfaction for each item (Fig 8.5).

Figure 8.5 Satisfaction with aspects of own life



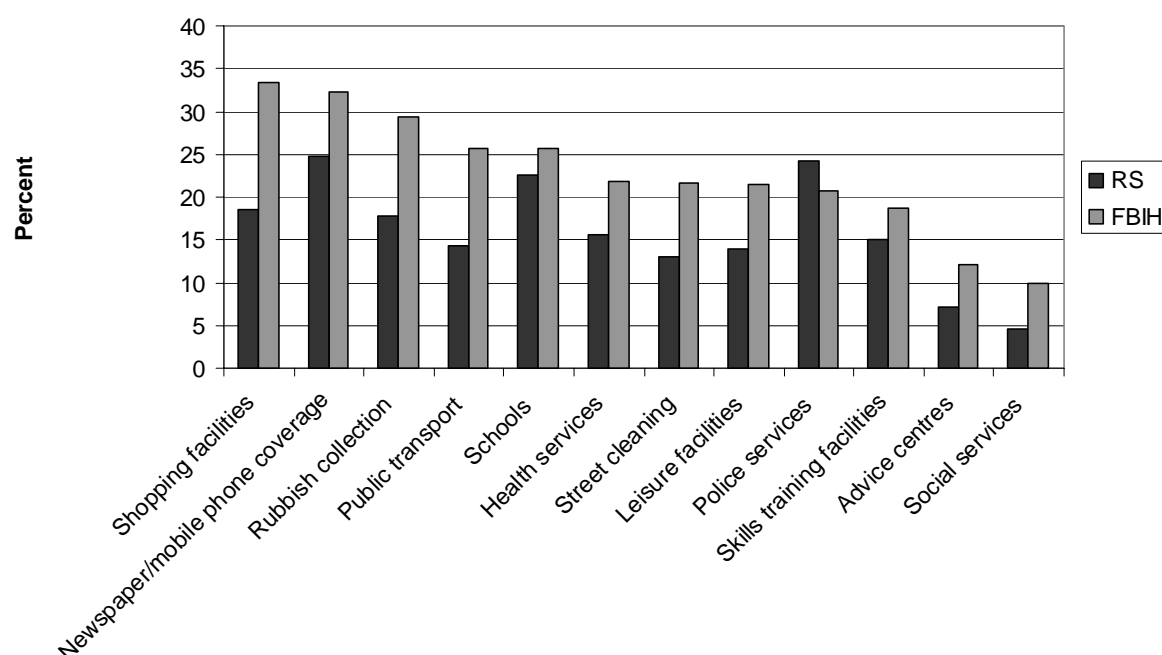
For all aspects apart from the family and their husband, wife or partner, those in the FBiH were generally more satisfied with their life than those in the Republic. The aspects of life where the gap in satisfaction was largest, that is the mean score of those in the FBiH was 10 points or more higher than in the RS, was with their social life (+13.94) and the amount of leisure time (+11.09). The mean score for life overall was 10 points higher in the FBiH.

As at waves 2 and 3, the aspect of life people were least satisfied with was household income with those in the RS scoring 33% and those in the FBiH 41.4%, reflecting the lower average incomes in the RS.

#### ***Satisfaction with local services and facilities***

Respondents were asked to rate their local services and facilities. Figure 8.6, below, shows the proportion of the sample within each entity saying that the service was “excellent” or “very good”. On all but one, police services, those in the FBiH rate their local facilities higher than those in the RS. The largest differences between the FBiH and the RS are shopping facilities (+14.93), rubbish collection services (+11.57) and public transport services (+11.35). Generally, the highest rated services were newspaper availability and mobile phone coverage, shopping facilities, rubbish collection services and police services. The lowest rated services were social services (4.6% in the RS and 9.9% in the FBiH saying excellent or good) and advice centres (7.2% in the RS and 12% in the FBiH rated them excellent or good).

Figure 8.6 Satisfaction with local services and facilities; % saying “excellent” or “very good”



These questions were also asked in wave 2, so it is possible to see how the situation has changed two years later for those respondents who answered the questions at both waves. Table 8.1, below, shows the percentage change in those saying that each service or facility was excellent or good. Of the twelve services, respondents in the RS said that nine of them have got worse, whilst three services have got worse in the FBiH. The largest change was in the proportion who said that advice centres were good or excellent in the FBiH (+5.65). Other large changes were those in the RS who said that public transport was good or excellent (-5.06) and those saying that the health services were good or excellent (-5.04).

Table 8.1 Percentage change Wave 2 to Wave 4 of those saying service is excellent/good

	RS % change	FBiH % change
Schools	-2.31	-0.64
Health services	-5.04	1.34
Social services	-1.53	4.23
Advice centres	-3.49	5.65
Police services	-4.72	-2.73
Public transport	-5.06	0.43
Shopping facilities	-4.51	2.05
Leisure facilities	-0.66	-0.93
Skills training facilities	2.37	4.41
Street cleaning	0.21	1.31
Rubbish collection	4.02	4.55
Newspaper/mobile phone coverage	-2.41	1.20



## Appendix A

### Fieldwork and Technical Report

Department for International Development

BOSNIA AND HERZEGOVINA

LABOUR AND SOCIAL POLICY IN BOSNIA AND HERZEGOVINA: THE  
DEVELOPMENT OF POLICIES AND MEASURES FOR SOCIAL MITIGATION

Contract Number CNTR 00 1368A

FIELDWORK AND TECHNICAL REPORT

HOUSEHOLD SURVEY PANEL SERIES

WAVE 4

February 2005

Birks Sinclair & Associates Ltd.  
Gatehouse Suite  
Palatine House  
Belmont Business Park  
Durham, DH1 1TW  
United Kingdom

