

PERFORMANCE OF WESTERN BALKAN ECONOMIES REGARDING THE EUROPEAN PILLAR OF SOCIAL RIGHTS

2021 review on Bosnia and Herzegovina





EUROPEAN CENTRE FOR SOCIAL WELFARE POLICY AND RESEARCH

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Executive summary

The COVID-19 crisis has heavily disrupted pre-pandemic trends and developments in Bosnia and Herzegovina (BiH), thus further deteriorating the already weak performance of Bosnia and Herzegovina in majority of areas covered by the report. Modest improvements in the labour market trends recorded during the three-year period preceding the pandemic have been interrupted and, at least temporarily, reversed. Welfare outcomes have been also profoundly impacted by the crisis, with massive job losses, increased poverty, and limited access to public services. Therefore, the position of the economy has deteriorated against several indicators of the European Pillar of Social Rights, and Bosnia and Herzegovina is still below the EU average in almost all indicators (see Annex 3). Policy developments in 2020 were mainly concentrated around reactive measures aimed at amortising the impact of the crisis. However, there were several long-term policy changes and improvements conducted despite the crisis, especially in the second half of 2020 and in the first months of 2021. It should be mentioned that many relevant datasets necessary for in-depth analysis of the state and developments in specific areas were not available (see Introduction).

The crisis did not affect all social groups equally, with a more profound effect on vulnerable groups, women, youth, and minorities, atypical and informal workers, among others. The crisis thus deepened inequalities regarding access to the labour market. Estimates suggest that around 0.5% of children enrolled in primary and secondary education have temporarily interrupted their schooling in the first half of 2020, mainly due to a lack of information and communications technology (hereinafter: ICT) or other conditions necessary to participate in e-learning (UNICEF & UNESCO, 2020). The emergence of 'lockdown generation', i.e. those who are in education or entering the labour market for the first time, have not been addressed at the policy level, despite the fact that early analyses suggest reduced opportunities and more challenging education-to-work transition. According of the European Pillar of Social Right Action Plan (2021), less than 9% of young people should be in NEET category (neither in education, employment or training (NEET)). Young people are currently faced with lack of employment, career development and (re)training options amid the crisis. This is partially reflected through the increased NEET rate, by 0.8 percentage points (hereinafter: pp) in 2020 compared to 2019 (BHAS, Labour Force Survey data). Both the gender employment and participation gaps have notably widened in 2020 (by 3.1 pp and 3.7 pp, respectively), thus indicating that women were disproportionally hit by the crisis (BHAS, Labour Force Survey data). The ERMs introduced by both governments amid the crisis have left atypical and informal workers out (Arandarenko et al., 2021). Active labour market measures have not been used more intensively or more creatively as a means of tackling the effects of the crisis on the labour market, while partial data suggests contraction in ALMPs budgets/expenditure in 2020. Finally, despite the crisis, some moderate policy improvements aimed at improving the labour market relevancy of education have occurred in 2020, especially in terms of work-based learning/dual education or, more broadly, vocational education and training.

Fairness and equality in the labour market have been undermined by the COVID-19 crisis, which emphasized existing underlying structural issues, but the policy response missed to promote and reclaim equal treatment of the workforce. The crisis exacerbated labour market dualisms, thus widening the gap between full-time employees in the formal economy, on one side, and atypical

(e.g. temporary, part-time workers, freelancers, etc.) and informal workers on the other. The policy response just endorsed the polarisation by missing to include the later categories of workers in employment retention packages. Freelancers are especially at disadvantage, considering that freelancing is not adequately recognised and regulated within the existing policy framework and promising solutions for improving this area did not appear in policy debates in 2020 and S1 2021. The pandemic-caused disruptions in work-life balance have especially hit women, who more often sacrifice their economic life to take over care responsibilities for family members. The minimum wage in the Republika Srpska (hereinafter: RS) has been increased twice, the first time in 2020 and then again in 2021, which cumulatively represents an increase of 20%. The minimum wage in the Federation of Bosnia and Herzegovina (hereinafter: FBiH) was not increased – and not defined as well – but some progress is in sight with the renewed and intensified social dialogue.

