

Palacký University Olomouc

University of Clermont Auvergne

University of Pavia

**MASTER'S THESIS**

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Supervisor: Doc. Mgr. Zdeněk Opršal, Ph.D.

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Palacký University Olomouc

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**A study of the disparities between Official Development Assistance projects from the  
World Bank to Bosnia and Herzegovina.**

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GLODEP 2023.

## **DECLARATION OF AUTHORSHIP**

*I, Pedro Henrique Barreto Teodoro, hereby declare that this thesis entitled “A study of the disparities between Official Development Assistance projects from the World Bank to Bosnia and Herzegovina”, submitted as a prerequisite for the Erasmus Mundus Joint master’s degree Program in Global Development Policy (GLODEP), has been written solely by me as an original work, collaboration and contribution to this work is indicated otherwise by the reference or acknowledgement of other sources.*

Olomouc, Czech Republic. 21<sup>st</sup> May 2023.

*Pedro Henrique Barreto Teodoro.*

## STATEMENT

The present thesis was conducted alone by the author as a monographic work, but it includes data collected by the same and provides analysis on data collected for the ongoing research led by Doc. Mgr. Zdeněk Opršal Ph.D. (supervisor of the present thesis); in partnership with Doc. Mgr. Ing. Jaromír Harmáček, Ph.D., Mgr. Martin Schlossarek, Ph.D., Mgr. Simona Šafaříková, Ph.D., Mgr. Lenka Dušková, Ph.D., Doc. Mgr. Jiří Pánek, Ph.D., and Mgr. Tereza Nováková.

As part of the above-mentioned research, entitled “*Geographies of development aid at subnational level in transition countries of Eastern and South-eastern Europe*”, this author has participated as a research assistant, conducting the data collection of WB’s ODA projects for the subnational levels of BiH; Mgr. Tereza Nováková has provided the quantitative analysis from the collected data of the author, who subsequently applied the study of the results in the chapter with title “*Quantitative findings*” of the present work.

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## ZADÁNÍ DIPLOMOVÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

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### Zásady pro vypracování

The proposed research aims at the Official Development Assistance (ODA) projects promoted by the World Bank (WB) at a subnational level in Bosnia and Herzegovina.

The study shall have a mixed approach of both quantitative method of research, through a regression analysis to identify patterns in those ODA projects; and the qualitative method, with the identification of biases and conflict that derive from the implementation of those projects.

Rozsah pracovní zprávy: **10-15 000 words**  
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### Seznam doporučené literatury:

The data will be collected from official sources such as the WB database and AidData lab; it will be analyzed quantitatively as part of the participation of the author in the research led by the supervisor (doc. Mgr. Zdeněk Opršal, Ph.D).

Additional sources will be considered as part of literature review and background information about the historical context and other elements related to the investigation of the biases and conflicts in the country of study.

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## **ABSTRACT**

The goal of this monographic work is to understand the challenges faced by ODA programmes from the WB in promoting development in BiH. The study utilizes both qualitative and quantitative methods to provide a comprehensive analysis of the historical, socioethnic, and economic contexts of the country. The research questions are focused on exploring the dichotomies between ODA programmes and their scope throughout time, the shift in mindsets and power relations in the WB, and the social and economic disparities within BiH. The hypotheses are that there are different approaches of foreign aid projects by the organization in the country, and these are intertwined with the socioeconomic inequalities in BiH. The mixed-method approach includes a literature review, historical background analysis, case study, and quantitative analysis of the ODA from the WB in BiH. The four chapters explore a variety of concepts, including BiH, the institutionalization and rationale behind the WB, the framework of ODA programmes, and a quantitative analysis of the ODA from the WB in BiH. The study provides a multidimensional approach that offers a more in-depth understanding of development in BiH and is part of a wider research project led by the supervisor of this thesis.

**Key Words:** Bosnia and Herzegovina; World Bank; Official Development Assistance; Development Studies; Mixed Method.



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## LIST OF ABBREVIATIONS

BiH	Bosnia and Herzegovina
DAC	OECD's Development Assistance Committee
DPA	Dayton Peace Agreements
EBRD	European Bank for Reconstruction and Development
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
FDI	Foreign Direct Investment
IBRD	International Bank for Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes
ICTY	International Criminal Tribunal for former Yugoslavia
IDA	International Development Association
IFC	International Finance Corporation
IO(s)	International Organization(s)
JMO	Yugoslav Muslim Organization
KM	konvertibilna marka ("Convertible mark", in free translation)
MIGA	Multilateral Investment Guarantee Agency
NATO	North Atlantic Treaty Organization
ODA	Official Development Assistance programs
OECD	Organization for Economic Cooperation and Development
PA	Principal-agent model
RS	Republika Srpska
SAA	Stabilization and association agreement (a tailored treaty of association with the EU)
SO	Sociological Organization Theory
UN	United Nations
UNPROFOR	United Nations Protection Force
UNSC	United Nations Security Council
WB	World Bank
WW2	the Second World War

## **INTRODUCTION**

Development studies is a field that encompasses a wide range of disciplines, and as such, requires a multidimensional approach to truly understand the complexities of development in different contexts. This monographic work aims to tackle the challenges faced by Official Development Assistance programmes from the World Bank to promote development in Bosnia and Herzegovina (BiH) by utilizing both qualitative and quantitative methods, to provide a comprehensive analysis of the historical, socioethnic, and economic contexts of the country.

### **Research Questions and Hypotheses**

The author chose to tackle the dichotomies between Official Development Assistance programmes and their scope throughout time; the shift on mindsets and the power relations within and from the outside of the World Bank; and the social and economic disparities within Bosnia and Herzegovina. Consequently, in this investigation, the term “dichotomies” would acquire two different conceptions, turned into the two main research questions of this work:

1. Are there dichotomies between Official Development Assistance programmes from the World Bank Group in the subnational level in Bosnia and Herzegovina?
2. Do these programmes reverberate on and are affected by the social, ethnic, and economic disparities within Bosnia and Herzegovina?

Therefore, the hypotheses related to these both research questions would be, respectively, the existence of different approaches of foreign aid projects by the organization in the country; and that these are intertwined with the socioeconomic inequalities in Bosnia.

### **Methodological Approach**

This research is defined as a mixed-method approach since it encompasses both methods of qualitative and quantitative research. The qualitative research methods include a literature review on relevant authors that dissert about the country, the organization, and the scope of the projects; historical background analysis of these three central elements of this research; and a case study of Bosnia and Herzegovina, the institutionalization of the World Bank, and of Official Development Assistance programs. The quantitative research comprehends the construction of a database regarding ODA programs from the WB in BiH, and the Tobit analysis of this database on Stata. This chapter comprises the description of the quantitative methodology.

## Outline

Throughout the four chapters of the work, the author explores a variety of concepts including BiH, the institutionalization and *rationale* behind the World Bank Group, the framework of Official Development Assistance Programmes, and a quantitative analysis of the ODA from the WB in BiH, highlighting its constraints and mostly the disparities that exist in the projects and reverberate in the socioethnic and economic spheres of the society. The multidimensional approach allows the author to explore the different dimensions of these concepts, and analyse them from various perspectives, providing a more in-depth understanding of development in BiH.

As described in the “Statement” above, this work composes a part of a wider research entitled “*Geographies of development aid at subnational level in transition countries of Eastern and South-eastern Europe*”, led by the supervisor of this thesis, Doc. Mgr. Zdeněk Opršal Ph.D. and in which this author has participated as a research assistant. The data collected by the author has served purpose of inclusion in both articles, as well as the Tobit analysis, made in Stata by Mgr. Tereza Nováková.

## CONTEXTUALIZATION OF BOSNIA AND HERZEGOVINA

This chapter will focus on the prime social, cultural, and economic aspects of Bosnia and Herzegovina<sup>1</sup>, giving emphasis to the historical background of the country. Although the political dimension won't be studied in dept, it shall be mentioned as a driver of socioeconomic disparities in the country – as the author of the present work sees the interlinkages between those dimensions and one cannot be fully understood without the notion of the others.

The main sources of this chapter include *The Geography of Bosnia and Herzegovina – Between East and West*, by Gekić, H.; Bidžan-Gekić, A.; Drešković, N.; Mirić, R.; and Reményi, P.; and *The Political System of Bosnia and Herzegovina*, by Damir Banović, D.; Gavrić, S.; and Barreiro Mariño, M.; both of these were considered as references for specific political, social, economic, cultural and even geographic characteristics of BiH.

Most importantly, *The Balkans: A Post-Communist History*, by Bideleux, R.; and Jeffries, I. deals with the history of BiH since before the country was a part of the Ottoman Empire until it's recent days and is taken as the major reference for the present chapter; whereas other secondary sources are included as theoretical support for the ideas exposed in this work.

### Relevant characteristics of BiH

As stated above, this subchapter will have as main guide *The Geography of Bosnia and Herzegovina – Between East and West* to highlight the important characteristics of Bosnia and Herzegovina, regarding its geographical, geopolitical, economic, social, cultural, and ethnic aspects.

The country is a European State and a member of the United Nations since 1992 – position that reaffirmed its sovereignty state. Administratively, BiH was divided by the Dayton Peace Accords (DPA) in two entities: the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS), afterwards, there was the separation of Brčko district in 2000. (Gekić et. all. 2022, p. 3)

Oddly being composed by two parts, the name – coined during the Austro-Hungarian rule of the territory – refers to one single territory; even though in some cases, the southern region of BiH is referred to as Herzegovina, without any establishment or clear definition of a border that separates it (Gekić et. all. 2022, p. 3).