Phone: 00-44-191-386-4484  
Fax: 00-44-191-384-8013  
E-mail: [Office@Birks-Sinclair.com](mailto:Office@Birks-Sinclair.com)  
Project Web Site (English):  
[www.Birks-Sinclair.com/BiH.htm](http://www.Birks-Sinclair.com/BiH.htm)

Institute for Social and Economic Research  
University of Essex  
Wivenhoe Park  
Colchester CO4 3SQ  
United Kingdom

Phone: 00 44 1206 872 957  
Fax: 00 44 1206 873 151  
E-mail: [iser@essex.ac.uk](mailto:iser@essex.ac.uk)

Independent Bureau for Humanitarian Issues  
Šacira Sikirića 12  
71000 Sarajevo  
Bosnia and Herzegovina

Phone/Fax: 00 387 33 219 780 /1/ 00 387 33 268 750  
E-mail: [bosna1@ibhibih.org](mailto:bosna1@ibhibih.org)  
Project Web Site (Local): [www.ibhibih.org](http://www.ibhibih.org)

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## List of Acronyms

BHAS	Agency for Statistics of Bosnia and Herzegovina (formerly ASBiH)
BiH	Bosnia and Herzegovina
DFID	Department for International Development
EPPU	Unit for Economic and Policy Planning of BiH MTDS
FBiH	Federation of Bosnia and Herzegovina
FBSTA	Field Based Survey Technical Advisor
FOS	Federal Office of Statistics (formerly, SIFBiH, Institute for Statistics for FBiH)
HSPS	Household Survey Panel Series (popularly titled – LiBiH – Living in BiH)
IBHI	Independent Bureau for Humanitarian Issues
ISER	Institute for Social and Economic Research, University of Essex, UK
RS	Republika Srpska
RSIS	Republika Srpska Institute for Statistics (formerly, ISRS, Institute for Statistics of the RS)
ID	Person Number
IDD	Household Identifier
LID	Unique Personal Identifier
LSMS	Living Standards Measurement Survey
MTDS	Medium Term Development Strategy
NSM	New Sample Member
OSM	Original Sample Member
SIG	Survey Implementation Group
UNDP	United Nations Development Programme
WB	World Bank

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# **LABOUR AND SOCIAL POLICY IN BOSNIA AND HERZEGOVINA: THE DEVELOPMENT OF POLICIES AND MEASURES FOR SOCIAL MITIGATION**

## **HOUSEHOLD SURVEY PANEL SERIES, WAVE 4**

### **I. Introduction**

In 2001, the World Bank in co-operation with the Republika Srpska Institute of Statistics (RSIS), the Federal Institute of Statistics (FOS) and the Agency for Statistics of BiH (BHAS), carried out a Living Standards Measurement Survey (LSMS). The primary aim of the LSMS was to provide reliable data on income, employment, education, health and other key variables necessary for policy formulation within each entity and across BiH as a whole.

The Department for International Development, UK (DFID) contributed funding to the LSMS and provided funding for a further three years of data collection for a panel survey, known as the Household Survey Panel Series (HSPS) – and more popularly known as Living in BiH (LiBiH). Birks Sinclair & Associates Ltd. in cooperation with the Independent Bureau for Humanitarian Issues (IBHI) were responsible for the management of the HSPS with technical advice and support provided by the Institute for Social and Economic Research (ISER), University of Essex, UK. The panel survey provides longitudinal data through re-interviewing approximately half the LSMS respondents for three years following the LSMS, in the autumns of 2002 and 2003 and the winter of 2004. The LSMS constitutes Wave 1 of the panel survey so there are four years of panel data available for analysis. For the purposes of this document we are using the following convention to describe the different rounds of the panel survey:

Wave 1	LSMS conducted in 2001 forms the baseline survey for the panel
Wave 2	Second interview of 50% of LSMS respondents in Autumn/Winter 2002
Wave 3	Third interview with sub-sample respondents in Autumn/Winter 2003
Wave 4	Fourth interview with sub-sample respondents in Winter 2004

The panel data allows the analysis of key transitions and events over this period such as labour market or geographical mobility and observations on the consequent outcomes for the well-being of individuals and households in the survey. The panel data provides information on income and labour market dynamics within FBiH and RS. A key policy area is developing strategies for the reduction of poverty within FBiH and RS. The panel will provide information on the extent to which continuous poverty and movements in an out of poverty are experienced by different types of households and

individuals over the four year period. Most importantly, the co-variables associated with moves into and out of poverty and the relative risks of poverty for different people can be assessed. As such, the panel aims to provide data, which will inform the policy debates within BiH at a time of social reform and rapid change.

In order to develop base line (2004) data on poverty, incomes and socio-economic conditions, and to begin to monitor and evaluate the implementation of the BiH MTDS, EPPU commissioned a modified fourth round of the LiBiH Panel Survey.

## **II. Sampling**

### **II.1 The Sample**

The Wave 4 sample comprised of 2882 households interviewed at Wave 3 (1309 in the RS and 1573 in FBiH). As at previous waves, sample households could not be replaced with any other households.

## **III. Panel design**

### **III.1 Eligibility for inclusion**

The household and household membership definitions assume the same standard definitions used at Wave 3 (see Supervisor Instructions, Annex A). While the sample membership, status and eligibility for interview are as follows:

- i) All members of households interviewed at Wave 3 have been designated as original sample members (OSMs). OSMs include children within households even if they are too young for interview, i.e. younger than 15 years.
- ii) Any new members joining a household containing at least one OSM, are eligible for inclusion and are designated as new sample members (NSMs).
- iii) At each wave, all OSMs and NSMs are eligible for inclusion, apart from those who move out-of-scope (see discussion below).
- iv) All household members aged 15 or over are eligible for interview, including OSMs and NSMs.