The social protection system has come under pressure due to the COVID-19 crisis, while the welfare measures have been relatively neglected and under-utilised within the policy response to the crisis. While the number of beneficiaries of unemployment benefits has increased due to the sudden inflow of workers who were losing their jobs, the scope and generosity of these schemes have not been changed. Unemployment benefits were inaccessible for some workers, such as freelancers or temporary workers with insufficient time spent in employment. Additional income-support schemes that would support the general population, the elderly, pensioners, or atypical workers have not been introduced systemically, but only as an ad hoc reaction (mainly at local level). These ad hoc measures were mainly aiming at the elderly without any or sufficient income, war-related categories, and some of the vulnerable groups. Social housing went through recent reforms/policy improvements in some of the administrative units in Bosnia and Herzegovina, but many people still live-in collective centres, while the issue of homelessness is still not properly regulated, despite the fact that concerns over eviction and homelessness were present among 9.7% of the general population in the mid-2020 (UNICEF & UNDP, 2021).

Health system response and the lockdown measures poorly addressed the impact of the crisis on the health picture in the economy, this can be considered an especially weak dimension of the policy response to the COVID-19 pandemic/crisis. At the time of writing this report, Bosnia and Herzegovina was at the very top of the mortality rates (per capita) ranking with the cumulative figure of 2,868 deaths associated with COVID-19 per 1 million inhabitants (European Centre for Disease Prevention and Control, 2021a). The immunisation process lags extremely behind all EU economies but is also behind regional trends: only 1.7% of the population aged 18+ have been fully immunised (vaccinated) by beginning of June 2021 (estimate based on European Centre for Disease Prevention and Control, 2021).

1 Introduction

The COVID-19 crisis significantly affects the majority of thematic areas and indicators covered by the European Pillar of Social Right in terms of both socio-economic trends and policy dynamic and developments. The pandemic exacerbated welfare challenges by pushing the economy into a sharp recession and the worse socio-economic shock since the end of the war in 1995. The crisis has led to job losses, reduced supply of jobs, increased poverty, and tremendously affected some of the key pillars of societal wellbeing and economic development, such as education and the healthcare system. At the time of writing this report, Bosnia and Herzegovina (hereinafter: BiH) was one of the economies with the highest mortality rates per capita associated with COVID-19, as elaborated in Chapter 3 Section 6 of the report. The immunisation process lags behind all EU economies but is also behind economies in the region: only 1.7% of the population aged 18+ have been fully immunised (vaccinated) by the beginning of June 2021 (see Chapter 3, Section 6) (Estimate based on European Centre for Disease Prevention and Control, 2021). Bosnia and Herzegovina had to increase public expenditure on health from 5.1% of GDP in 2019 to 6.2% GDP in 2020 and resource mobilisation was supported by the international community through financial aid, in-kind support, and loans (BiH Directorate for Economic Planning, 2021; European Commission, 2020a; Cero, 2021). However, the management of the health crisis was successful only at the beginning of the pandemic (first wave), while the latter stages were characterised by high infections and deaths rates, which reveals deficiencies in the healthcare system and lockdown measures (European Commission, 2020a). The policy response to the crisis was mainly focused on reactive ERMs and measures that support financial liquidity of affected companies, without substantial utilisation of welfare tools. The crisis management has been aggravated by administrative complexity and highly decentralised and fragmented labour and social policy.

Labour and social policy in Bosnia and Herzegovina are within the competence of entities and Brčko District (hereinafter: BD). In the Federation of Bosnia and Herzegovina (hereinafter: the FBiH), social policy and health protection are within the shared competence of the entity and ten cantons. In that sense, FBiH ministries responsible for labour, social policies and health protection are the FBiH Ministry of Labour and Social Policy and the FBiH Ministry of Health and respective ministries in the ten cantons. However, a significant part of the social expenditure is directed towards war veterans, the work of the Ministry of War Veterans and Disabled War Veterans and respective ten cantonal ministries of war veterans is also relevant. In Republika Srpska (hereinafter: RS), the RS Ministry of Labour, War Veterans and Disabled Persons' Protection and the RS Ministry of Health and Social Welfare are responsible for policy making in these areas, including monitoring of the trends. The Department for Health and Other Services is competent for social policy in BD, while a separate department for labour does not currently exist. As the central-government level does not have jurisdiction over social policy nor social protection, the BiH Ministry of Civil Affairs and the BiH Ministry of Human Rights and Refugees are assigned only a coordinating role when representing the economy's interests abroad. Along with the competent ministries, a monitoring role is assigned, by relevant laws and policies, to the entities and BD's economic and social councils, but primarily for the purpose of their internal decision-making. Besides, at the level of the central government, Labour and Employment Agency has a coordinating role (including monitoring and data-collection) when representing public employment services of entities and BD abroad. The BiH Directorate for