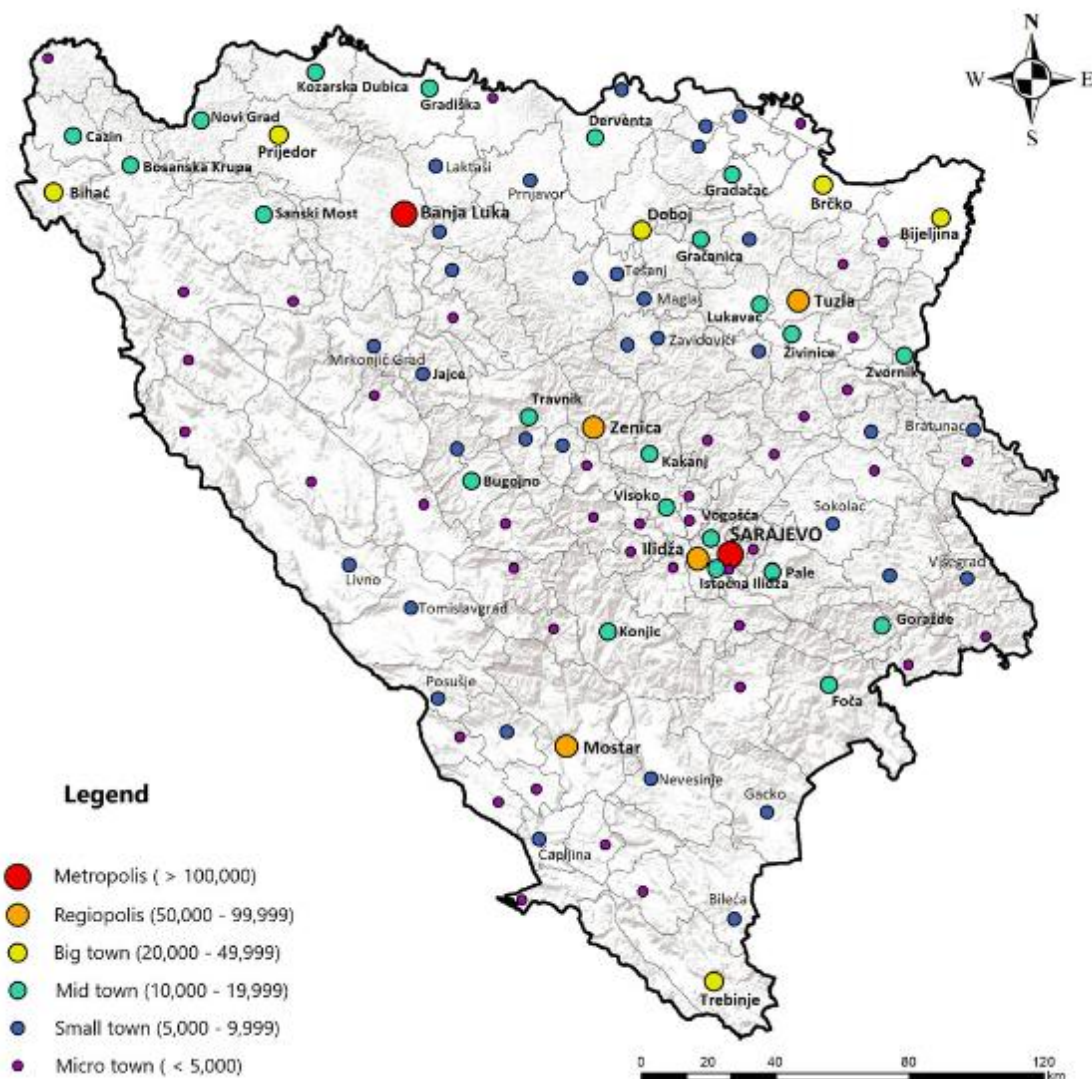
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<sup>1</sup> The interchangeable denominations Bosnia, Bosnian, BiH and, more rarely, Bosnia-Herzegovina shall serve as synonyms for Bosnia and Herzegovina and will make mention to the whole country.

Focusing on the geographical aspects of the country, the author of the present work finds it interesting to make use of the map shown in Figure 1.1 not only to expose graphically the shape of the country but also to locate the most relevant cities that will be mentioned in following subchapters of this part.

Looking at figure 1.1, therefore, one can clearly identify Sarajevo and Banja Luka as the major cities (metropolises) of the country; although in the following subchapter other cities – mostly regiopolises and big cities – shall be mentioned, such as Mostar, Brčko and others.

**Figure 1.1:** Class categories of towns in Bosnia and Herzegovina in 2013



**Source:** Gekić et. all. 2022, p. 245.

About how the physical and geographic properties of BiH are connected to the sociocultural aspects, Gekic. et. all. mention that the fundamental historical and geographical characteristics of Bosnia and Herzegovina reverberate in the geographical and cultural dispositions of its society. This society is situated in a region where there has been a protracted and influential process of amalgamation and penetration of the civilizational and cultural

traditions of European and Asian nations and their dominant monotheistic religions (2022, p. 7).

Given these factors, one has the possibility to classify Bosnia and Herzegovina as belonging to the cultural sphere of European, Mediterranean, and Turkish-Oriental civilizations. This would result in a highly complex state union that is multicultural, multi-denominational, and multiethnic in nature. (Gekic. et. all., 2022, p. 7)

In one hand, Bosnia and Herzegovina's geographical location occupies a critical position as a border state between Eastern and Western cultures, which were “put together” through the coexistence of three cultural spheres, namely Greco-Roman, Jewish-Christian, and Arab-Islamic. In the other hand, this characteristic has been regarded as a disadvantage by its neighbouring countries, Serbia, Montenegro, and Croatia, countries that had imperial-chauvinist territorial aspirations. (Gekić et. all. 2022, p. 9).

Nevertheless, this multicultural and multicivilizational feature has resulted in the emergence of the “Bosnian spirit”, which has now become a milestone of the defence of the Bosnian state and its people (Gekić et. all. 2022, p. 9). Therefore, we can start to understand the dichotomies that exist within the country and how geopolitical processes affect – and are affected by – the socioeconomic quarrels.

### **Ethnic and Cultural division of BiH**

Perhaps the main characteristics of BiH is centred in the discussion of ethnic and cultural division of its population; due to complex historical processes – that will be further stretched in the next subchapters – the Bosnian population is divided in three ethnic groups: Bosniaks, Bosnian Serbs and Bosnian Croats. In *The Balkans: A Post-Communist History*, Bideleux and Jeffreys explain those groups in:

*“Even though they speak a common and mutually comprehensible language (Serbo-Croat), the modern-day inhabitants of Bosnia and Herzegovina mainly belong to three distinct South Slavic ethno-cultural groups:*

*1. Since the mid-1960s, Bosniaks have been the largest ethno-cultural group in Bosnia, and by 2000 they comprised 48 per cent of the population by ethnic affiliation. They used to be referred to as ‘Bosnian Muslims’ or simply ‘Muslims’, because they have been predominantly (but by no means entirely) Muslim by religious affiliation and are primarily descended from South Slavs who converted from Christianity to Islam during the 415 years of Ottoman-Turkish Muslim rule in Bosnia (1463–1878).*

*2. Since the mid-1960s, Bosnian Serbs have been relegated to the status of second largest ethno-cultural group, and by 2000 they comprised only 37.1 per cent of the population by ethnic affiliation. They have been predominantly (albeit often very nominally) Eastern Orthodox Christians by religious affiliation. They were the most numerous ethno-cultural group in Bosnia from the sixteenth or seventeenth century until the 1960s.*



3. *There has also been a substantial (albeit steadily shrinking) Bosnian Croat minority, which by 2000 made up only 14.3 per cent of the population. They are predominantly (albeit often very nominally) Roman Catholic and they consider themselves to be the 'original' South Slavic inhabitants of Bosnia, who lost their majority status as a result of the exodus of many Bosnian Catholics during the fifteenth and sixteenth centuries and the gradual conversion of many of those who remained either to Eastern Orthodox Christianity or to Islam during the Ottoman era (a process which Croat nationalists and 'national historians' have often portrayed as a form of 'apostasy' or religious and cultural 'desertion' and 'betrayal').*" (2007, p. 329/330)

Gekić et. all. bring updated data in affirming that, in accordance with the most recent census, dated form 2013; the inquiry on the adhesion to an ethnic/ national identity was answered by slightly more than 99% of the population. On this, 50,11% of those identified themselves as belonging to the Bosniak cluster; 30,77% would be members of the Bosnian Serbs group; Bosnian Croats would represent 15.43% of the total population and other associations<sup>2</sup> would compose 3,69% (2022, p. 235).

Additionally, Banović et. all. make the information more visual, as can be seen in Table 1.1:

**Table 1.1:** Ethnic structure in BiH, FBiH and RS according to the 1991 and 2013 census.

	BiH		FBiH		RS	
	1991	2013	1991	2013	1991	2013
Total (million)	4.38	3.53	2.7	2.22	1.6	1.23
Bosniaks (%)	43.47	50.1	52.3	70.4	28	14
Croats (%)	17.38	15.4	21.9	22.4	9.2	2.4
Serbs (%)	31.21	30.8	17.6	2.5	55.5	81.5
Other (%)	7.94	3.7	8.2	4.6	7.3	2.1

**Source:** Banović et. all., 2021, p.5.

It is also paramount to mention that those groups are now regarded as ethnic rather than religious – agnostic and atheist people are included in this ethnic or ethno-cultural identity. The “Bosnian Muslim” group, in special, has a complicated relationship between ethnic identification and religious affiliation since the marker “Muslim” carries the western Islamophobic stigma; while many individuals that identify ethnically as Bosnian Muslims do not engage in religious Muslim practices or regard themselves as agnostic or atheist. Moreover, the identity of Muslim should not impute any idea that this cluster does not recognize itself as less Slavic or European. (Bideleux, Jeffreys, 2007, p.330/331).

<sup>2</sup> Bosnians at 1.05%, Roma at 0.36%, Muslims at 0.34%, and Bosnians and Herzegovinians at 0.32% (Gekić et. all. 2022, p. 235).

Following the next sessions, this monographic work shall dive into the historical background of the country, putting in evidence the socioethnic and economic facts, as well as the political processes that impacted those.

### **Brief history of the Pre-Ottoman period**

Not only this research will not extent it's analysis on the emergence of the country but, according to Bideleux and Jeffreys, not much is known from the early formation of BiH (2007, p. 331). Rather, we opt to mention the importance of some historical processes to explain the current social, ethnic, and cultural dynamics.

The authors mention the Roman/ Byzantine rule over the region; later Hungarian influence, with support of the Roman Catholic Church, of the same and the brief arise of a Bosnian church – because of discontent with the dogmas of the Christian rule. (2007, p. 332-335). Here we can point out the early complicated relationship between Catholicism<sup>3</sup> and the Bosnian society.

As explained by Gekić et. al., the silver mines in medieval Bosnia drew in a significant number of foreigners, leading to the establishment of mining settlements, colonies, caravan stations, and marketplaces. These developments had a beneficial impact on specific regions as well as the overall prosperity of medieval BiH. In addition to miners and silver traders with capital, the influx of people included artisans and merchants of consumer goods. Consequently, Bosnia attained a stable economy centred on the exploitation of ore (2022, p. 272).

It is important to state the link between strategic, social, and economic causes for the early incursions on BiH region by different ethnic and religious groups; since they show the complexity of the social, political, and ethnic dimensions of the Bosnian society.

### **The Ottoman domination**

Moving towards the Ottoman conquest of the region between 1388 and 1528, BiH experienced a considerable measure of self-rule. This was exemplified by the fact that, during the mid-sixteenth century, Bosnia was granted the designation of an "eyelet" within the Ottoman Empire, a status equivalent to that of an independent province with a degree of autonomy (Banović et. al., 2021, p. 2 *apud* Imamović, 2001, p. 117).

Furthermore, one can see the influence of Turkish invaders, pushing back the Hungarian and Christian influence; the emergence of Herzegovina as the denomination of the region –

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<sup>3</sup> As both a religious and later ethnic institution.

later annexed by Bosnian rulers – and the creation of Sarajevo, nowadays capital of the State (Bideleux, Jeffreys, 2007, p. 334). This period evokes particularities of a very stratified State, as BiH is still today, in revealing the clash of religious – and later ethnic – forces: the Hungarian/Christian forces and the Ottoman/Muslim caliphate.

Bideleux and Jeffreys also expose that between 1583 and 1640, the administrative centre of the province shifted to Banja Luka to be in closer proximity to the expanding Ottoman domains in the north. Despite this move, Sarajevo maintained its position as the primary commercial, craft-industrial, and Islamic centre of the province. Consequently, the city boasts a remarkable collection of distinguished buildings from this period (p. 335 *apud* Donia and Fine 1994: 48–58).

Furthermore, Sarajevo would regain its administrative role from 1640 to 1698 but following the Habsburg forces' destruction of the city in 1697, the administration relocated to the town of Travnik until 1850. Nevertheless, Sarajevo rebounded from this setback and has retained its position as the country's spiritual and commercial capital to this day. (Bideleux, Jeffreys 2007, p. 335 *apud* Donia and Fine 1994: 48–58).