### **III.2 Following rules**

The panel design provides that sample members who move from their previous wave address must be traced and followed to their new address for interview. In some cases the whole household will move together but in other cases an individual member may move away from their previous wave household and form a new “split-off” household of their own. All sample members, OSMs and NSMs, are followed at each wave and an interview attempted. This method has the benefits of maintaining the maximum number of respondents within the panel and being relatively straightforward to implement in the field.



### **III.3 Definition of ‘out-of-scope’**

It is important to maintain movers within the sample to maintain sample sizes and reduce attrition and also for substantive research on patterns of geographical mobility and migration. The rules for determining when a respondent is ‘out-of-scope’ are:

*i. Movers out of the country altogether i.e. outside BiH*

This category of mover is clear. Sample members moving to another country outside BiH will be out-of-scope for that year of the survey and ineligible for interview.

*ii. Movers between entities*

Respondents moving between entities are followed for interview. Personal details of “movers” are passed between the statistical institutes and an interviewer assigned in that entity.

*iii. Movers into institutions*

Although institutional addresses were not included in the original LSMS sample, Wave 4 individuals who have subsequently moved into some institutions are followed. The definitions for which institutions are included are found in the Supervisor Instructions.

*iv. Movers into the district of Brčko*

Are followed for interview. When coding, Brčko is treated as the entity from which the household moved.

### **IV. Identifiers**

Individual level identifiers have been attached to all members of the Wave 4 households selected for the panel sample. There is a household level identifier (IDD) for the issued household and each member of that household has a person number (ID) within the household. The household level identifier is needed for each wave but does not necessarily need to be related to the previous wave identifier for a given household. Households change in composition over time, making the notion of a core household that endures over time problematic for a panel.

In addition to these wave specific household and person number identifiers, each sample member has a unique personal identifier (LID) attached to them. This identifier is the unique number that each sample member carries with them throughout the life of the panel, even if they move between different households. This is the key linking identifier to be used in analysis when matching together data for the same individual from different waves of the survey and is a critical variable.

## **V. Feed-forward**

Details of the address at which respondents were found in the previous wave, together with a listing of household members found in each household at the last wave were fed-forward as the starting point for Wave 4 fieldwork. This “feed-forward” data also includes key variables required for correctly identifying individual sample members and includes the following:

**For each household:** Household ID (IDD); Full address details and phone number

**For each Original Sample Member:** Name; Person number (ID); unique personal identifier (LID); Sex; Date of birth

The sample details are held in an Access database and in order to ensure the confidentiality of respondents, personal details, names and addresses are held separately from the survey data collected during fieldwork. The IDD, LID and ID are the key linking variables between the two databases i.e. the name and address database and the survey database.

## **VI. Questionnaire design**

Approximately 70% of the questionnaire (Annex B) was based on the Wave 3 questionnaire, carrying forward core measures in order to measure change over time. However in order to develop base line (2004) data on poverty, incomes and socio-economic conditions, and to begin to monitor and evaluate the implementation of the BiHDS the Wave 4 questionnaire additionally contained the Wave 1 Consumption module and a few other LSMS items to allow direct comparability with the Wave 1 data.

## **VII. Mainstage Fieldwork Procedures**

From a total of 126 field staff, 15 were new to the survey at Wave 4. In November 2004, Supervisors and Interviewers were provided with the Questionnaire, a Control Form, a Movers Form, Interviewer or Supervisor Instructions (containing editing instructions) and completed examples.

## **VII.1 Briefing Supervisors and Interviewers**

Three days of interviewer and supervisor briefing was delivered during the period 22-24 November 2004. All briefing sessions were conducted at the Hotel Italia in Sarajevo. The primary leaders for the sessions were the FBSTA (Rachel Smith) and Edin Sabanović (BHAS). All field staff were provided with Instructions which contained the basic information needed for survey administration, however, during the briefing this material was heavily supplemented with additional printed materials, forms and examples. Each session was conducted semi-formally, with opportunities for questions and answers as well as for further explanation and additional examples.

During each briefing session, the sample addresses were distributed to each interviewer and discussed with them in detail. Ample time was allowed for a clear understanding of the materials, quantity of work expected from each interviewer and the procedures to be followed in conducting the work. Prior to leaving the briefing session each interviewer thus had: an assignment, field administration forms and a supply of survey questionnaires.

Each interviewer was allocated, on average, 30 households. The main data collection period was scheduled for six weeks in length. New interviewers were provided with supplementary briefing by their respective Supervisor.

The importance of in-field quality control procedures was stressed throughout the briefing. Quality control procedures for the Supervisors included:

1. a review of all sample materials prior to assignment to each interviewer
2. strict control over the activities of a small group of interviewers (5 to 6 interviewers per Supervisor)
3. weekly updates and meetings with each interviewer
4. verification of 10% of the work of each interviewer via field visits or telephone contact with selected households
5. accounting for and editing of all data from each interviewer prior to data entry.

## **VII.2 Minimising non-response**

The major problem for panel surveys is attrition, that is, the loss of respondents who either refuse to take any further part in the survey, are unable to be contacted during fieldwork, or who move and cannot be traced. Attrition in panel surveys is potentially damaging as the sample size for respondents

with complete longitudinal records reduces over time and there is a danger of differential attrition introducing bias. The following procedures were applied in an attempt to reduce attrition.

### **VII.3 Tracing Movers**

As at wave 3, interviewers were provided with tracking information collected at Wave 3. This process worked extremely well in enabling interviewers to find movers. Further tracing of movers was undertaken by the BHAS by Edin Šabanovic. At the end of fieldwork 21 movers had been sent to BHAS of which 12 (57%) had been successfully located and passed to an interviewer. This represents a good success rate, especially considering the short time period available in this process. (see Annex D: “movers form”)

### **VII.4 Advance letter**

One advance letter per household was produced (Annex E). Production of the advance letter was part of the feed forward process and each letter was personally addressed to each sample household.