Economic Planning is in charge of analysing economic and social trends as well as monitoring the implementation of economic strategies. When it comes to occupational health and safety, this area is monitored by the administrations for inspection affairs in coordination with the above-mentioned relevant ministries. Finally, entity and state-level institutes/agencies for statistics are in charge of gathering and systematizing statistical data on the relevant labour market, education and social indicators and conducting surveys based on internationally defined methodologies (e.g., Labour Force Survey, Household Budget Survey, etc.).

Data required by the Social Scoreboard indicators are only partially available, while low availability of official statistics, empirical research, sound findings and data non-related to the Social Scoreboard make the secondary inquiries limited. The official statistical system in Bosnia and Herzegovina fails to provide many important datasets, necessary for the proper assessment of socio-economic trends in Bosnia and Herzegovina (see also CREDI, 2021). The Survey on Income and Living Conditions (EU-SILC) is still not conducted, thus leaving an unbridgeable gap in data (e.g., Impact of social transfers on poverty reduction, GDHI per capita, etc.). The most recent Household Budget Survey was conducted in 2015. It seems that the Labour Force Survey time series was interrupted in 2020 with newly introduced methodological changes related to sampling and weight calibration, but the official estimate of the impact of these changes on findings are lacking, while old-time series have not been adjusted so far to ensure comparability with the 2020 data. On the other side, the availability of independent and academic research is relatively low due to weak dynamics of knowledge production. The aforementioned lack of quality data and research leaves many aspects of the labour market and social issues and policies underexplored. Research and analytical outputs of international/multilateral institutions and organisations as well as of local independent monitoring initiatives represent a key source of data and insights for this report, along with core data provided by state-level and entities' agencies for statistics.

This report relies to a great degree on data and estimates provided within rapid or regular assessments conducted amid the COVID-19 crisis. These assessments have been produced by relevant international/multilateral or regional institutions and organisations such as the International Labour Organisation, United Nation's agencies, World Bank Group, etc., but also by local stakeholders. Many of these assessments have been performed in challenging circumstances, with limited access to data, the unpredictable trajectory of the pandemic and policy responses, and within a short timeframe. Therefore, many of the findings provided within these reports may be subject to further revisions and adjustments, especially when it comes to estimates based on limited and/or partial data. However, it could be said that analysis and some degree of insights into socio-economic developments in 2020 would almost not be possible without these reports.

There are few independent¹ research and monitoring initiatives that partially cover the labour market and social policy, while efforts to cover these areas in an in-depth and rigorous manner are lacking. The Initiative for Monitoring the European Integration of Bosnia and Herzegovina², an informal coalition of civil society organizations formed in 2013, was publishing an annual Alternative Analytical Report on the Application of Bosnia and Herzegovina for EU Membership until 2019, which partially covers labour market, equality and social policy issues, especially for disadvantaged groups. USAID's initiative for monitoring and evaluation support activity MEASURE-BiH³ also provides useful and comprehensive analyses of the economic, social and equality issues, but more on an ad hoc, rather than on a regular basis. Since 2016, MEASURE-BiH annually conducts and publishes the National Survey of Citizens' Perceptions in Bosnia and Herzegovina, covering, inter