It is interesting to mention the changes of administrative locations of the country and its regions since those locations would become centers for ethnic/ religious concentration of Bosniaks, Bosnian Serbs and Bosnian Croats throughout the historical process of BiH. So much that Sarajevo and Mostar, as well as others, have started to be renewed and enlarged as largely Muslim cities (Bideleux, Jeffreys, 2007, p. 336).

In contrast, Bideleux and Jeffreys mention the large emigration of Roman Catholics due to financial deprivation and persecution (2007, p. 336); despite, as also mentioned by the authors, the fact that the Islamic doctrine dictated political and religious tolerance towards Christians and Jews, except for cases of violent resistance or aversion towards Islam (Bideleux, Jeffreys, 2007, p. 336).

Highlighting the disparities between the two ethnic groups, the authors mention that the act of converting to Islam in Bosnia provided certain practical benefits during the eighteenth century. For instance, Christians were barred from filing lawsuits against Muslims or providing testimony against them in Muslim courts, and the Ottoman authorities primarily relied on Muslim officials. It is noteworthy, however, that the majority of Muslims in Bosnia were not of Turkish origin but rather South Slav converts to Islam (Bideleux, Jeffreys, 2007, p. 336).

These differences have resulted in a turbulent last century marked by antagonism between Muslim and Catholic groups and incursions of Christian evangelical and missionary campaigns (Bideleux, Jeffreys, 2007, p. 336/ 337 *apud* Malcom, 1994, p. 119-131). We make

special remarks to how these sociotechnical conflicts are interlinked with the economic and financial realities of each group.

### **The Habsburg reign**

Starting in 1878, BiH had become a protectorate of the Austro-Hungarian Empire. As Bideleux and Jeffreys point out, the country fell under the more effective yet widely despised military control of the heavily Roman Catholic Austro-Hungarian Empire. While the Austro-Hungarians faced some armed opposition from Bosnian Muslims, who were initially aided by Orthodox Christians in their common fight against a Catholic adversary, Muslim emigration proved to be far more common than resistance in the long run (2007, p. 337).

The authors also mention that, during this period, Bosnia was demoted to a quasi-colonial state, lacking formal integration with the monarchy, and managed by officials from the Austro-Hungarian ministry of finance. This approach engendered disregard for the requirements of the peasantry, a surge in impoverishment, and persistent social issues. (Bideleux, Jeffreys, 2007, p. 337).

Moreover, there was noticeable backing for the small Catholic (Croat) minority and the Catholic Church, which collaborated with the conservative Muslim clergy and the oppressive Muslim landlord class in an "unholy alliance" to the disadvantage of the Orthodox Bosnians, who gradually identified as Serbs. This dynamic generated a complex interplay of societal factions within BiH. (Bideleux, Jeffreys, 2007, p. 337). It is important to highlight the appearance of the third biggest ethnic group in BiH, the Bosnian Serbs/ Orthodox Bosnian cluster as a political actor.

In addition, Jeffreys and Bideleux argue that even though religious beliefs had not yet fully become distinct national identities, it was difficult to stem the spread of Serbian and Croatian nationalist ideas and affiliations among the Orthodox and Catholic communities of Bosnia-Herzegovina. This was due in part to the networks of priests, schoolteachers, and educated newspaper readers encouraged by Austro-Hungarian policies. (2007, p. 338 *apud* Malcom, 1994, 148/149).

Furthermore, the Habsburg empire has accomplished more towards developing the economy of BiH than the previous Ottoman rule; with the construction of railways and bridges; flourishing of agriculture, metal work and other economic areas and, most impressively, investments in primary, middle and high-level education; with separate religious studies of each affiliation. (Bideleux, Jeffreys, 2007, p. 337 *apud* Malcom, 1994, 141-144).

Despite these achievements, the authors also reflect that the achievements of the Habsburg rule in Bosnia-Herzegovina, while notable, ultimately reinforced rather than contradicted the fundamentally foreign, unsettling, and colonial nature of their administration. Despite any material gains, the prior balance between Bosnia's Muslim, Orthodox Christian, and Catholic communities was irrevocably disturbed by the sudden arrival of significant numbers of Catholic officials, colonists, soldiers, and clergy. (Bideleux, Jeffreys, 2007, p. 337).

As widely known, BiH was the stage of the beginning of one of the most horrific events of the 20<sup>th</sup> century; the First World War. In 1908, Austria-Hungary formally annexed Bosnia-Herzegovina, ending the previous status of a temporary "protectorate". This action intensified South Slav nationalism not only in BiH itself but also in neighbouring regions such as Serbia, Croatia, and Montenegro. (Bideleux, Jeffreys, 2007, p. 338)

The annexation provided a major incentive for the assassination of Archduke Franz Ferdinand, heir to the Austrian throne, and his wife by a young Bosnian South Slav nationalist named Gavrilo Princip during their state visit to Sarajevo on 28 June 1914<sup>4</sup>. The assassination triggered a sequence of diplomatic and military events that ultimately led to the outbreak of the First World War. (Bideleux, Jeffreys, 2007, p. 338) The murder of Franz Ferdinand also marks the end of the Habsburg domain, since the archduke was the heir to the Austro-Hungarian throne.

### **BiH as part of the First Yugoslavia**

As the present work aims in the socioeconomic and cultural-ethnic disparities inside of BiH; even though presenting a summarized historical background, we highlight the dynamics of power that influenced these divergences, with special note that the period referred to in this subchapter stretches between 1918 and 1945.

First, we note the mentioned by Banović et. al. about the administrative annexation of BiH to the Kingdom of Serbs, Croats and Slovenes in 1918; kingdom that would, in 1929, become the Kingdom of Yugoslavia<sup>5</sup> (2021, p. 2). Second, the actions of Mehmed Spaho<sup>6</sup> since 1918 to try and guarantee privileges mainly to the Muslim landlords of Bosnia, using the Serb/Croatian rivalry to his advantage and those in the manorial ethnic group; as well as his efforts

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<sup>4</sup> This event occurred on the anniversary of the battle of Kosovo, which had become a significant date on the South Slav nationalist calendar. (Bideleux, Jeffreys, 2007, p. 338)

<sup>5</sup> By being established, the Kingdom of Yugoslavia dismantled the regional unity of BiH for the first time, let alone denying the country of its political and cultural freedom (Banović et. al., 2021, p. 2 *apud* Keil, 2013, p. 65).

<sup>6</sup> Leader of the Yugoslav Muslim Organization (JMO)

to bargain with the new Yugoslav State for BiH's regional identity, like how the country was divided in the Austro-Hungarian and Ottoman domains. (Bideleux, Jeffreys, 2007, p. 338).

During the Second World War, Bosnia underwent occupation<sup>7</sup> from the Axis forces; the Nazi regime of Germany and, mostly from the fascist rule of Italy. It is relevant to point out the exposed by Jeffreys and Bideleux in affirming that it appears that numerous Bosnian Croats actively supported and worked together with the Croatian Ustasa's agenda of carrying out a well-planned, methodical campaign of ethnic cleansing and genocide against Bosnian Serbs, Montenegrins, Jews, and Roma/ Gypsies (2007, p. 339).

The authors also state that the campaign of ethnic cleansing and genocide undertaken by the Ustasa regime and Axis occupation forces, along with their predominantly Bosnian Croats and Bosniak supporters, resulted in a resolute and persistent response from the South Slav identity group. (Bideleux, Jeffreys, 2007, p. 339).

The resistance movement, which primarily originated from the Bosnian Serb community, was characterized by its fierce and uncompromising nature, as it struggled to withstand and retaliate the horrible and immense crimes against humanity committed by the Croats and Bosniaks. (Bideleux, Jeffreys, 2007, p. 339).

With these statements, one can clearly see the impasse between the three main ethnic groups in BiH that would ultimately reverberate in the civil war between 1992 and 1995, analysed more in dept in the session entitled "The Bosnian conflict".

### **BiH in the Communist-ruled Yugoslav Federation**

Under the Communist rule, a lot has changed in Bosnia and Herzegovina. According to Bideleux and Jeffreys, with a bigger percentage of increasing birth rate and reducing share of emigration from the Bosniak group in comparison with the Bosnian Croat and Bosnian Serb (2007, p. 340); the authors mention the stark contrast between demographic characteristics of the country prior and during the period between 1945 to 1990.

Going more in details on the demographic changes, the authors state that by the late 1960s, the Bosnian Serbs were no longer the largest ethnic group in Bosnia. Additionally, the proportion of Bosnian Catholics in the population decreased to just 17.3% in 1991, and further declined to 14.3% by 2000. The relative strength of these three groups was further impacted

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<sup>7</sup> Formally, a considerable part of BiH was assimilated to the Independent State of Croatia (NDH), ruled by the fascist government of Ustasa, in Croatia. (Bideleux, Jeffreys, 2007, p. 339).

by the Communist regime's decisions to classify Bosnia's "Muslims" as a distinct ethnic group or ethnicity from 1961, and as a fully-fledged nation from 1968 onwards (2007, p. 340).

Moreover, as a result, the Bosnian Serb dominance in the Bosnian League of Communists was increasingly challenged by the growing influence of Bosniak Communists from the 1960s onwards. (Bideleux, Jeffreys, 2007, p. 340). We, then, highlight this other factor as an influence of the occurrence of the civil war analysed in the next subchapter.

The Communist regime of Yugoslavia also affected the economic structure of BiH by using the country as a basis for military and armaments industry during the period we refer to in this subchapter; as said by Bideleux and Jeffreys, the country “*was perceived as a relatively secure ‘Dinaric fortress’<sup>8</sup> that could hold out against either a Western or (more likely) a Soviet invasion.*” (2007, p. 341).

Gathering both causes, from the 1950s to the 1980s, Bosnia witnessed a significant increase in per-capita levels of manufacturing and industrial production, income, consumption, educational and health care provision, literacy, and life expectancy. Despite these improvements, BiH remained one of the less affluent republics within Yugoslavia, with its per-capita Gross National Product (GNP) declining from 83% to 68% of the Yugoslav average between 1953 and 1988 (Bideleux, Jeffreys, 2007, p. 341 *apud* Lampe, 1996, p. 332/ 333). This can be attributed to the high birth rates and fast population growth of the Bosniak population, which absorbed much of the increase in income and output.

The population explosion also exceeded the economic capacity of BiH to create new jobs suitable for the large numbers of young people entering the job market, resulting in unemployment rates of 22% to 23% between 1985 and 1988. Bosnia's unemployment rate would have been even higher if not for the emigration of tens of thousands of Bosnian Serbs and Bosnian Croats from the country between the 1960s and 1980s. (Bideleux, Jeffreys, 2007, p. 341 *apud* Woodward, 1995, p. 53); reinstating the ethnical - and further political – disparities that were already in place in the country.

Bideleux and Jeffreys also affirm that the competition – evolved to conflict and animosity – for goods, services, and job opportunities, already scarce in the social sphere; caused several cases of corruption, nepotism, clientelism and other forms of political “diseases”; as these last practices became normalized in the Bosnian political institutions and

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<sup>8</sup> The authors refer to the mountainous formations called the Dinaric Alps; these have an impact on geographical, social, political, and economic features of BiH. As mentioned by Gekić et. all.: “*The direction of the Dinaric morpho structures in the south partly prevents the penetration of marine influences towards the northern parts*” (Gekić et. all. 2022, p. 399)

society in general. (2007, p. 341). This can be identified in several academic works and reports that deal with the country in recent days<sup>9</sup>.