### **VII.5 A gift**

As a small token of thanks for taking part in the panel, a calculator, was given to each person interviewed.

### **VII.6 Quality Control**

At the end of fieldwork Supervisors had checked 230 households to confirm that an interview had taken place. Random telephone checks were made by IBHI to ensure the interviewers had called at addresses. In total 117 checks were made. The combination of checks made by Supervisors and the Project Assistant at IBHI resulted in a 12% sample check.

### **VII.7 Editing**

Instructions for editing were provided in the Supervisors Instructions (Annex A). At Wave 4 supervisors were asked to take more time to edit every questionnaire returned by their interviewers. The SIG Fieldwork Managers examined every Control Form.

## VIII. Survey Data Processing

As at previous waves, CSPro was the chosen data entry software. The CSPro program consists of two main features intended to reduce the number of keying errors and to reduce the editing required following data entry:

Data entry screens that included all skip patterns.

Range checks for each question (allowing three exceptions for inappropriate, don't know and missing codes).

The Wave 4 data entry program had similar checks to the Wave 3 program - and DE staff were instructed to clear all anomalies with SIG fieldwork members. The program was tested prior to the commencement of data entry.

Twelve data entry staff were employed in each Field Office, as all had worked on previous waves training was not undertaken.

## IX. Response Rates and Weighting

The final response rates for Wave 4 are shown in Table 1. The level of cases that were unable to be traced is extremely low as are the whole household refusal or non-contact rates.

**Table 1: Wave 4 Response outcomes for all eligible households (including new households) by Entity**

	RS		FBiH		Total BiH	
	N	%	N	%	N	%
Interviewed households	1314	98.2	1523	93.3	2837	<b>95.5</b>
Untraced movers	5	0.4	16	1.1	21	0.8
Refused or Non Contact	19	1.4	92	5.6	111	3.7
<b>Total</b>	<b>1338</b>	<b>100</b>	<b>1631</b>	<b>100</b>	<b>2969</b>	<b>100</b>
Ineligible households*	40		30		69	
<b>Total</b>	<b>1378</b>		<b>1661</b>		<b>3039</b>	

\* Ineligible households include households who have moved abroad, whole households which have died or households that are too ill or old to be interviewed, etc.

In total, 9128 individuals (including children) were enumerated within the sample households at Wave 4, 5019 individuals in the FBiH and 4109 in the RS. Within in the 2875 eligible households, 7603 individuals aged 15 or over were eligible for interview with 7116 (93.6%) being successfully

interviewed. Within co-operating households (where there was at least one interview) the interview rate was higher (98.6%).

**Table 2: Wave 4 Response outcomes for eligible individuals by entity**

	<b>Entity</b>		
	<b>RS %</b>	<b>FBiH %</b>	<b>Total BiH %</b>
Interviewed	99.2 (3354)	98.1 (3762)	98.6 (7116)
Non-interviewed	0.8 (28)	1.9 (73)	1.4 (101)
<b>Total N</b>	<b>3382</b>	<b>3835</b>	<b>7217</b>

A very important measure in longitudinal surveys is the annual individual re-interview rate as a high attrition rate, where large numbers of respondents drop out of the survey over time, can call into question the quality of the data collected. In BiH the individual re-interview rates have been high for the survey. The individual re-interview rate is the proportion of people who gave an interview at time t-1 who also give an interview at t. Of those who gave a full interview at wave 3, 6654 also gave a full interview at wave 4. This represents a re-interview rate of 98.9% - which is extremely high by international standards. When we look at those respondents who have been interviewed at all four years of the survey there are 5923 cases which are available for longitudinal analysis, 2732 in the RS and 3191 in the FBiH. This represents 76.5% of the responding wave 1 sample, a retention rate which is again high compared to many other panels around the world.

## Weighting

The Wave 4 data contain the appropriate weights for longitudinal analysis. The establishment of weights and their application was undertaken by Fahrudin Memić (EPPU) in consultation with Dr. Peter Lynn (ISER).

The Wave 4 weights were produced using the Wave 3 weights that were adjusted for non response using a logit model. Dependent variables in the logit model were:

- age
- squared age
- entity
- dwelling type
- dwelling conditions.

1. For the new entrants in the Wave 4 (not present at Wave 3) a “fair share” algorithm was applied. For all 16+ years old members who were present in BiH in 2001 (non migrants) weights were calculated by dividing the total household weight by the number of household members (including new entrants). That weight was applied to all household members. Therefore the total household weight remained the same after weighting.

2. For migrants (not present in BiH in 2001) and 15 year old children weights were calculated by dividing the total household weight by the number of household members (excluding new entrants). That weight was applied only to new entrants. Therefore the total household weight changed after weighting.

In the very few cases where both types of new entrants were present the first method was applied excluding the migrants (not present in BiH in 2001) and 15 year old children from the calculation. Then the second algorithm was applied.