alia, perceptions on gender, social inclusion, youth development and EU integration (the last report is for 2019 and published in 2020). A systematic analysis of labour market trends and relevant policies is offered through the Jobs Gateway of the South-Eastern Europe platform⁴, a joint effort of the World Bank and the Vienna Institute for International Economic Studies. The comparative research report Western Balkans Labour Market Trends, which the Platform publishes annually, provides comprehensive insights into labour market trends and issues at both national and regional level. The last available report was published in semester one of 2020. Relatedly, it is also important to mention the website *Observatory on Employment in the Western Balkans* (<https://www.esap.online/observatory/home>) and the corresponding report Labour Market in the Western Balkans: 2019 and 2020 as extensive, data-rich and insightful resources published within the project ESAP 2 by the Regional Cooperation Council in mid-2021, at the time of finalising this report. Finally, local think tanks and social research organisations provide important insights into particular topics, but their research dynamics is usually determined by the availability of donor funds and the readiness of donors to support specific research areas or topics. Sarajevo-based think tank Centre for Policy and Governance publishes studies and policy briefs relevant for several areas covered by this report (e.g., education, labour market, informal work, etc.). The Centre for Development Evaluation and Social Science Research (CREDI) is also focused on several areas relevant to this report, namely education, labour market, social policy, and migration. However, it seems that the overall production of policy-relevant research outputs by local CSOs/independent research organisations started slowing down in 2018 and it was notably lower in 2020 compared to the previous period.

2 Bosnia and Herzegovina's performance in the 20 principles of the European Pillar of Social Rights

2.1 Chapter I: Equal opportunities and access to the labour market

2.1.1 Education, training and life-long learning

The COVID-19 pandemic put additional pressure on the already weak and under-developed education system⁵ in Bosnia and Herzegovina. According to Bartlett, Branković, & Oruč (2016), higher education in Bosnia and Herzegovina is among the weakest in the region and characterised by a falling number of students, high student-teacher ratios, relatively low completion rates and inadequate responsiveness to industry needs. The Global Competitiveness Report 2019 ranked Bosnia and Herzegovina 135th out of 141 economies in terms of skillset of graduates; 134th/141 regarding the quality of vocational training; and 131st/141 for easily finding skilled employees (Schwab, 2019). The 2020 World Bank's Human Capital Index shows that expected years of schooling for children in Bosnia and Herzegovina by age of 18 is 11.7, which translates to only 7.8 learning-adjusted years of effective schooling, indicating an inadequate quality of education. These figures and the gap between schooling and learning, are notably worse than in the EU Member States (World Bank, 2021). Although government expenditures on education are usually below the EU average (e.g. 3.9% of GDP in Bosnia and Herzegovina compared to 4.6% of GDP in the EU-28 in 2019; see Numanović & Obradović, 2020), quality of education does not reflect expenditure level (European Commission, 2020a). Conversely, 2020 compared to 2019 (i.e. from 3.9% to 4.3% of Bosnia and Herzegovina's GDP), amounting to around BAM 88 million (BiH Directorate for Economic Planning, 2021). This increase could be attributed to disruptions in education and learning processes caused by the COVID-19 pandemic and lockdown measures, thus requiring intense mobilisation of resources to support a transition toward e-learning and other non-regular costs. The level of public spending on education is projected to decrease to the pre-pandemic level in 2022 and a further decrease in 2023 (Ibid.). However, the assessment conducted in mid-2020 by UNICEF and UNESCO (2020) provided estimated the formal education sector cumulative budget cut in 2020 in the amount of Bosnia-Herzegovina Convertible Mark (hereinafter: BAM) 14 775 853 (1.1 % of the overall public education spending). Therefore, the main driver of the expenditure increase reported in the Economic Reform Programme (hereinafter: ERP) 2021-2023 is unclear (BiH Directorate for Economic Planning, 2021).