### **The Bosnian conflict**

Amidst a deepening political, social, and economic crisis, a civil war between ethnic groups; the Bosnian Serbs against Bosniaks and Bosnian Croats – these last did not ally themselves but rather took advantage on one another's actions to protect their ethnic peers – starting officially in April 1992 and would last more than four years.

Making a parallel with the already mentioned ethnic cleansing campaign during the Communist regime of Yugoslavia in BiH, Bideleux and Jeffreys analyse that the violence committed by Serbs against Bosniaks from 1992 to 1995 could be seen as a form of retaliation for the atrocities their ancestors suffered at the hands of Bosniaks in the 1940s (2007, p. 340 apud LeBor, 2003, p. 4).

In addition, throughout the twentieth century, all three ethnic groups - Croats, Serbs, and Bosniaks - committed atrocities in Bosnia-Herzegovina and Croatia, with the Croats likely being the most responsible for ethnic cleansing and genocide, both in the 1940s and to a lesser extent in the 1990s. Despite this, the Croats have received less condemnation from Western media, politicians, and academics compared to the other two groups. (Bideleux, Jeffreys, 2007, p. 340 apud LeBor, 2003, p. 4).

As this work does not propose itself to dive deep into the historical context of the country and, in this subchapter, the conflict; but rather bring focus to the dichotomies between the three major ethnic clans and how it came to be the reality observed in present times in BiH; this article shall not provide a description of how the war came to happen. The important aspects, causes, agents, and repercussions related to the conflict, however, are worth it to be mentioned and studied.

We, therefore, understand that most of what relates to the causes and effects of the Bosnian civil war has its origins in the sense of self-determination expressed in the ethnic identity. In the words of Bideleux and Jeffreys: *“this is an inherently destabilizing and conflictual basis on which to endeavour to construct a political order”* (2007, p. 345)

Even more dangerous and destructive was what has been done by the three groups in justifying – as if it was plausible – their actions with the principle of self-determination yet

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<sup>9</sup> And can be identified as some of the biggest struggles of Bosnia's institutions to comply with the doctrines of the European Union (EU); as BiH is a candidate for member State and is in process of evaluation by means of a stabilization and association agreement (SAA) opened in 2002.



conversely denying this same justification for the other ethnic – and political – circles (Bideleux, Jeffreys, 2007, p. 345).

One must not forget, however, that not only those three clusters were actors in the conflict but also neighbouring countries with expansive aspirations, for example, Croatia and Serbia<sup>10</sup>; other nations such as Turkey, with regional geopolitical and cultural influence; Western countries with quasi-imperialistic intentions towards the region; and international organizations such as the EU, UNSC – with UNPROFOR and other agencies acting in the conflict-resolution scheme – NATO, and others.

Furthermore, the authors understand that the period of the 'Bosnian conflict' served as the realization for both the Bosniak population and Western powers to acknowledge and embrace the significance of providing the Serb community in Bosnia with considerable local autonomy and flexibility in exchange for their recognition of a sovereign Bosnian state. (Bideleux, Jeffreys, 2007, p. 344).

While the current governance systems that have emerged from this concession have exhibited substantial deficiencies in the aftermath of the Dayton Accords, they may yet be the sole framework upon which Bosnia can achieve harmonious inter-ethnic relations and avoid relapsing into destructive hostilities. (Bideleux, Jeffreys, 2007, p. 344).

The influence of the Western powers; in the scope of the UNSC towards the Balkans region and in the conflict could be seen in the fact that “[i]n July 1994 the contact group<sup>11</sup> put forward a peace plan for Bosnia-Herzegovina, based on the concept of a federation split up into cantons but not solely along ethnic lines” (Bideleux, Jeffreys, 2007, p. 349). We take aside the case of Russia; that cannot be clearly defined neither as Western or Eastern but that evidently has enough regional and international, geopolitical and military power to be considered a “superpower” and play a big role in this context.

As to not extend the matter but yet to give it mention, an event later called “Srebrenica Massacre” can be considered the peak of the Bosnian conflict. Banović et.al. give evidence to it by stating that the massacre in Srebrenica, in which more than 8,000 Bosniak men and boys were killed by Bosnian Serb forces in July 1995, was classified as genocide by the International Criminal Tribunal for the Former Yugoslavia (ICTY) in 2004 (2021, p. 3 *apud* ICJ, 2007).

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<sup>10</sup> The last one said to not only support the Bosnian Serb group due to ethnical ties and geopolitical interests; but also, actively participating in the war.

<sup>11</sup> This contact group was formed by officials from the USA, Russia, the UK, France and Germany; later joined by Italy, country that had influence and interest in the peaceful resolution of the conflict; being nearby the former Yugoslavian States.

Following, the International Court of Justice (ICJ) confirmed this classification in 2007 in the case *Bosnia and Herzegovina vs. Serbia and Montenegro*. The failure of the international community to intervene and prevent the massacre led to criticism and ultimately to the UN and NATO military action, including the NATO bombing of Bosnian Serb military targets (Banović et.al. 2021, p. 3 *apud* ICJ, 2007). Much of the resentment against the Bosnian Serb cluster that can be seen nowadays refers to this event where there was mass murder by that first group against Bosniaks (in majority), Bosnian Croats and other ethnic congregations.

About the human cost of the war, estimations of the World Bank account for around 250,000 deaths, more than 200,000 people wounded, permanently disabled people of about 13,000, and 2.3 million people in displacement or refugee status. (1995, p. 30). The numbers differ according to the sources and institutions that proposed themselves to make the estimations but clearly the majority of victims in terms of ethnic affiliation account for Bosniaks (around 70%), Bosnian Serbs (25%) and Bosnian Croats (5%), respectively. Nevertheless, in accordance with Bideleux and Jeffreys; the definition of a case of genocide, war crime and/ or crimes against humanity should be independent on numbers (2007, p. 353) as well as marking Bosnian Serbs as the responsible group for all the horror seen in this period in BiH.

In the same document, the WB gives emphasis to the economic losses of the conflict by stating that a substantial proportion of industrial plants, including a large percentage of oil refineries, had been destroyed. A higher percentage had been deprived of their machinery and equipment. The remaining industries were only able to operate at 5 to 6 percent of their pre-war capacity. Furthermore, the country was functioning with only 22 percent of its electrical-generating capacity, and less than 10 percent of pre-war levels accounted for the coal production (1995, p. 30).

According to the information provided, Damage and destruction were also inflicted upon infrastructure and social facilities, such as housing, health-care facilities, school buildings, roads, and bridges. Specifically, two-thirds of housing stock, one-third of health-care facilities, half of school buildings, one-third of roads, and approximately 40 percent of bridges were damaged or destroyed. Moreover, domestic food production only satisfied one-third of the country's needs, and around 80 percent of Bosnia relied on external food aid. The prevalence of water-borne diseases had escalated (1995, p. 30).

It becomes clear the impact of the Bosnian war in virtually all aspects of BiH and its population's reality; as it also justifies the great investments, mores specifically, the Official

Development Assistance programs provided by the same organization, i.e., the focus of this monographic work as will be analyzed in other sections.

### **The Dayton Peace Agreements<sup>12</sup>**

As the aftermath of the peace resolutions<sup>13</sup> to cease the Bosnian conflict, the later called “Dayton agreements”, was established at the end of 1995 in Dayton, Ohio, USA; signed in Paris still in the same year (Bideleux, Jeffreys, 2007, p. 352). Since this monographic work chose not to dive too deep in details on how the agreements came to be but provide the important aspects of the document; we point out its significant facets.

In accordance with Banović et. al., the DPA endeavoured to establish equilibrium between divergent interests and limit disintegrative political influences, operating under the principle of "one State, two Entities and three Nations." This resulted in a multi-faceted political structure featuring four administrative tiers and veto mechanisms for the three ethnic groups. The introduction of consociationalism to the political framework sought to ensure balanced representation of these groups. The Office of the High Representative (OHR), an international governing body, was established under the purview of the DPA to oversee and coordinate the implementation of the civil provisions of the agreement. (2021, p. 4)

Moreover, taken by the summary provided by Jeffreys and Bideleux, we highlight the paramount points of the accords.

1. The preservation of BiH as a single state, recognized internationally and contained within the borders already conventionalized. Sarajevo would be reinstated as the capital under federal authority; even though divided into ten semi-autonomous districts. The country’s name would be modified to “Bosnia and Herzegovina”, instead of the previous denomination “Republic of Bosnia-Herzegovina”.
2. The separation of BiH into the two autonomous units; FBiH, with 51% of the total territory – further divided into the majoritic ethnic entities within the population composed by Bosniaks, with 27%; and Bosnian Croats, with 24% – and RS with the left 49%, outstandingly inhabited by Bosnian Serbs.
3. The government would be central and composed by a rotating presidency system between representatives of the three main ethnic clusters<sup>14</sup>, a parliament, a

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<sup>12</sup> The interchangeable denominations Dayton, Dayton Accords, DPA, and Dayton agreements shall serve as synonyms for, and will make mention to the Dayton Peace Agreements.

<sup>13</sup> Mostly due to efforts from the contact group, as both in a united group as well as, occasional, individual actions above mentioned; NATO; UNSC; UNPROFOR and other international institutions.

<sup>14</sup> With the first ‘president of the presidency’ being provided by the FBiH.

constitutional court, and a single central bank<sup>15</sup>. Those institutions would have the responsibility to conduct foreign policy and trade, common and international communications, transport between entities, control of air-traffic, monetary policy, and citizenship and immigration regulations.

4. There would be permission and encouragement for refugees to be returned to their former houses<sup>16</sup>.
5. Sarajevo and Gorazde would be connected by a land corridor.
6. The Implementation Force for Bosnia (IFOR), commonly referred to as Operation Joint Endeavour by NATO, was formed to overwatch the separation of forces in Bosnia. This formidable international force, comprising roughly 60,000 troops, included an amount of approximately 20,000 United States soldiers along with Russian forces.
7. A humanitarian aid initiative was planned to offer assistance with the reconstruction efforts, provide relief aid to those affected by the conflict, and aid refugees in their replacement to their former houses (2007, p.351/352).

The fact stated in point 2, about the percentage division of BiH between the two entities had caused revolt since the Bosnian Serbs – seen as perpetrators of the Bosnian conflict – had been awarded with 49% of the territory. To this, Bideleux and Jeffreys answer that, in making assessments on the issue of land distribution among the main ethno-cultural groups in Bosnia-Herzegovina, it would be inaccurate to rely solely on the percentage allocation of land without considering the economic potential and value of the territories they occupy (2007, p.352/353).

This is because the Bosniak and Bosnian Croat communities have historically been more prosperous and urbanized, owing to their Ottoman and pre-Ottoman legacy, while Bosnian Serbs are predominantly located in less developed and rural highland areas, where the possession of land is essential for their mostly rural or small-town livelihoods. Therefore, it would be questionable whether the Bosnian Serbs gained a favourable long-term territorial agreement in the Dayton Accords of 1995, as the territories they obtained were often barren or impoverished, while the Bosniaks and Croats retained control over more economically viable

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<sup>15</sup> In the words of Jeffreys and Bideleux: *“To counter the threat of financial instability, it was decided that for the first few years the new central bank would operate as a currency board, issuing domestic currency only against full foreign-exchange backing, and that there would be no domestic-bank financing of public expenditure”* (Bideleux, Jeffreys, 2007, p. 352 *apud* UN ECE, 1996, p. 170).