## **X. Documentation**

Further documentation for the survey including survey questionnaires, interviewer instructions, coding frames for open-ended items and a cross-wave table of variable names for the Wave 1, 2, 3 and Wave 4 data are available for users from:

BHAS: [www.bhas.ba](http://www.bhas.ba)

FOS: [www.fzs.ba](http://www.fzs.ba)

RSIS: [www.rzs.rs.ba](http://www.rzs.rs.ba)

EPPU: [www.eppu.ba](http://www.eppu.ba)

## Appendix B

### Institutional Composition and Terms of Reference of the Data User Groups (DUGs)



### **Institutional and Individual Composition of the BiH Data User Group**

Agency for Statistics of BiH (BHAS), Director, Zdenko Milinović  
The Republika Srpska Institute for Statistics (RSIS), Director, Slavko Šobot  
The Federal Office of Statistics (FOS), Director, Derviš Đurđević  
RS Ministry for Veteran Issues, Victims of War and Labour, Assistant Minister, Rajko Kličković  
Federal Ministry of Labour and Social Policy - Sector for Labour and Employment, Assistant Minister, Džana Kadribegović  
Council of Ministers BiH, Advisor to the Prime Minister, Zlatko Hurić  
Ministry of Foreign Trade and Economic Relations of BiH - Sector for Economic Development and Entrepreneurship, Sector Head, Dušanka Divčić  
BiH Ministry for Human Rights and Refugees – Sector for Human Rights, Almina Jerković  
BiH Agency for Labour and Employment, a.i. Director, Huso Sarić  
EPPU – Office for Monitoring and Implementation of the BiH MTDS, Head of Office, Azemina Vuković

### **Institutional and Individual Composition of the RS Data User Group**

The Republika Srpska Institute for Statistics (RSIS), Director, Slavko Šobot  
RS Ministry of Health and Social Protection, Assistant Minister, Pavle Paunić  
Public Fund for Child Protection RS, Director, Božidar Stojanović  
RS Ministry of Labour and Veteran and Invalidity Protection, Assistant Minister, Rajko Kličković  
RS Ministry of Health and Social Protection, Assistant Minister for Health Sector, Stevan Jović  
RS Employment Bureau, Headquarters – Pale, Director, Milorad Janković  
RS Employment Bureau, Head of the Banja Luka Branch, Milena Mandić  
Agency for Statistics of BiH (BHAS), Deputy Director, Slavka Popović

### **Institutional and Individual Composition of the FBiH Data User Group**

Federal Employment Bureau, Director, Hasan Musemić  
Federal Employment Bureau, Head of Department for Records, Statistics and Information Systems, Fadil Suljić  
Employment Bureau, Mostar, Director, Petar Golemac  
Federal Ministry of Labour and Social Policy - Sector for Labour and Employment, Assistant Minister, Džana Kadribegović  
Federal Ministry of Labour and Social Policy - Sector for Social and Child Protection, Assistant Minister, Asim Zečević  
Federal Ministry for Education, and Science, Assistant Minister, Severin Montina  
Agency for Statistics of BiH (BHAS), Deputy Director, Slavka Popović  
The Federal Office of Statistics (FOS), Director, Derviš Đurđević  
Federal Ministry of Health, Assistant Minister, Zlata Kundurović

### **Observers**

Council of Ministers BiH, Advisor to the Prime Minister, Zlatko Hurić  
Department for International Development, Social Policy Coordinator, Anamaria Golemac Powell  
Department for International Development, Programme Officer, Armina Dedić  
World Bank, Research Analyst, Irina Smirnov  
Independent Bureau for Humanitarian Issues (IBHI), Director, Žarko Papić  
Birks Sinclair & Associates Ltd., Project Director, Stace Birks

# **LABOUR AND SOCIAL POLICY IN BOSNIA AND HERZEGOVINA: THE DEVELOPMENT OF POLICIES AND MEASURES FOR SOCIAL MITIGATION**

## **In cooperation with World Bank and UNDP supported Living Standards Measurement Survey**

### **Responsibilities of the RS and FBiH Data User Groups**

#### **Background**

A statistically reliable basis for social sector policy making is a priority for the Federation of Bosnia and Herzegovina (FBiH) and the Republic of Srpska (RS). Accordingly, the Agency for Statistics of BiH (BHAS), the Republika Srpska Institute for Statistics (RSIS) and the Federal Office of Statistics (FOS) are embarking on a series of household surveys supported by the UK Department for International Development (DFID), the World Bank (WB), UNDP and a range of donors.

Amongst these household surveys are the Living Standards Measurement Survey (LSMS), currently in progress, and the Panel Study - a three year collection of longitudinal household data. In addition a Household Budget Survey is planned, indicatively to begin in early 2002 and which will run for much of the year, and a Labour Force Survey, a two week survey to be executed in early 2003.

#### ***Objectives of this Project***

The goal of the panel Survey is to strengthen labour and social policies to mitigate the social effects of privatisation, enterprise restructuring, unemployment and social exclusion.

Through the longitudinal panel survey, and the associated enhancement of policy development skills in the entities, this project is designed to:

- improve the framework within which social policy can be made;
- support the statistical institutions responsible for statistical analysis and reporting; and
- strengthen the policy making function at Entity (and within FBiH, Canton) level, with a view to enhanced implementation of social policy at municipal level.

This is being carried out through close cooperation, in the first place, with the development and analysis of the LSMS.

The Data User Groups are a means to:

- establish linkages and cooperation between the LSMS and the Panel Study
- establish a participative approach in the planning and implementation of the Panel Study, with full partnership between all counterparts in BiH with stakeholders fully consulted to ensure the Study meets local aims;
- produce outputs of world class standards, in informational and policy development terms;
- promote the use of data in policy analysis and decision making at State, Entity, Cantonal (in FBiH) and Municipal levels.

### **Components within the Panel Study**

The project builds upon the WB, UNDP DFID and multi-donor supported, WB implemented Living Standards Measurement Survey (LSMS). The LSMS will provide a cross sectional measure of poverty and welfare in RS and FBiH.

The LSMS will also provide the base sample and reference point for the Panel Survey, which will provide longitudinal data to track the outcomes for individuals and families over a three-year period.

The Panel Study project will achieve this by assisting statistical institutions, Ministries and agencies to acquire both qualitative and quantitative information on:

- Trends in unemployment, underemployment and employment;
- Social data on linkages between labour and social policies; and
- The informal sector.

The Panel Study project will also, with its participative methodology, develop with entity level counterparts:

- Strategies for supporting social mitigation through the:
- development of sustainable policy; and
- implementation of practical measures to reduce poverty and social exclusion.