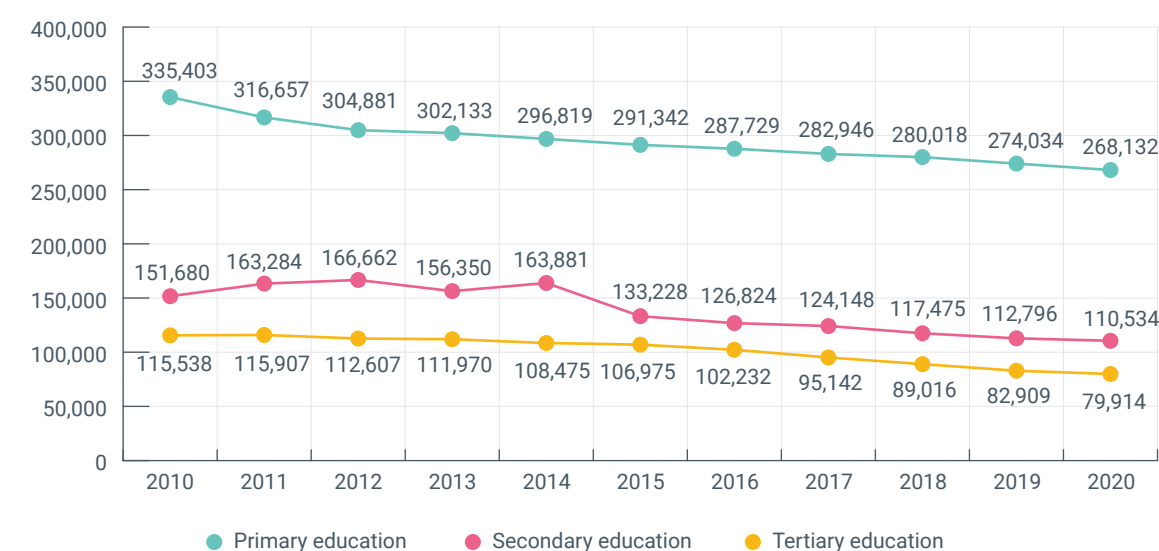
Following the COVID-19 pandemic lockdown measures in March 2020, education institutions shifted towards temporary e-learning methods, but the transition was far from being smooth and access to e-learning was difficult for many. Around 35% of young people had difficulties following online classes, due to various reasons such as lack of devices, internet access, appropriate space, or conditions for learning from home, etc. (UN in BiH, 2020). The initial phase of transition to e-learning has left 9,765 primary and secondary school children excluded from learning due to lack of necessary ICT, but this number has decreased to 4,815 children by the middle of 2020, which can be explained by the increased support from both local authorities and international organisations in Bosnia and Herzegovina; the lack of proper equipment and other ICT conditions have been compensated through various alternative modalities, such as consultations provided by telephone, distribution of printed materials to those lacking ICT, etc. (UNICEF & UNESCO, 2020). As a result of the transition to e-learning and/or the crisis, 1,695 children in primary education and 393 in secondary education have interrupted their attendance, which is 0.6% and 0.3% of the total number of children in schools in 2020, respectively (Ibid.). These indicators were not closely monitored at the level of tertiary education. On the other side, technical and vocational education and training (hereinafter: TVET) schools (e.g., ICT infrastructure, learning materials) and teachers have been mainly unprepared for delivering quality teaching online (UN in BiH, 2020). Considering that practical classes and work-based learning have been stopped after the outbreak of COVID-19 in Bosnia and Herzegovina, it is estimated that TVET students completed the school year with only 60% of the curriculum that they had to complete before the pandemic (ILO, UNESCO & WBG, 2020). However, educational authorities/institutions have managed to ensure e-learning and avoid major interruptions in delivery, so that almost all children enrolled in primary and secondary education have continued education without major breaks (UNICEF & UNESCO, 2020).

Early impact assessments suggests that the COVID-19 crisis will further deteriorate educational outcomes in qualitative terms and exacerbate the inadequate preparedness of students for the labour market. Outdated curricula and teaching methods, accompanied by low cooperation between education institutions and business sectors, lead to chronic skills mismatches and low employability of the labour force, translating to both high unemployment and low activity rates (Oruč & Bartlett, 2018). Balkan Business Barometer results for 2020 show that around 2/3 of surveyed companies⁶ that experienced difficulties filling in vacancies attributed the issue to the lack of skills among applicants (Regional Cooperation Council, 2020). However, the COVID-19 crisis and remote or hybrid teaching modalities threaten to further deteriorate preparedness for work and future career development of those who are currently in education. Learning losses caused by the unprepared shift to e-learning are potentially important: the World Bank estimated that the learning in Bosnia and Herzegovina may decline by the equivalent of 6 PISA points or more, whilst the share of students performing below functional literacy may rose from 54% to 61%, which represent the increase of 7 pp (World Bank, 2021a). Lack of informal and supplementary training options, exacerbated by the pandemic (see the paragraph on NEETs in this section), under-developed training stream within the active labour market policy and low willingness of employers to bear costs of initial on-the-job training reduces opportunities for amortising the structural imbalances in the labour market (Numanović, 2016; Oruč & Bartlett, 2018; UN in BiH, 2020; Arandarenko et al., 2021).