<sup>16</sup> The Economist points out that “[m]any people ‘returned’ only to regain possession of their property, which they then sold.” (26 November 2005, pp. 49–50)

regions such as the main towns and Bosnia's coastal and lowland areas. (Bideleux, Jeffreys, 2007, p.352/353).

With this statement, one can understand many of the causes of animosity and/or conflict between the three main ethnic entities in BiH and it would be unjust and, in a certain extent, inhuman to regard the Bosnian Serbs as less deserving of means to improve their community economically due to their actions in the past.

### **Post-Dayton Economic characteristics of BiH**

In this subchapter there will be a focus on the economic reconstruction of BiH after the implementation of the DPA, with special mention to the Foreign Direct Investments (FDI) programs, both in forms of bilateral and multilateral agreements, in the last paragraphs of this session.

First, it could be noticed disparities in the economic recovery between the regions of the country, while FBiH had a fast recovery, RS took longer (Bideleux, Jeffreys, 2007, p. 393). Some reasons that can be pointed out are, as already mentioned, the difference in productivity of the lands that compose each region as well as bigger availability of funding from FDI – both in quantity and variety – to FBiH in detriment of RS.

Another issue that can be pointed out is that, excluding the railways that were officially integrated across Bosnia, the other essential services such as electricity, postal services, and telecommunications were divided into three separate entities, each serving Bosniak, Bosnian Croat, and Bosnian Serb communities. (Bideleux, Jeffreys, 2007, p. 394).

Moreover, implementing a national currency also presented itself as a challenge, requiring intervention from the EU (Bideleux, Jeffreys, 2007, p. 394-396). More detailed information can be found in the exposed by Bideleux and Jeffreys in:

On 21 January 1998 the high representative imposed a solution for the design of a common currency that would be binding on both entities until they could reach agreement on a common design between themselves. The konvertibilna marka<sup>17</sup> (KM) (exchangeable one for one into Deutschmarks) would in fact acquire two sets of designs. Banknotes would have both Cyrillic and Latin lettering, but one set would feature leading Bosniak and Croat historical and cultural figures, while the other would feature only famous Serbs (2007, p. 370).

Lastly, it can be pointed out that poverty, inequality – both in terms of ethnic and economic groups – and unemployment persisted, and still do, affecting mostly RS.

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<sup>17</sup> Official currency of BiH to this day.

The delay in harmonizing and liberalizing business laws in both entities hindered FDI and caused a postponement in the initiation of negotiations for a SAA with the EU<sup>18</sup>. Additionally, BiH had not passed any laws related to the restitution or compensation for properties that were confiscated by the Communist regime after WW2. This legal uncertainty discouraged new investments, as the legal status of claims made by those whose properties were confiscated remained unclear. Prior to 2002/3, FDI in Bosnia was insignificant, but it increased thereafter. The only significant foreign investor in Bosnia until then was Slovenia, which made a series of acquisitions (Bideleux, Jeffreys, 2007, p. 397-399).

During the beginning of 1996, the WB, in collaboration with the EBRD, the European Commission, and several UN agencies, introduced a reconstruction plan amounting to 5.1 billion US dollars, intended for implementation over a period of four years encompassing 1996 through 1999. The allocation of funds was scheduled to be roughly 1 billion US dollars for 1996, 1.6 billion US dollars for 1997, 1.4 billion US dollars for 1998, and 1.1 billion US dollars for 1999. (Bideleux, Jeffreys, 2007, p. 355 *apud* UN ECE, 1996, p.168).

### **Post-Dayton BiH**

In this last section the monographic work shall focus on political and socioethnic processes in both federal and subnational levels from 1996 to the first quarter of the 21<sup>st</sup> century, in addition to the evolution of the economic situation with the advent of FDI and international aid programs; as well as how the social and ethnic aspects were impacted by the Dayton agreements implementation and the subsequent establishment of the current political structures of BiH.

The agreements established the need of a free and fair election process<sup>19</sup>; this took place in September 1996. According to Bideleux and Jeffreys, despite various reasons being presented for delaying the elections, including the potential reinforcement of ethnic divisions, limited headway made in addressing refugee repatriation, insufficient media independence, extensive harassment of opposition parties, and the suspicion of the timing being arranged to fit the November 1996 US presidential election, the elections took place. (2007, p. 362). Furthermore, the authors point out that, even though the electoral process transpired in a generally non-violent manner, significant apprehension was felt regarding the legitimacy of the

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<sup>18</sup> The analysis process of the agreement persists.

<sup>19</sup> Overseen by several international institutions.

election, which primarily polarized the electorate along ethnic divisions. (Bideleux, Jeffreys, 2007, p. 364).

Regarding the situation of FDI and foreign aid, a conference on peace implementation, which took place in London from the 4th to the 5th of December 1996, reiterated that the provision of international aid to Bosnia was contingent upon the complete fulfilment of the Dayton accords. The conference also mandated for heightened support to be allocated to the International Criminal Tribunal for the former Yugoslavia (ICTY) and to the inquiry division of the international police task force. (Bideleux, Jeffreys, 2007, p. 364). With this statement, it becomes clear that even though it was effective as a peace implementation agreement, the DPA is not immune to flaws.

One of those “flaws” can be observed in the statement that many analysts have emphasized the extent of corruption and embezzlement of state resources, including foreign aid, in Bosnia. A US-led anti-fraud unit established by the OHR found that nationalist leaders from the Bosniak, Croat, and Serb factions, who have maintained Bosnia's partition into three enclaves, had committed fraud resulting in up to one billion dollars disappearing from public funds or being stolen from international aid projects by 1998. (Bideleux, Jeffreys, 2007, p. 402).

Nearly a decade after; on 21 November 2005<sup>20</sup>, discussions were instigated by Western authorities to revise what was stipulated in the document and expedite the nation's eventual incorporation into the EU and NATO. Following this, due to strong coercive measures from the US and Europe, the three-member presidency of Bosnia along with leaders of religious entities and the eight primary political parties representing the Bosniak, Croat, and Serb communities assented to a preliminary agreement to push for constitutional adjustments aimed at establishing a more robust central government by March 2006. (Bideleux, Jeffreys, 2007, p. 392).

Furthermore, Jeffreys and Bideleux mention that in July 2004, the World Bank released an evaluation, which for the first time described Bosnia and Herzegovina as a "transition country" like the new democracies in Central and Eastern Europe that had turned towards the EU about a decade earlier. However, it is unclear whether Bosnia's political leaders have the will, desire, or strong incentives to address the established and ingrained political and governance structures established by the Dayton accords in November 1995, which are now generally recognized as dysfunctional. These leaders may not be able to undertake the

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<sup>20</sup> in commemoration of the tenth anniversary of the Dayton accords.

extensive restructuring and reforms required to make Bosnia eligible for a SAA with the EU, achieve official candidate status, or even pursue EU membership in the future. (Bideleux, Jeffreys, 2007, p. 399).

In conclusion, the authors state that there are compelling indications that complete economic reconstruction and recovery, as well as extensive reintegration efforts aimed at reconciling and overcoming deeply entrenched inter-ethnic divisions and mistrust, are prevented by the existence of convoluted, unwieldy, and increasingly malfunctioning post-Dayton structures. These structures have the tendency to confine individuals into narrowly defined ethnic compartments, frameworks, and attitudes. Consequently, people are reluctant to make progress and move beyond these divisions. (Bideleux, Jeffreys, 2007, p. 404).

Lastly, concentrating in how the implementation of the Dayton agreements and the consequential establishment of the political structures in BiH affected the socioethnic shape; it can be said that the effective functioning of Bosnia's governance at the level of the presidency became subject to the extent to which the elected leaders of the three principal ethnic groups were willing to engage in constructive collaboration with each other. (Bideleux, Jeffreys, 2007, p. 386).

Despite the considerable efforts made by external agents in the reconstruction of infrastructure and the introduction of good governance mechanisms, there has been limited progress towards the development of sustainable economic activities aimed at reducing Bosnia's reliance on external assistance, fostering genuine and sustainable job creation, and mitigating the country's poverty levels and illicit economic practices. (Bideleux, Jeffreys, 2007, p. 400).

Consequently, the existing power dynamics and structures, and highly clientelistic and frequently criminalized "ethnic collectivism" - which are better understood as power structures rather than mere attitudes or mentalities - continue to exert a dominant influence, perpetuating the root causes of Bosnia and Herzegovina's challenges. (Bideleux, Jeffreys, 2007, p. 400).

The prevailing power structures, societal arrangements, and attendant prospects and inducements in Bosnia fail to incentivize Bosnian entrepreneurs to increase their fortunes through heightened productivity and the adoption of more efficient techniques, owing to persisting uncertainties and insecurities with regards to property, contracts, rewards, and risks. (Bideleux, Jeffreys, 2007, p. 400).

This situation is partly attributable to the enduring influence and pervasiveness of organized criminal economic networks, the weakened state of the rule of law, and the pronounced degree to which the population remains entangled within highly clientelistic,



vertically structured power dynamics and power structures imbued with ethnic collectivism. (Bideleux, Jeffreys, 2007, p. 400).

To a significant extent, these "consociational" arrangements have entrenched and perpetuated the communal boundaries of Bosnia's citizens within their respective ethno-cultural groups, resulting in a novel manifestation of ethnic apartheid, rather than promoting unity and the overcoming of differences. (Bideleux, Jeffreys, 2007, p. 403).

In conclusion, the aspiration was that akin to the societies of the EU, the people of BiH would be fused over time (and their mutual hostilities transformed) by virtue of a shared sense of economic prosperity. However, a substantial portion of the difficulty is that such economic prosperity has yet to materialize and does not appear to be imminent. (Bideleux, Jeffreys, 2007, p. 403).

Despite this pessimistic analysis, in a sense, it is important to point out the achievements of the country, as "*[p]eace has been achieved, much of Bosnia's infrastructure has been rebuilt, human rights are more-or-less being respected, and (within narrow limits) the rule of law and elective government have been established*" (Bideleux, Jeffreys, 2007, p. 399).

With all that has been exposed, this work moves on to the study of the World Bank as an institution, a geopolitical, and economic actor in the international scenario; along with the definition of Official Development Assistance programs and, finally, the interpretation of how the socioethnic disparities and the promotion of ODA from the WB in Bosnia are intertwined.

## THE WORLD BANK GROUP

The present chapter aims to center the discourse on the WB, which functions as a key international organization (IO) that promotes development, both as an institution and an actor. Drawing from the official website of the World Bank<sup>21</sup>; combined with the text *The Role of the International Financial Institutions in Addressing Global Issues*, by Vinay Bhargava, this section provides a brief historical and institutional backdrop of the organization.

Furthermore, the investigation proceeds to draw critics on the same organization through empirical analysis, with particular emphasis on the article by Catherine Weaver entitled *The World's Bank and the Bank's World*. This analysis endeavors to underscore the operational culture of the World Bank while raising critical observations on its internal and external policies.