This will be achieved in a partnership between the consultant team (international and local) and BiH, RS and FBiH institutions which will result in:

- Enhanced social policy making skills in data using institutions at entity level;
- Strengthened capacity of Statistical Institutions to collect and compile data which is relevant to policy formulation and development;
- Collection of Longitudinal panel data on employment trends and social policy, resulting in a capacity to develop the analysis and policy implications of this and other data.

## **LSMS Development**

Following development of the sample and questionnaire on a consultative basis, the interviewing of households is now completed. The datasets were entered concurrently with collection and will be checked and output tabulations will be processed when the survey is completed. A list of these base tables is attached.

The next phase is to develop a more detailed analysis of data and the interpretation of this LSMS data for the refinement and interpretation of policy.

Subsequent tasks include the:

- use of the LSMS survey to develop the Panel Study sample for the next two years of interview rounds: and
- the interpretation of data in formulating social policy, participatively, so enhancing data analysis and policy development skills in BiH.

These activities will be linked with other household surveys in BiH, such as the Household Budget Survey, the Labour Force Survey and other related surveys and analyses carried out by the WB and other Donors.

## **The Nature and Purposes of the Data Users Groups**

A Data Users' Group (DUG) will be established in each entity.

The DUGs will have a strategic and guidance role.

Initial discussions with a range of Stakeholders (including: DFID; WB; UNDP; BHAS; RSIS; FOS) have confirmed the need for these DUGs as a vehicle for:

- the promotion of the LSMS, the DFID panel study project and their outputs generally;
- establishing understanding between the respective statistics “providers” and end users and policy makers, entity ministries, and at the Cantonal (in FBiH) and municipal levels;
- the establishment of consistency of data outputs, standards and coherence of approach across user groups;
- preliminary and more refined analysis of LSMS data in the social policy area;
- setting out of the technical transition from the LSMS data set to the longitudinal data set drawn from the Panel Study; and
- consultation on the focus of proposed qualitative studies and ad hoc reports in the social policy area.

The DFID project supporting the Panel Study, “Labour and Social Policy in BiH: the Development of Policies and Measures for Social Mitigation”, will provide the logistical support to the DUGs.

### **The Responsibilities of the Data User Groups**

Each DUG will, in the area of social policy:

- guide, supervise, and participate in data analysis and policy development based upon the household survey data, especially from the LSMS in the first instance and subsequently the Panel Survey;
- make recommendations for policy deriving from the household data sets to the entity governments;
- support the dissemination, to the government and administrative structures, agencies and population of BiH, as appropriate, of:
  - statistical results; and
  - policy implications;

of different surveys/ studies;

- initiate, guide and oversee seminars and workshops, and hold meetings including wider representatives from entities, cantons (in FBiH) and municipalities and other agencies as appropriate to examine statistics or policy issues of particular interest;
- make recommendations about the content and methodology of other planned survey exercises;

- encourage and support enhanced cooperation between statistical institutes and data users and policy makers in order to derive maximum benefit from the Statistical data;
- maintain links with other scientific and action oriented research;
- comment upon the outputs of the analysis of the LSMS;
- comment upon the Panel Study annual qualitative study;
- comment upon the Panel Study annual report;
- establish working groups to support the preparation of special reports on topics of particular interest, including the annual Qualitative Studies to be carried out under this DFID Panel Study project;
- advise on, guide and participate in capacity development activities in statistics and policy development; and
- liaise as appropriate with other statistical and related policy initiatives, such as that carried out by the WB's Poverty Reduction Strategy Group

The DUGs will discuss and approve their own ToRs in the first meeting.

### **Membership of Data User Groups**

A list of prospective members is attached.

### **Representation on the Project Coordinating Group**

A representative of each DUG will be nominated to the Project Coordination Group, in order to represent the DUG at the project management level.

### **Timing of Meetings and Duration of the Data User Groups**

It is anticipated that DUGs will meet quarterly. Their lifespan will be, at a minimum, up to mid-2004, in order that the DUGs contribute to the:

- Analysis of the LSMS and its contribution to the development of policies which will lead to a reduction in poverty and social exclusion;
- Development of the methodology and questionnaire design for the Panel Survey; and
- Analysis of the HBS, Labour Force Survey and other surveys to be carried out in the coming years.

# **LABOUR AND SOCIAL POLICY IN BOSNIA HERZEGOVINA: THE DEVELOPMENT OF POLICIES AND MEASURES FOR SOCIAL MITIGATION**

## **DRAFT**

### **TERMS OF REFERENCE AND RESPONSIBILITIES**

#### **BiH DATA USER GROUP**

#### **Background**

This Project aims to improve the frameworks within which social policy can be made in BiH, by supporting:

- the Statistical Institutions at Entity and State level responsible for statistical analysis and reporting; and
- strengthening the policy making function at Entity level.

Significant steps have been and are being taken in social policy development, but addressing social policy issues is made particularly difficult in BiH by the:

- relatively small number of skilled and senior people capable of managing social transition; and
- lack of reliable data on social and economic issues relevant to social policy due to the absence in particular of household data sets.

This Project will assist FBiH and RS in addressing the latter task and will enhance institutional capacity to mitigate the former constraint.

#### **Outline of the Project**

The Labour and Social Policy Project goal is to:

- strengthen labour and social policies to mitigate the social effects of privatization, enterprise restructuring, unemployment and social exclusion.

The Project purposes are to:

- generate longitudinal panel data on employment trends and on the impact of social policies; and
- strengthen the responsible State and Entity statistical institutions.