Negative trends in school enrolment continued in 2020 for all education levels, while the early leavers' rate did not change notably compared to the last available data; there is no indication that the COVID-19 crisis exacerbated these trends in the short-term perspective. Compared to 2019, the number of newly enrolled children in primary education was less by 2.2%, the number

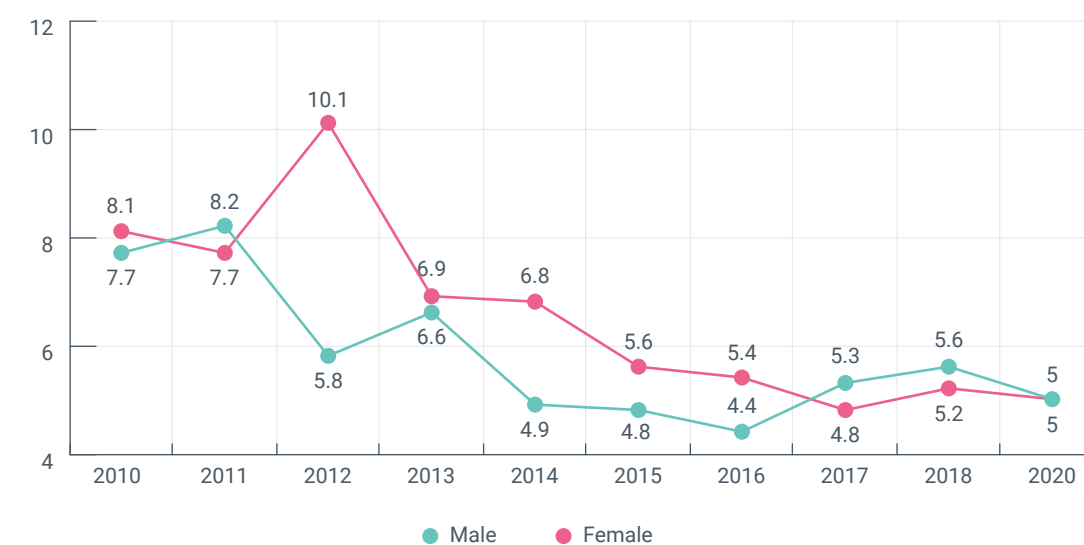
of children enrolled in secondary education fell by 2%, while the number of students enrolled in universities fell by 3.6%. Enrolment rates for all three educational levels are constantly falling since 2013, which declining demographic trends and the high level of emigration from Bosnia and Herzegovina partially explain. The cumulative decrease in 2010-2020 was 20.1% for primary education, 27.1% for secondary education and 30.8% for tertiary education (see Figure 1). It does not seem that the COVID-19 crisis (immediately) worsened this trend at all three levels. Conversely, there is an increasing trend in the number of children enrolled in preschool education, but the coverage of children by preschool education is still low (see Section 11, Chapter 3). Finally, the early leavers rate (18-24) did not significantly change compared to the previously available figures: the rate gravitates around 5% since 2017 (see Figure 2).

Figure 1. Enrolment rates in primary, secondary and tertiary education in BiH, 2010-2020



Source: BHAS, Education, Time-series

Figure 2. Early leavers from education and training (18-24) in BiH, disaggregated by gender, 2010-2020⁷ (%)