### Foundation and Institutionalization of the WB

The WB is a global financial institution that was established in 1944 at the Bretton Woods Conference, which was held in New Hampshire, United States. Its original purpose was to finance the reconstruction of Europe after WW2 (WB, 2023). Today, the World Bank is a group of five institutions that work together to reduce poverty and promote sustainable economic development in developing countries around the world. The five institutions are:

1. The International Bank for Reconstruction and Development (IBRD): Provides loans and financial assistance to middle-income and creditworthy low-income countries.
2. The International Development Association (IDA): Provides loans and grants to the world's poorest countries, which are often unable to secure financing from other sources.
3. The International Finance Corporation (IFC): Provides financing and advisory services to private sector companies in developing countries.
4. The Multilateral Investment Guarantee Agency (MIGA): Provides political risk insurance and other guarantees to investors and lenders in developing countries.
5. The International Centre for Settlement of Investment Disputes (ICSID): A forum for the settlement of investment disputes between governments and foreign investors (Bhargava, 2006, p. 396/ 397).

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<sup>21</sup> The terms Bank, WB, World Bank Group, institution, and organization shall be used interchangeably as synonyms for the World Bank.

The World Bank is governed by a Board of Governors, which is made up of one governor and one alternate governor from each of its member countries. The Board of Governors is responsible for setting the overall direction and policies of the WB. The day-to-day operations of the institution are managed by a Board of Executive Directors, which is responsible for approving loans and other operations (WB, 2023).

The President of the World Bank is appointed by the Board of Executive Directors for a five-year term that can be renewed. The responsibilities of the President englobe the overall management of the World Bank Group and representation of the organization at the highest levels of government and international organizations (WB, 2023).

### **Empirical analysis**

Moving on to the empirical investigation of the WB, Weaver point out that, as the World Bank Group has matured and expanded, the impact of its leaders has been constrained by the interactions of two competing forces: the intricate political landscape of the institution's external context and the bureaucratic politics and cultural factors of its internal context (2007, p. 493).

Moreover, it can be seen that the Bank's culture has developed as a result of the interplay between the external environment and the actions of the Bank's management and employees, resulting in distinctive bureaucratic traits such as norms, language, and routines. These cultural elements, once established, influence the bureaucratic politics within the WB and affect the way it responds to changes in its external environment. As the boundaries between the internal and external contexts are not fixed, separating the two can be challenging (2007, p. 494).

In her essay, Weaver makes use of two theories to investigate both the internal and external environments of the WB. First, the Principal-agent (PA) model, an economic paradigm that examines the assignment of responsibilities and power from the principals – the member states – to agents – IOs, in this case the WB; second, the Sociological Institutionalism, a constructivist theory of IOs studies that explains well how the internal interactions within the organization shapes its reality.

### **Principal-agent (PA) model**

As Catherine states, the ability of the theory of principal-agent to provide a relative advantage lies in its capacity to explain the interactions among the primary member states (comprising of both creditors and borrowers), non-governmental organizations serving as

watchdogs, and the WB as a unified entity (2007, p. 495). Therefore, one can make use of the paradigm to understand the external drivers of the institution's *savoir faire* of development.

In contrast, it can be pointed out that IOs can achieve a degree of organizational autonomy, resulting in the occurrence of "slack" or "slippage," which allows them to act in a self-interested, rational, and opportunistic manner, evading the demands of member states (Weaver, 2007, p. 496). This could be particular to the World Bank's case, considering it is not a standard IO; but that also has characteristics of banks and other financial institutions.

Moreover, an essential responsibility for the theory of principal-agent is to identify and quantify the diversity of principal preferences, and subsequently evaluate the significance of such preference heterogeneity, considering the inevitable inequalities in the principal's influence over the IO (Weaver, 2007, p. 497). PA theory would then reveal the external drivers that impact the implementation of the ODA projects in BiH, by providing tools to understand the power-relations and the authority distribution to the WB.

### **Sociological Organization (SO) theory**

Going further in the empirical analysis, Weaver mentions that the use of the methodological approach of social ontology is considered particularly fitting for the purpose of analyzing the normative and ideational origins of external factors that shape the functioning of the Bank, alongside assessing the repercussions of its bureaucratic culture. (2007, p. 498).

Henceforth, one can understand that analyses of the policies and practices implemented by IOs are construed not through the lens of extrinsic political factors, but rather via the ingrained ideologies and norms, the socialization mechanisms, and the internal conflict concerning ideas and resources (2007, p.498).

Finally, it is important to mention that the objective is to surpass mere explanations of the instances when an IO may stray from the demands of its principals, and instead delve into the rationale and methodologies underpinning the instances of deviation in IO policies and practices (2007, p. 498). Giving emphasis to the constructivist point of view of the internal dynamics of the institution.

This methodology can support the analysis of the projects promoted by the WB in BiH by bringing evidence to the what the organization – and its components – find paramount as well as how they measure the indicators in finding the social, ethnic, economic and political needs of the Bosnian society; the methodology of the measurement would then impact greatly the implementation the above-mentioned projects.

## **External and internal dynamics of the organization**

Defined the two paradigms, Catherine expresses the key exogenous elements that are significant in comprehending the trends in the Bank policies and activities are the interests and influence wielded by the dominant donor and client states of the organization. (2007, p. 499). Moreover: *“the Bank's power over its client states is limited in two ways. One overt form of power available to the Bank's largest client states is the threat of loan default”* (Weaver, 2007, p. 501 *apud* Rich, 1984, p. 185). Namely, the US could be pointed out as a big “player”, driving the WB to attend to its national interests.

To highlight the endogenous factors, Weaver understands that the present discourse of empowering the borrowing nation to lead is largely rendered ineffective due to the limited success of the Bank's leadership in substituting prior incentive frameworks with novel ones that provide incentives to staff based on the outcomes of loans, rather than the mere disbursement of funds.

The imperative to disburse loans also strongly influences the design of project loans, which historically tend to favor standardized "blueprint" models rather than programs tailored specifically to the needs of the recipient country. Additionally, there is a high premium placed on technical inputs and outputs that can be quantitatively measured.

As a result, staff members are inclined to design projects that showcase the achievement of specific deliverables, such as the number of students enrolled in a school-building project, and to aim for outcomes that can be correlated with the Bank's overall objectives, for example reducing illiteracy rates.

This tendency significantly biases the World Bank's project portfolio toward development activities that can yield tangible results in the short term, while steering it away from activities that may not produce immediate effects. What is perhaps more striking is how this ideology and quantitative bias shapes the type of information that is collected and considered during project appraisal and design.

Theoretical and methodological frameworks, which are reinforced through WB training practices, encourage staff to focus on certain key variables when assessing the need or feasibility of a project. Greater emphasis is given to economic and technical factors that are easy to identify and measure, while more complex political and social risk assessments that involve qualitative indicators are often disregarded or viewed with skepticism as being "unscientific." (Weaver, 2007, p. 507).

## **The Operational Culture of the WB**

To understand seemingly shifts in the theoretical mindset of the project creators and implementors; Catherine states that at the outset, the WB deliberately limited the scope of its operations to activities that appeared to be impartial or technical in nature, such as providing focused loans for infrastructure development. This occurred concurrently with other development organizations possessing distinct mandates, which pursued development endeavors founded on concepts such as the rule of law, human rights, and democracy. (Weaver, 2007, p. 504).

One of the biggest shifts can be identified when, in between the late 1980s and the early 1990s, the Bank contended that social policies were deemed as instrumental in fostering economic growth. Social development policies, previously perceived as an undesirable byproduct of development, have since transformed into a crucial aspect of the entire developmental process and are now deemed indispensable. (Weaver, 2007, p. 508).

In contrast, one can understand that, in spite of endeavors undertaken in recent times to broaden the composition of the Bank's personnel in order to tackle new concerns such as gender, governance, and the environment, a lack of ideological diversity persists in the organization's preeminent research (Weaver, 2007, p. 505 *apud* Nielson, Tierney, Weaver, 2006, p. 107-139 *and* George, Sabelli, 1994, p. 193).

To this, Weaver mentions that, according to Jean-Jacques Dethier, a research manager at DEC, the vast majority of researchers in the department hold PhDs in economics, despite a broader trend towards interdisciplinarity in global development theory and practice over the last few decades. This dominance of economists in DEC significantly influences the Bank's approach to development and can limit the incorporation of new ideas into its policies and strategies. (Weaver, 2007, p. 505).

It can be stated, finally, that even though the focus on technical and economic tendencies to the creation of projects and to address funding for development has shifted over the years; the WB and its staff still struggle to attend to new, alternative and broader perspectives of development that could prove more opportune, as in the case of BiH with its specific socioethnic dynamics.

## OFFICIAL DEVELOPMENT ASSISTANCE PROGRAMMES

This chapter aims to synthesize the concept of Official Development Assistance<sup>22</sup>, which constitutes the third element of the research theme. The present study endeavours not only to define ODA projects and policies but also to conduct an empirical analysis of them and offer insightful observations on their efficacy.

For this matter, the ongoing research shall use as references two articles. The first, *Official Development Assistance: The Human Rights Approach* by Arjun Sengupta; and secondly *Official Development Assistance, Global Public Goods, and Implications for Climate Finance* by Charles Kenny. Other documents shall be used as secondary references.

Despite differences in the pace at which paramount concepts and reflections are offered, as evidenced by the authors' respective approaches to the study of ODA, Sengupta, and Kenny both contribute to the field. While Sengupta's work builds on foundational ideas from over two decades ago, Kenny provides updates on current ODA policies in his more recent publication.

### Definition of ODA

According to the report<sup>23</sup> by the Organization for Economic Cooperation and Development (OECD), *Official Development Assistance and Private Finance – Attracting finance and investment to developing countries*; development assistance can be defined as concessional finance provided by governments and multilateral institutions administered with the promotion of the economic development and welfare of – a specific list of – developing countries as the main objective. (2002, p. 2).

By stating that concessional ODA enables developing nations to maintain the excess social benefits derived from the projects funded, which in turn, may be utilized to enhance their domestic savings and increase their investment rate (2002, p. 1426); Arjun exposes the greatest advantage of these types of development assistance to others and the reason why developing countries seek and abide to those projects.

We then reach a point of conflict between the theoretical and real functioning of development assistance programs where; ideally, ODA should be money spent always accompanied by the inherent incentive to advance the wellbeing of individuals residing in developing nations (Kenny, 2020, p. 2); whereas, in reality, it is seen that the allocation of

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<sup>22</sup> The present study shall make use of the terms ODA, development assistance, policies, and foreign aid as interchangeable synonyms for the Official Development Assistance.

<sup>23</sup> In fact, any report from the OECD and DAC that deals with ODA programs include the definition of ODA as seen by the organization.

foreign aid by donor nations' authorities would be determined by their perceived interests, and be subject to their discretion (Sengupta, 2002, p. 1424).

Moreover, there is the danger that; in providing loans as a form of assistance to low-income countries that lack the ability to meet repayments, despite achieving considerable social benefits from their projects, would lead them into a state of indebtedness. However, this should not imply that the allocation of aid resources must not undergo rigorous evaluation to ensure their efficacy and the attainment of optimal social outcomes (Sengupta, 2002, p. 1426).

One could understand, therefore, that it would be imperative that the policies assume a significant role in mitigating the inequalities in the pace of development among various developing nations (Sengupta, 2002, p. 1425); even though; in parallel to the understood by Weaver, when applying SO theory to partly understand the WB; the individual desires of the actors involved still play a role of influence in the shape of these policies.

Charles elucidates the possible roles for aid in richer developing countries; those include the provision of ameliorative private and public goods and services to marginalized groups such as refugees and internally displaced persons, support for national public goods that may not be provided by governments alone, such as assistance for local civil society, and the support of global public goods that are particularly relevant to developing countries (2020, p. 6).

