



EUROPEAN POLICY BRIEF



MIGRATION AND TRANS-LOCAL ENTREPRENEURS: CROSSING THE BORDERS OF FORMAL INSTITUTIONS AND INFORMAL PRACTICES IN BOSNIA AND HERZEGOVINA

December 2018

INTRODUCTION

In the last three decades, a complex array of factors—from political and economic crisis to large-scale violence—has caused Bosnia and Herzegovina (“BiH”) to undergo the emigration of some 40 per cent of the country’s population. A central cause involves the effects of war: violent conflict destroyed infrastructure, deepened political divisions, fragmented families and communities, and either destroyed or significantly eroded almost all formal institutions. In the context of post-war reconstruction, many previously existing formal institutions and regulations became obsolete or dysfunctional. In many cases, new and reformed rules and institutions have proven to be either weak or insufficient to meet the needs of the recovering BiH society. In contemporary BiH, along with the old formal institutions that were not completely abolished, several new institutional layers have been added, reflecting the new administrative and political structure of the “Dayton BiH”, i.e. the country’s post-war constitution based on the Dayton Peace Accords signed in 1995. Today, BiH comprises the State of Bosnia-Herzegovina, two semi-autonomous sub-state entities (the Federation of BiH and Republika Srpska), ten cantons (within the Federation of BiH), one “district” (the city of Brčko) and 141 local municipalities (compared to 109 before 1992). Each of these numerous layers of governance form one part of a complex, expensive and largely inefficient institutional makeup of contemporary BiH. This condition of the formal institutional environment has not worked in favour of return migration and attracting investments from the BiH diaspora in the EU and other Western countries. Nonetheless, people who decided to return and invest in their pre-war communities have not been deterred by institutional obstacles.

In our research, we analyse the role of informal practices in relation to migration and diaspora investments in BiH by asking the following research questions:

- **How have informal practices influenced migratory processes from and to BiH?**
- **How do informal networks operate across different borders with regard to the BiH diaspora and within the state?**

Our findings reveal a broad trend among members of the BiH diaspora investing in their homeland by utilising informal practices and networks. The findings also indicate that members of the BiH migrant groups/diaspora primarily engage and seek engagement with specific localities, communities and issues that derive from their pre-migration places and social networks. In most cases, when engaging in transactions with and investment in their local communities, they rely on the pre-existing social networks, kinship and informal connections that often run across different ethnicities and nation state borders. Unlike the traditional form of linear economic migration and return—as has been the case with “Gastarbeiter” (guest workers), who went to earn money overseas and after accumulation of sufficient capital would permanently return home—contemporary migrants from BiH often only “partially” return to their hometowns as investors, while continuing to run successful business in the countries of their settlement/immigration. In the process of establishing and operating their businesses at both ends, they heavily rely on their informal networks. These new trans-local entrepreneurs tend to engage in a certain degree of informality, sometimes strategically circumventing the formal system, as a way to ensure the survival of their businesses. In addition to extended family networks, our findings emphasize the importance of informal local and regional affiliations with respect to emigration, return and business networks.

EVIDENCE AND ANALYSIS OF EU INFORMAL NETWORKING

The main findings from our research in BiH indicate:

1. **Informal practices are deeply embedded in social structures** and continue to play a major role in contemporary BiH, crossing the ethnic divide as well as extending to the Bosnian worldwide diaspora and migratory processes.
2. With regard to migration from and to BiH, informal locally-embedded networks have played and continue to play a crucial role in both the destination countries and in BiH, resulting in **chain migration** and creation of **trans-local communities** (communities that are literally dispersed across many locations but continue to exist through informal networks). This has also led to establishment of **trans-local businesses**, connecting the BiH diaspora to local communities in BiH.
3. Informal networks among the members of the BiH diaspora with strong ties between BiH and the EU (plus Switzerland) have opened up **new possibilities and connections for EU entrepreneurs and companies** without prior presence and knowledge about the BiH market. Both the EU countries and BiH have benefited from such networks in investments and job creation.
4. The **informal practices do not necessarily create parallel systems**, but can also work towards establishing an equilibrium between formal institutions and informal practices, especially in migration, re-emigration, circular migration and other forms of mobility that often utilise and—when necessary bypass—formal institutions.

5. **Trust** remains a core value of informal networks and practices among the BiH migrants/investors in BiH. In that regard, many formal institutions in BiH could learn from the informal practices among the ordinary people and start restoring trust in the system that should not only govern, control and regulate the social, economic and political lives of its citizens, but also become an enabler and promoter of positive changes connecting the BiH diaspora with local communities in BiH.
6. Navigating through a complex web of formal institutions and procedures has been one of the many burdens the citizens of BiH have to deal with and to pay for. In the absence of user-friendly formal institutions, many ordinary people have resorted to different **forms of informal practices and networks**. Some are based on traditional forms of **reciprocity, exchange, kinship and communal solidarity**, while others involve engaging with and participating in different informal networks of individuals with connections to power or influence.
7. Informal practices in BiH **sometimes border on or constitute corruption** and **thus undermine the existing system**, while in other instances they are completely **legitimate and complement the weak formal institutions**. In most instances, there is **an active and constant interplay between informal practices and formal institutions**, not only in getting paperwork done at government offices, for instance, but also in many other aspects of everyday life.
8. The informal networks among BiH migrants are an important source of **solidarity and support in times of crises**, as was demonstrated during the major floods that affected BiH in 2014.
9. Utilising informal networks to facilitate investments in local communities by returning migrants has had **positive effects on inter-ethnic relationships** in BiH.
10. In the highly ethicised formal institutional setup in BiH, where discrimination is even enshrined in the country's constitution by privileging the "constitutive peoples" over citizens, **informal networks can compensate for discrimination** and contribute to social cohesion in the country.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Based on our empirical evidence, we recommend the following:

1. Policy makers from the EU **should recognise the importance of informal migrants' networks and actively promote transnational entrepreneurship by migrants** with strong ties to both EU countries and BiH. The EU and other countries with members of the BiH diaspora **should engage with and enhance the potential of informal migrants' networks at both ends** (as Sweden has done recently).
2. Policy makers from the EU **should be aware of the importance of migrants' "micro cultures" and social networks** (region, locality, dialect) and get engaged with them, rather than seeing them only in terms of their nationality, ethnicity or religion.

3. Policy makers from the EU **should recognise trans-local patterns in everyday transactions** taking place between host and home countries and address them in relevant policies relating to EU-assisted development and capacity building programmes in BiH local communities.
4. Policy makers and the government of BiH—at all levels, from local municipalities and cantons to the entity and state institutions—**should develop policies that will remove the main obstacles** (time-wasting administrative procedures related to establishing and running businesses) **and enhance the significant potential of the BiH diaspora** to engage in development of the country.
5. Policy makers in BiH **should recognise informal trans-local patterns in everyday transactions taking place between diaspora and homeland and address them in relevant policies relating to local development**. Digital technologies and social media could be utilised in connecting local development initiatives with prospective investors in the diaspora.
6. Policy makers at municipal levels in BiH **should identify their own informal “trans-local” networks in EU and develop strategies for engagement with them**. For instance, they should plan cultural events during the “diaspora season”, between June and August, when most of the visits from diaspora members take place. Moreover, local municipalities should consider establishing regular fairs featuring its diaspora groups and their achievements and potential.

RESEARCH PARAMETERS

The policy brief is based on the case studies exploring the emerging trends in “return” migration to and diaspora investment in Bosnia and Herzegovina, i.e. partial or circular returns of “former” refugees from the diaspora in Sweden and Switzerland (one EU and one non-EU country). In particular, we looked at economic practices of the returnees in localities of origin, the informal networks and their influence at both ends of the migration path. Moreover, we examined the effects of returnee migrants’ economic activities on local interethnic relations in two local communities in post-war BiH.

The data were collected through a qualitative study involving ethnographic in-depth interviews, participant observation and fieldwork with the selected participants in two BiH towns, Banja Luka and Srebrenica, between April and December 2017. These places were selected because of a large number of migrants from these towns residing in EU countries. There is also a strong contrast between the two places: Banja Luka representing the largest and most economically developed city in the north-western part of the country; while Srebrenica, a small town in eastern BiH, is one of the least developed municipalities.

In addition to a series of in-depth interviews with returnee entrepreneurs in the two places, we also conducted ethnography at the actual business sites and had informal conversations with employees, suppliers, consumers and members of the general public in the local communities. This research approach was further complemented by a review of the relevant mainstream media and the statistical, demographic and other secondary on-site and on-line sources.

PROJECT IDENTITY

PROJECT NAME	Closing the Gap Between Formal and Informal Institutions in the Balkans (INFORM)
COORDINATOR	Eric Gordy, School of Slavonic and East-European Studies at University College London, London, United Kingdom, e.gordy@ucl.ac.uk
CONSORTIUM	Centre for Empirical Cultural Studies of South-East Europe – CECS – Nis, Serbia Center for Intradisciplinary Social Applied Research – CISAR – Sarajevo, Bosnia and Herzegovina Institute for Democracy “Societas Civilis” - Skopje – IDSCS – Skopje, Macedonia Institute of Ethnology and Folklore Research – IEF – Zagreb, Croatia Center for Historical and Anthropological Research – QKHA – Tirana, Albania Riga Stradins University – RSU – Riga, Latvia School of Slavonic and East-European Studies – SSEES UCL – London, United Kingdom Social Research Kosova – SRK – Prishtina, Kosovo University of Maribor – UM – Maribor, Slovenia
FUNDING SCHEME	Horizon 2020 Framework Programme for Research and Innovation (2014-2020), “Societal Challenge 6 – Europe in a changing world: inclusive, innovative and reflective societies”, call H2020-INT-SOCIETY-2015, topic “INT-10-2015 - The European Union and integration challenges in the Balkans”.
DURATION	April 2016 – March 2019 (36 months).
BUDGET	EU contribution: 2 486 331,50 €.
WEBSITE	http://www.formal-informal.eu/home.html
FOR MORE INFORMATION	Contact: Eric Gordy, UCL, e.gordy@ucl.ac.uk Klavs Sedlenieks, RSU, ksedleni@gmail.com Hariz Halilovich, CISAR, h.hariz@cisar.ba Nirha Efendic, CISAR, e.nirha@cisar.ba
FURTHER READING	Halilovich, H., and Efendic, N. (2019) From refugees to trans-local entrepreneurs: crossing the borders between formal and informal institutions in Bosnia and Herzegovina. <i>Journal of Refugee Studies</i> , DOI: 10.1093/jrs/fey066.