

**Capital:** Sarajevo  
**Size:** 51,129 square kilometers, slightly smaller than West Virginia  
**Population:** 4.05 million (2005)  
**Religion:** Muslim, Orthodox, Roman Catholic, and others.  
**Language:** Bosnian, Serbian and Croatian  
**Population Growth Rate:** 0.44% (2005 est)  
**Life Expectancy:** Females, 81.7 years, Males, 74.2 years  
**GDP Official Exchange Rate:** \$8.8 billion (2005 est)  
**GDP per capita:** \$6,800 (2005 est)  
**GDP Growth Rate:** 5.2 % (2005 est)  
**Foreign Direct Investment:** \$460 million (2004)  
**BiH Presidency, rotating among three:** Borislav Paravac, Sulejman Tihic and Dragan Covic  
**BiH Ambassador to the U.S.:** Igor Davidovic



**National Interest:** Ten years since the signing of the Dayton Peace Accords that brought an end to the hostilities and started the transition to peace and stability in Bosnia and Herzegovina, the Balkans remains a critical region for U.S. foreign policy and security interests. Bosnia and Herzegovina agreed to undertake critically needed constitutional reform that will create a more transparent and accountable government and will indicate a commitment to the EU accession process. The \$1 billion USG-funded assistance program has transitioned from post-conflict relief and assistance to economic restructuring, establishment and growth of small and medium enterprise, the private sector and democratic development. BiH is undertaking the arduous transition from international oversight and dependence to self reliance and sustainability.

#### OVERVIEW OF USAID'S FOCUS IN BOSNIA AND HERZEGOVINA

FY06: Total AEEB \$39.6 million , USAID Total \$26 million

**Economic Restructuring (FY 06 \$10 million, 38%):** USAID's program to accelerate the development of the private sector includes activities that are strengthening the competitiveness of small and medium enterprises (SMEs) in agribusiness, wood processing and tourism, and systematically removing business impediments through legal, regulatory and administrative reforms. Improving competitiveness by forging public-private partnerships that facilitate market integration and cluster formation. There are a several initiatives under way to reduce taxes while broadening the tax base, increase labor mobility and flexibility, make the commercial law regime more competent and efficient, and assisting in the privatization of several strategic state owned enterprises.

**Multi-Ethnic Democratic Society (FY 06 \$12.6 million, 47%):** USAID's democratic reform assistance focuses on activities strengthening and improving the accountability of political parties and legislatures encouraging a more responsive, transparent and accountable governance at the local, municipal and entity levels; increase citizen participation in political and social decision making; and strengthen legal systems that expand transparent access to justice for all citizens, assist independent media outlets with technical assistance to improve and strengthen investigative journalism.

**Cross Cutting (FY 06 \$3.45 million, 13%):** USAID is working in several initiatives that cut across the three strategic objectives represented above. These initiatives include participant training, anti-trafficking, children at risk and anti-corruption.

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**Hot Issues:**

- **Constitutional Reform** is the critical issue. There are efforts at every level beginning to discuss and negotiate what the elements of change need to be and how quickly they can be accomplished. Without the reform BiH progress toward the EU will be delayed resulting in self-imposed political and economic stagnation and inability to affect its own destiny.
- **EU Accession Issues:** With the failure of the EU Constitution fresh in the minds of the Balkans leadership, there is concern that EU membership opportunities will be frozen or slowed. Balkan leaders have called on the EU to not turn “their backs on the Balkans”. Much still needs to be done for BiH to sign a Stabilization Association Agreement with the EU. Accession to the European Union is the most critical issue facing BiH now. The accession demands will be arduous and compelling and require cooperation and forward momentum on the part of all entities within the country. Leadership will be key and a demonstration to the international community that they are able to govern themselves.
- **Trafficking:** BiH remained on Tier 2 in the Department of State’s Trafficking in Persons (TIP) 2005 report. According to the report; “Bosnia and Herzegovina (BiH) is a country of origin, transit, and destination for women and girls trafficked for the purpose of sexual exploitation. Trafficked children, often ethnic Roma, are victims of forced labor. The Government of BiH does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government continued to strengthen its law enforcement response and anti-corruption efforts in relation to trafficking. “