Furthermore, foreign aid could play a crucial role in guaranteeing the delivery of these goods, such as in the eradication of major disease threats in poorer countries that may be a minor threat in some middle-income countries (Kenny, 2020, p. 6). In this sense, one can argue that ODA has the possibility of becoming a powerful tool to achieve the standards of development for countries that do not provide of these means independently.

### **Change of paradigm**

In this section, this work provides a brief historical analysis on the change of paradigms that would base ODA projects and what was and now is considered paramount for the successful implementation of those projects as well as the areas of societal issues that would be impacted with that implementation.

First, it is noted that, during the 1950s and 1960s, the term "development" was used to denote the rapid increase in per-capita GDP, and the policies aimed at development, which were supported by foreign aid and international organizations, primarily focused on achieving



rapid industrialization, enhancing agricultural productivity, and increasing investment rates in well-organized programs (Sengupta, 2002, p. 1434).

Furthermore, in accordance with Arjun, the main approach expected to achieve these objectives was through the rapid expansion of GDP (2002, p. 1434). It is possible to affirm, then, that during those decades, development was seen through purely economic lenses and the projects were aimed to achieve measurable goals in rather limited economic indicators.

In contrast, subsequently, donors began promoting policies aimed at fulfilling "minimum needs" and well-focused programs for social development. During this period, the development paradigm shifted towards prioritizing "human development." (Sengupta, 2002, p. 1434). It is seen the inclusion of concepts that surpass the economic sphere's boundaries and spills into social and political aspects of development.

Simultaneously, as the understanding of international development policies evolved, there was a considerable growth of the human rights movement, and industrial democratic governments began to recognize international human rights laws as the benchmarks and conventions of international relations. (Sengupta, 2002, p. 1434).

The influence of human and social rights issues in ODA policies is seen in the words of Arjun, who states that in the beginning, human rights violations, especially those related to civil and political rights, were utilized to limit, reduce, or regulate international aid and other economic interactions. However, as time passed and economic, social, and cultural rights were gradually acknowledged as human rights, the advancement of these rights became a policy objective. (2002, p. 1434).

In addition, several of the goals of development could be explicitly defined in the context of economic and social rights. It was acknowledged in all international human rights accords that the global community was responsible for collaborating with nations striving to achieve these human rights (Sengupta, 2002, p. 1434).

## **Empirical reflections**

In this section is provided an analysis of ODA programs in the form of empirical reflections, exposing flaws of the rationale, and drawing some critics to those projects. First, it could be stated that, according to Arjun, Sachs' perspective<sup>24</sup> is that foreign aid has led to an

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<sup>24</sup> The perspective above mentioned applies to the African continent although similarities can be found in, basically, any developing country that receives ODA.

increase in the dependency of recipient countries on aid, rather than promoting policies focused on economic growth (Sachs, 1997 *apud* Sengupta, 2002, p. 1432).

There are various cases of failures of ODA projects implemented in developing countries. In the words of Sengupta, one of the reasons that could be pointed out is that “*the authorities of the countries could not cope with the economic and social costs of those policies under the political constraints within which they were operating*” (2002, p. 1432).

Additionally, it can be highlighted that the inadequate emphasis on policies that neglect social development, in favour of market-oriented policies, may be a crucial factor contributing to the failure of foreign aid initiatives (Sengupta, 2002, p. 1432). It is seen then that much is there to be improved in those policies, despite the change of paradigm exposed in the previous section.

Moving on to the insufficiencies of the policies, Sengupta argues that “[t]he insufficiency of the volume of foreign aid shows up in three different ways: to meet the savings gap, the import gap and quite often, the fiscal revenue gap” (2002, p. 1432). Additionally, assistance provided by multilateral agencies can only partially address these gaps, as it is hoped that other external capital flows, such as official bilateral aid or direct investment, will also serve as complementary sources of funding. (Sengupta, 2002, p. 1433).

In a more idealistic perspective, Kenny argues that development assistance programmes have traditionally served as a metric for measuring donor expenditure, rather than evaluating the benefits for recipient nations. However, the concept of those policies is founded on the principle that it should advance the interests of developing countries and encompass concessional financial resources (2020, p. 2).

Drawing another critic, nonetheless,

*“Severino and Ray complained: ‘It is hard to find other examples of public policies whose performance is assessed so little on the basis of results and so much on the basis of expenses – themselves measured so imperfectly... ODA figures include a motley series of expenses, a minority of which actually translates into fresh funds for development programmes in the world’s poorest nations.’”* (Severino & Ray, 2009 *apud* Kenny, 2020, p. 2).

Another point of dangerous dichotomy is that it is ironic that grant funding, which covers activities that recipient governments would not typically finance, raises the possibility that ODA may be utilized for purposes that have minimal impact on the welfare of developing countries (Kenny, 2020, p. 6). In parallel to the exposed on the chapter about BiH, development assistance budgeting could be, in reality, financing corruption schemes rather than improving that welfare.

Finally, the current cut-off points for determining aid recipients may be overly generous, and the definition of aid is premised on the provision of resources rather than the impact and efficacy of the assistance provided. Consequently, the amount of aid flowing to developing countries is considerably lower than the levels of remittances, foreign direct investment, and portfolio investment. (2020, p. 12).

Following the discussion of this section, this work elaborates some alternatives to make foreign aid a more effective type of policies. To this, Kenny argues that; given the limited availability of ODA, it is crucial to direct its allocation towards areas where it can generate the most significant impact on the welfare of developing countries. (2020, p. 5). Therefore, prioritization would play a big role in the effectiveness of foreign aid due to limited budgeting and number of projects.

Moreover, the original intent of foreign aid did not encompass all expenditures related to developmental activities. Some forms of spending, such as the core funding of global governance organizations, were explicitly excluded or considerably discounted. Additionally, most expenditures related to domestic research and development were excluded from the ODA framework as well. Consequently, there have been proposals for more comprehensive metrics to supplement foreign policy. (Kenny, 2020, p. 3).

Even though it may be seen that these types of policy have proven to be ineffective and could have dangerous side effects, such as corruption, it is interesting that Kenny calls for “*reform of the measure rather than abandonment*” (2020, p. 12) of foreign aid. Therefore, it may be necessary to (re-)tighten the definition of ODA. DAC's approach, which measures country programmable aid, aligns more closely with the vision of what aid ought to be, as articulated by Severino and Ray (Kenny, 2020, p. 12).

In addition, it could be reinstated that finance spent outside of recipient countries should only be considered as development assistance if it can demonstrate a greater impact than spending within recipient countries, in terms of outcomes that are chosen based on their potential to improve the prosperity of developing countries. (Kenny, 2020, p. 12/ 13). This would require an improvement in monitoring and evaluation of the projects by all entities involved on it.

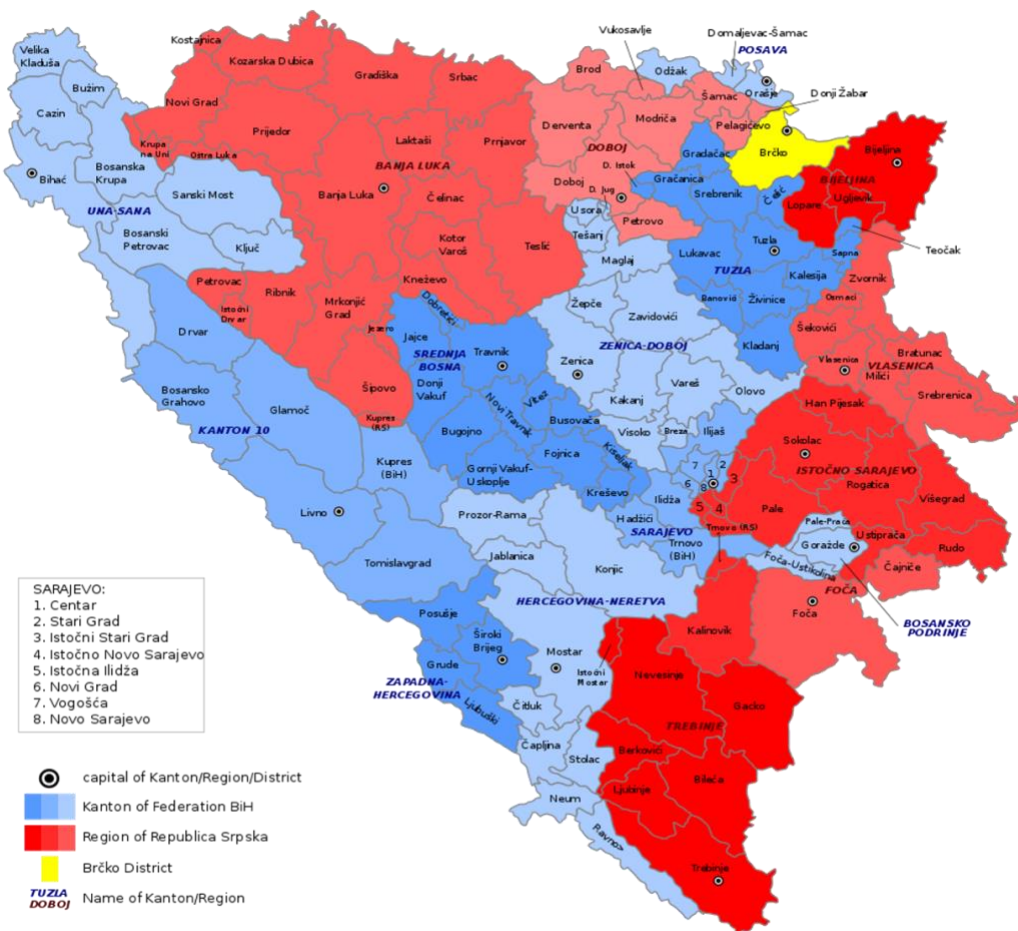
## QUANTITATIVE FINDINGS

As stated in the introduction of this study, the author employs a mixed-method approach as the work combines both qualitative and quantitative research methodologies. Qualitative research methods utilized in this study include a comprehensive review of the relevant literature, an analysis of the historical background, a case study of BiH, an examination of the institutionalization of the WB and the framework of ODA programmes.

On the other hand, quantitative research is accomplished through the construction of a database that captures ODA programs administered by the WB in BiH, and subsequently analysed through the application of Tobit analysis on the Stata platform. This chapter provides a detailed account of the quantitative methodology employed in the study.

The author was previously provided with an Excel sheet containing information about the municipalities – called “Opština” in Bosnian language – of BiH. The place code was taken from [GeoNames website](#), along with the latitude and longitude values. To enhance visual comprehensibility, a map was additionally provided.