In summary, the activities of the Project focus on four Outputs:

***Output 1: enhanced social policy making capacity***

Outputs include:

- support to a Data Users' Group (DUG) in each Entity, with membership drawn initially from the RSIS and the FOS and social sector ministries and agencies. Working Groups will be established as needed. Each Entity based DUG can commission and issue reports and Qualitative Studies, and establish Entity based ownership of the process;
- a series of Qualitative Studies, to inform Panel design, and to investigate outcomes of the Panel itself;
- a series of ministerial and regional workshops, round table meetings and seminars, to disseminate key findings; and
- an Entity based Annual Report, which would reflect the main findings of the Panel Survey, and summarise key changes affecting the labour market and social welfare.

***Output 2: strengthened capacity of State and Entity level statistical institutions.***

Provision of advice and guidance on:

- establishment of EU standards in the field of Household Surveys;
- dissemination of the representative BiH data set;
- design and management of studies of longitudinal data on the representative BiH data set; and
- support to training to the FOS and the RSIS in statistical tasks relevant to the HSPS. This support would be provided locally and jointly as far as possible.

***Output 3: the development of longitudinal panel data on employment trends and social policy***

- contribute to the construction of the LSMS Questionnaire to ensure that:
  - (a) the LSMS Questionnaire was designed in a way which facilitated panel type questions subsequently; and
  - (b) contained key encoding data, e.g. identifiers of household members, to permit longitudinal analysis of results over time;



- assist the FOS and the RSIS to conduct the Panel Household Survey in the 3rd Quarters of 2002 and 2003; each of approximately 1500 households; assist the FOS and the RSIS clean, enter and analyse the data; undertake a first order data analysis; begin the process of longitudinal data analysis; prepare the public release files to be merged by DFID TA to be forwarded to the BHAS as a public release file; and maintain the Panel data for subsequent years' surveys.

***Output 4: promote an improved capacity to analyse longitudinal data locally***

It would achieve this by:

- promotion of a small research fund to be executed by local researchers.

**The Purposes and Activities of the BiH DUG**

The BiH DUG will have two key roles:

- 1) a short term and immediate role within the Panel Study Project as set out in the Project Memorandum, in particular in utilisation of data in the development of policies, with emphasis upon the social policy and social sector; and
- 2) A wider, longer term and strategic role related to:
  - statistics and their collection, specification and utilisation, and
  - support to social policy development, monitoring and evaluation.

In both of these contexts, the focus will be upon:

- the development of statistics in a better way;
- the utilisation of these statistics in a more effective manner; and
- enhancing qualitative and evidence based approaches to social policy development.

**The Short Term BiH DUG Roles Within the Project**

These short term roles – within the Project context - will focus upon:

- consultations and advice upon project implementation and its direction; and
- the promotion of the DFID Panel Study Project, and Qualitative Studies and their outputs generally.

Thus the BiH DUG will have the purposes of:

- acting as a forum where methodological issues could be raised for resolution at the appropriate level;
- acting as a forum for improvement of data analysis and use;
- a consultative forum to discuss and coordinate capacity development activities; and
- a means of liaison and communication with the Entity DUGs and coordination of statistics institutions (Entity SIs and BHAS).

Thus, within the Project, the BiH DUG might advise upon:

- support to the DUGs methodologically;
- comment upon State level aspects of the Qualitative Studies and Local Research programme;
- the content of the Annual Report;
- assisting the RSIS and the FOS disseminate Project results at Entity level;
- assisting the BHAS disseminate the BiH data sets and Qualitative Studies that result from the Project;
- from the technical point of view, the content of the Panel Questionnaire;
- Panel sub-sample selection;
- fieldwork procedures;
- data processing procedures and systems, post-field data cleaning and editing routines;
- sample management and panel maintenance procedures; and
- assistance with coordination, definition of and logistics of training and capacity building.

These roles will naturally evolve into wider activities that will go, in a sustainable way, beyond the framework of the Project.

### **The BiH DUG Roles Wider than the Project**

The wider roles of the BiH DUG are important.

The BiH DUG will potentially have a strategic and guidance role for the statistical and social policy making communities of BiH and the international community. It will in particular facilitate the closer relations and working partnerships between data producers and data users and policy makers at State and Entity level.

Initial discussions with a range of Stakeholders (including: DFID; WB; UNDP; BHAS; RSIS; FOS) have confirmed the need for a BiH DUG as a vehicle for:

- establishing understanding between the respective statistics “providers” and end users and policy makers, Entity ministries, at the Cantonal (in FBiH) and municipal levels and institutions at BiH level ensuring the policy relevance of the outputs of the statistical community;
- the establishment of consistency of data outputs, standards and coherence of approach across user groups;
- making strategic plans for the satisfaction of policy makers’ data needs in key areas. This would include re-specification of data sets and joint commissioning of specific surveys, approaches to analysis and Qualitative Studies;
- preliminary and more refined analysis of statistical data for social sector purposes;
- supporting the development of samples and standards for analysis of and - in partnership with donors - as local aspects of governance over the Household Budget Survey (HBS), Labour Force Survey (LFS), and other household and other surveys to be carried out in the coming years;
- advocating and contributing to the development of a future census for BiH;
- strengthening the institutional development and technical capacities of the statistical and data using stakeholders, by guiding relevant education and training initiatives for statistics producers and users, with a long term view to enhanced operation at EU levels and standards;
- ensuring a strategic view of statistical development in both entities and at State level, including views of the population census;
- coordinated approaches to donors in terms of seeking funds and guiding their application; and
- coordinated approaches to the development of the PRSP and its implementation, monitoring and evaluation.

The DFID Project supporting the Panel Study, “Labour and Social Policy in BiH: the Development of Policies and Measures”, will provide the all the logistical support necessary to the BiH DUG for the duration of the Project just as it services the Entity level DUGs.