**Figure 2.1:** Map of BiH and its entities highlighting the municipalities of the country.



Source: [Doc. Mgr. Jiří Pánek, 2023.](#)

The author of this work started by gathering the data publicly available in World Bank Maps. The data of the 277 programmes conducted by the WB in BiH were included – 246 of them accounting for subnational and municipal levels of the country and the other 31 were considered as applied to all territorial extension of Bosnia and Herzegovina. The dataset was built in Excel sheet containing the following categories:

- |   |                                |
|---|--------------------------------|
| 1. Project holder/ Financier,   | 8. DAC sector,                 |
| 2. Project title,   | 9. CRS sector,                 |
| 3. Status,  | 10. Municipality,              |
| 4. Total disbursed funds (in US dollars),                                   | 11. Municipality code (ID_3),  |
| 5. Average disbursed funds if allocated on more than one subnational level, | 12. Kanton/regija code (ID_2), |
| 6. Start,   | 13. Entity code (ID_1),        |
| 7. End,   | 14. Place name,                |
|   | 15. Latitude,                  |
|   | 16. Longitude,                 |
|   | 17. Place code.                |

It has been observed missing values in a significant number of projects mostly regarding the subnational allocation of those (categories 5, 10, 11, 12, 13, 14, 15, 16 and 17); and in rare cases related to the budgeting (categories 4 and 5), as well as the duration of implementation of the projects (categories 6 and 7).

After constructing the database in Excel sheet, the author of the present work has sent the document to Mgr. Tereza Nováková. researcher that takes part in the research entitled “*Geographies of development aid at subnational level in transition countries of Eastern and South-eastern Europe*”, the researcher conducted the quantitative analysis in Stata/ Excel through the construction of a model.

The Tobit statistical method proved necessary to fit the dataset since there were missing variables, as described above. This was due to the limited information provided by the WB Maps website – in terms of confidentiality terms as well as lack of effective monitoring and evaluation schemes as well as scarcity of means to update the website – about the projects.

The results were sent to the author of this monographic work and were included in both the research and the present work. This section shall deal with the interpretation of the results linked with the qualitative study of the concepts previously exposed. First, table 2.1 highlights the top 10 municipalities that have received ODA from the WB in terms of frequency:

**Table 2.1:** Top 10 municipalities in terms of frequency to receive ODA from the WB.

ID1	ID3	name	Freq.
3	82	Čelinac	12
2	16	Gornji Vakuf-Uskoplje	11
2	27	Mostar	9
2	39	Novi Grad Sarajevo	9
3	83	Banja Luka	8
2	56	Tuzla	6
1	1	Brčko	4
2	37	Ilidža	4
2	65	Široki Brijeg	4
3	81	Šipovo	4
3	97	Prijedor	4
3	109	Doboj	4
3	116	Foča	4
3	140	Srebrenica	4
3	142	Zvornik	4

**Source:** author's own work<sup>25</sup>.

Based on the data presented in the table, it may be deduced that Čelinac, which falls under the jurisdiction of the Republika Srpska (RS) entity, was the municipality that received the highest number of foreign aid programs from the organization.

Of note, however – when also looking at column ID1 – is that the remaining three municipalities with the highest number of programs are situated within the Federation of Bosnia and Herzegovina (FBiH) entity. Banja Luka and Tuzla go back to representing RS in fifth and sixth places.

Nevertheless, when looking at the frequencies, a mismatch can be identified when summing the frequencies Gornji Vakuf-Uskoplje, Mostar, and Novi Grad Sarajevo; with 29 projects against 26 in Čelinac, Banja Luka, and Tuzla; combined.

This finding may suggest a regional discrepancy, given that the programs in question span a diverse range of sectors and possess similar range of budgetary allocations; having been implemented between 1994 – with the establishment of the Dayton Accords – and the present days – the most recent projects date of 2022 since they refer to the WB board approval date and not, necessarily the start of the programme.

Another discrepancy that can be pointed out is between Brčko and other municipalities since this city is the most expressive in terms of population and economic activity of the Brčko District. Despite this, it can be fairly said that this divergence may be due to the relative territorial variance of the entities of BiH.

<sup>25</sup> As stated above, the work was conducted in partnership with Mgr. Tereza Nováková; therefore, some tables were produced by this author and others, respectively referenced, by the research partner previously mentioned.

Table 2.2 specifies the frequency and percentage of ODA projects allocated in each kanton/ regija of BiH:

**Table 2.2:** Frequency and Percentage of ODA from WB in kanton/ regija of BiH.

ID1	ID2	name	Freq.	Percent
1	1	Brčko	4	1,63
2	2	Bosansko-podrinjski kanton Goražde	6	2,44
2	3	Kanton 10	9	3,66
2	4	Strednjobosanski kanton	24	9,76
2	5	Hercegovačko-neretvanski kanton	23	9,35
2	6	Posavski kanton	3	1,22
2	7	Kanton Sarajevo	17	6,91
2	8	Tuzlanski kanton	16	6,5
2	9	Unsko-sanski kanton	13	5,28
2	10	Zapadnohercegovački kanton	7	2,85
2	11	Zeničko-dobojski kanton	10	4,07
3	12	Regija Banja Luka	50	20,33
3	13	Regija Bijeljina	7	2,85
3	14	Regija Doboј	13	5,28
3	15	Foča	11	4,47
3	16	Istočno Sarajevo	8	3,25
3	17	Trebinje	12	4,88
3	18	Vlasenica	13	5,28

**Source:** author's own work.

In accordance with the trend elucidated in Figure 2.1, the present figure portrays an apparent outlier, the Regija Banja Luka, which is situated within the entity of RS and encompasses both Čelinac and Banja Luka; these two municipalities have received a substantial amount of foreign aid investment from the WB.

However, when one considers the other three kantoni that have received the most ODA projects, namely Srednjobosanski kanton, Hercegovačko-neretvanski kanton, and Kanton Sarajevo, and aggregates their frequencies and percentages, it becomes apparent that there exist disparities between entities. Notably, all three of the kantoni are located within FBiH.

Finally, it is exposed in table 2.3 the decrescent order of projects from the organization in each entity of the country:

**Table 2.3:** Decrescent order of ODA from WB in the regions of BiH.

ID1	name	Freq.	Percent
2	FBiH	128	52,03
3	RS	114	46,34
1	Brčko	4	1,63

**Source:** author's own work.

The interpretation of this table makes it clear that FBiH is the entity that receives most ODA programmes in detriment of RS and, especially Bričo District; confirming the apparent regional imbalance between FBiH and RS even though the difference in frequencies and percentages cannot be recognized as major indicators of the social and economic disparities of the ethnic groups in BiH.

Moving to the analysis in terms of sectors of the society that were addressed by the projects; table 3.1 shows the decrescent order of each CRS sector of foreign aid projects from the World Bank in Bosnia in all levels – national, subnational, regional, and municipal.

**Table 3.1:** Decrescent order of sectors of ODA projects from WB in BiH (all projects)

CRS	name	Freq.	Percent
151	Government & Civil Society – general	95	34,3
210	Transport & Storage	77	27,8
123	Non-communicable diseases (NCDs)	25	9,03
140	Water Supply & Sanitation	24	8,66
232	Energy generation, renewable sources	10	3,61
310	Agriculture, Forestry, Fishing	9	3,25
120	Health	7	2,53
430	Other Multisector	6	2,17
160	Other Social Infrastructure & Services	6	2,17
311	Agriculture	4	1,44
231	Energy Policy	3	1,08
121	Health, General	2	0,72
240	Banking & Financial Services	2	0,72
250	Business & Other Services	2	0,72
113	Secondary Education	1	0,36
331	Trade Policies & Regulations	1	0,36
321	Industry	2	0,72
312	Forestry	1	0,36

**Source:** author’s own work.

What can be interpreted by the results on the table is the predominance on both “Government & Civil Society – general” and “Transport & Storage” sectors; followed by “Non-communicable diseases (NCDs)” and “Water Supply & Sanitation”.

This would show an apparent emphasis on infrastructural and mainly economic perspective of ODA; except for the first one that would fall in the category of “human development” with the inclusion of social and political aspects.

Finally, table 3.2 presents the frequency and percentage of programmes ; showed in terms of decrescent order of CRS sectors from the organization in the subnational, regional, and municipal levels of BiH; specifying to the 246 subnational projects.



**Table 3.2:** Decrescent order of ODA projects from WB in subnational level of BiH.

CRS ID3, ID2, ID1	name	Freq.	Percent
151	Government & Civil Society-general	89	36,18
210	Transport & Storage	76	30,89
123	Non-communicable diseases (NCDs)	25	10,16
140	Water Supply & Sanitation	22	8,94
232	Energy generation, renewable sources	10	4,07
310	Agriculture, Forestry, Fishing	8	3,25
120	Health	7	2,85
430	Other Multisector	5	2,03
231	Energy Policy	2	0,81
311	Agriculture	2	0,81

**Source:** author's own work.

This table shows very similar results from the previous one; with apparent dominance of “Government & Civil Society – general” and “Transport & Storage”, also having “Non-communicable diseases (NCDs)” and “Water Supply & Sanitation” as third and fourth sectors to receive most programmes allocations.

In conclusion, when combining the two tables with the qualitative analysis on WB and ODA in the previous chapters, it becomes clear the shift in both the organizational and the programmes perspective in regards to the inclusion of social and political aspects of economic development; such as the case of ‘human development’ as a paradigm for ODA.

As stated above, evidence to this is the high frequency and percentage on the sector entitled “Government & Civil Society – general”; moreover, provided with the dates when the projects were implemented, one can understand that this paradigm has been introduced quite recently.

The high frequency of the sectors that would be defined as purely economic or infrastructural development is also explained by the analysis of the dates when the programmes took place, most after the Bosnian conflict until approximately the first decade of the 21<sup>st</sup> century.

## CONCLUSION

Considering the exposed in this monographic work, the author has attempted to embrace both methods of analysis – qualitative and quantitative – to approach all the concepts dealt with throughout the four chapters – “Bosnia and Herzegovina”, “The World Bank Group”, “Official Development Assistance Programmes” and “Methodological Approach” – by means of a multidimensional perspective; evoking the inherent interdisciplinary scope of the field of development studies.

This multidimensionality proved useful in the analysis of BiH historical, socioethnic and economic contexts. Even though it was not the focus of this work, further research could introduce more in dept the political, geopolitical, and institutional aspects of the country. More specifically, studies about the constraints of the Dayton accords and push to the reform of the same can serve this purpose; as well as the analysis of the apparent dependence of BiH’s institutional dependence on NATO and the US or even what appears to be a breach – conducted by the first – in the sovereignty of the latest.

Regarding the empirical and institutional study of the WB, the above-mentioned multidimensionality was seen in the introduction of economic and social studies paradigms – the PA and SO theories – to investigate and draw critics on the organization’s framework alongside with a more formal understanding of the legal institutionalization of the organization. In contrast, one could apply different paradigms from those presented to conduct the investigation using different disciplinary approaches from social and political sciences, economics theories or other related fields of study.

Similarly, the investigation of institutional and empirical aspects of the ODA programmes has taken advantage of the multidimensional characteristics of this research. The use of a more traditional and recent source of analysis has proven interesting to highlight the evolution of the *rationale* behind the projects, in special, the introduction of the “human development” stance. Other researchers, however, could investigate the perspective of ODA for instance, from the OECD or other donors – States or multilateral institutions.

With respect to the quantitative analysis and the interpretation of the tables, the indicators presented offer compelling evidence of imbalances that exist between entities, kantoni/regiji, and municipalities in BiH – also described in the qualitative investigation of the historical, socioethnic and economic background of the country. However, to substantiate this evidence, further research is necessary.

This research should include an analysis of the percentual representation of each ethnic group, their economic capabilities, as well as the precise allocation of funding from each ODA programme that has been carried out at the subnational, regional, and/or municipal level. Such an investigation is essential to ensure the cohesiveness of the study and to obtain a more comprehensive and broad understanding of the factors that underlie the observed imbalances, as well as its consequences.

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