### **The Responsibilities of the BiH DUG**

The BiH DUG will:

- guide, supervise, and participate in data analysis and policy development based upon the household survey data, especially from the LSMS in the first instance and subsequently the Panel Survey;

- guide – within overall governance structures the development of the HBS and the LFS – in terms of samples standards and analysis;
- make recommendations for policy deriving from the analysis of the household data sets to the Entity governments and to the State government as appropriate;
- support the dissemination, to the government and administrative structures, agencies and population of BiH, as appropriate, of:
  - results of household and other surveys and other relevant sources of statistics and
  - policy implications of such statistics;
  - different surveys and studies;
- guide the development, overall, of policy friendly statistics in BiH and its entities;
- initiate, guide and oversee seminars and workshops, and hold meetings including wider representatives from entities, cantons (in FBiH) and municipalities and other agencies as appropriate to examine statistics or policy issues of particular interest;
- make recommendations about the content and methodology of other planned survey exercises;
- encourage and support enhanced cooperation between statistical institutions and data users and policy makers in order to derive maximum benefit from the statistical data and analysis;
- maintain links with other scientific and action oriented research;
- comment upon the outputs of the analysis of the LSMS;
- comment upon and contribute to the analysis, focus of and promotion of the Panel Study annual Qualitative Study;
- comment upon the Panel Study Annual Report;
- advise on, guide and participate in education and training and capacity development activities in statistics and related policy development. The BiH DUG will facilitate a practically and task related series of training activities; and
- liaise, as appropriate, with other statistical and related policy initiatives, such as that carried out by the WB's Poverty Reduction Strategy Group and those established for particular purposes and surveys. This would include initiating a coordinated approach to the monitoring and evaluation of the PRSP and similar future initiatives

### **Approval of the ToRs for the BiH DUG**

After consultations at the pre-meeting, these BiH DUG ToRs have been revised and will be discussed again by subsequent meetings until - on a consensus basis, the BiH DUG approves its own ToRs.

## **Membership of BiH DUG**

A list of the membership is attached to these ToRs.

Extra members can be adopted at the suggestion of and by consensus of the members.

## **Selection and election of BiH DUG Chairperson**

At its first meeting, the BiH DUG selected a Chairperson, the Coordinator of the BiH PRSP team. Provision is made for his substitution at an appropriate point.

## **Timing and frequency of the meetings of the BiH DUG**

It is anticipated that the BiH DUG will meet at six monthly intervals, or more frequently if members request.

It is anticipated that the lifespan of BiH DUG will be, at a minimum, up to late 2004, in order that the BiH DUG can contribute to the State level coordination and developmental roles within the DFID Labour and Social Policy Project and to contribute to the outcomes of the Panel Study exercise.

The importance of coordination of data production and utilisation and the focus of the BiH and Entity governments and the international community upon production of appropriate high quality data in BiH suggest a likelihood of a long term future for the BiH DUG.

## Appendix C

### Summary of Project

**Labour and Social Policy in Bosnia and Herzegovina:  
The Development of Policies and Measures for Social Mitigation**

**Brief Description of the Project**

**Background**

The UK's Department for International Development (DFID) is supporting a project to address the fundamental issue of the appropriate development of Social Policy in Bosnia and Herzegovina (BiH). The design phase of the project has been completed in partnership with the authorities of BiH, the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS). Birks Sinclair & Associates Ltd. is responsible for managing the implementation phase of the project, which will last for up to four years.

A statistically reliable basis for policy making, particularly in the social sphere, is now a priority for FBiH and RS. Accordingly, the Agency for Statistics of BiH (BHAS), the Republika Srpska Institute for Statistics (RSIS) and the Federal Office of Statistics (FOS) are embarking on a series of household surveys. The purposes of the DFID project are to:

- support the Household Surveys with a Panel Study to produce longitudinal data over three years, with a base point of the Living Standards Measurement Survey (LSMS) of 2001; and
- enhance the framework within which social policy is made.

DFID will support the Statistical Institutions (SIs) responsible for statistical analysis and reporting, and strengthen the policy making function at Entity and State level.

**Objectives**

The proposed project objective is to strengthen labour and social policies to mitigate the social effects of privatisation, enterprise restructuring, unemployment and social exclusion.

The purposes of the project are to generate longitudinal Panel Survey data on employment trends and on the impact of social policies for the years of 2001, 2002 and 2003, and to strengthen the responsible State and Entity SIs.

## **Activities**

In the context of BiH, the ability to track transitions over time, as the labour market is restructured and privatisation introduced, will be critical for the formulation of social policy and measures to mitigate some of the potentially damaging effects of privatisation on the welfare of individuals and families.

As a base point in 2001, the LSMS will provide a measure of incomes and welfare for a nationally representative sample of BiH at one time point. The Household Survey Panel Series (HSPS) will provide longitudinal data to track change for individuals and families over a three-year period to 2003.

The project will achieve this by assisting SIs to acquire and analyse both qualitative and quantitative information on:

- trends in unemployment, underemployment and employment;
- social data on linkages between labour and social policies and welfare; and
- strategies for supporting social mitigation through the development and implementation of practical measures to reduce income poverty and social exclusion.

Birks Sinclair in partnership with the Institute of Social and Economic Research (ISER) and the Independent Bureau for Humanitarian Issues (IBHI) will be responsible for supporting the development, dissemination and communication of analytical results deriving from the project.

In addition to assisting the SIs in their data acquisition, the project team will also train and empower the staff at all three SIs, thus enabling them to conduct both qualitative and quantitative research effectively in the future. The project team will also support DUGs in each Entity and at State level, which will interpret Panel data from a policy perspective, and assist refinement of more effective social policy.

## **Outputs**

There are four main outputs from the project, over the four years of its operation:

1. enhanced social policy making capacity;
2. strengthened capacity of State and Entity level SIs;
3. development of longitudinal Panel data on employment trends and social policy; and
4. an improved capacity to analyse longitudinal data within BiH.