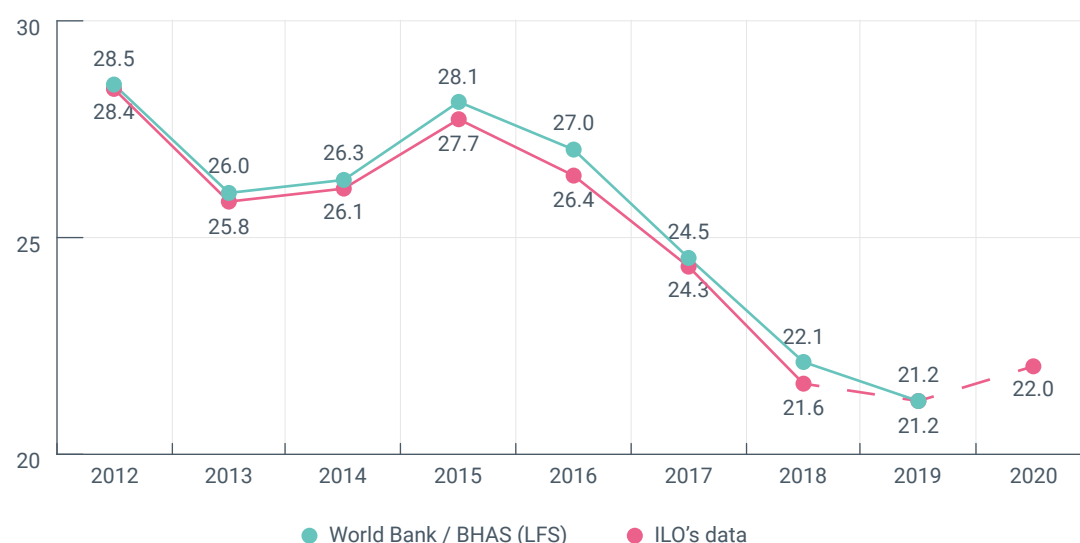


Source: BHAS, 2018e; BHAS, 2019a; BHAS, LFS, Time-series

Also, the gender gap in this regard has narrowed since 2017, but it is not possible to observe gender trend in 2020 considering that the Labour Force Survey (hereinafter: LFS) data published by the Agency for Statistics of Bosnia and Herzegovina (hereinafter: BHAS) provide only rounded numbers. The early leavers rate is below the EU-27 average of 10.1% in 2020 (see Annex 3). However, the prolonged COVID-19 crisis—due to slow immunisation (see Chapter 3, Section 6) or unexpected shocks—and remote or hybrid teaching could lead to gradual disengagement and increase the risk of education dropouts (World Bank, 2021a).

After several years of continuous decrease, the share of youth who are neither in employment, education, or training (NEET) slightly increased in 2020. However, it is unclear to which extent this increase can be attributed to the COVID-19 crisis. The youth NEET rate (15-24 years) was 22% in 2020, which is .8 pp higher than in the previous year (see Figure 3). The NEET rate is much higher than the EU-27 average of 11.1% (see Annex 3). The NEET rate was notably higher among women (23%) than among men (20%) in 2020⁸. The male NEET rate seemed to have further decreased compared to 2019, when it was 20.7%, but simultaneously notably increased among women, from 21.6% in 2019 to 23% in 2020. As the rate dropped by 8.9 percent for men and, notably less, by 4.7 percent from 2015 to 2019 (see ILO, 2020), trends among women seem disproportionately worse than for men. Although comprehensive empirical data that would illustrate the scope and extent of the COVID-19 crisis on the NEET rate is unavailable, early analyses suggest that position of young people in the labour market is heavily affected by the crisis.

Figure 3. NEET rate (15-24) in BiH, 2012-2020 (%)



Source: Vidovic et al., 2020; ILO, 2020; LFS data published by the BHAS

For young people entering the labour market for the first time during the COVID-19 crisis, the education-to-employment transition⁹, which was already weak in Bosnia and Herzegovina prior to the pandemic (see Bartlett, Branković, & Oruč, 2016), was further deteriorated in 2020 due to scarcity of jobs supply—especially quality ones (Arandarenko et al., 2021). Similarly, early assessments suggested narrowed opportunities for enrolling in traineeship and education during the pandemic (Ibid.). These factors led to more young people being deprived of employment and self-development options, thus potentially undermining their long-term career progression and employability, i.e. creating a „lockdown generation“ (Ibid.). Conversely, even before the crisis, the high NEET rate

could be partially explained by insufficient, inefficient activation measures and active support to employment, which would put more focus on (re)training (see Section 4), meaning that young people lack accessible and affordable employability-enhancing training and lifelong learning options, which could lead to skills development and better prospects on the labour market (see Numanović, 2016a; Hakemulder & Wilson, 2016; Bartlett, Branković, & Oruč, 2016; Oruč & Bartlett, 2018). Governments' policy response to the COVID-19 crisis did not tackle this issue systemically and substantially, thus missing to recognise labour market vulnerabilities of young people during the pandemic (and beyond) (Arandarenko et al., 2021; and UN in BiH, 2020).

Although a non-negligible share of the adult population participates in learning, most of them are highly educated and employed. According to the results of the 2017 Adult Education Survey, 8.7% of adults (25-64) participated in learning: 2.2% in formal education and 6.9% in informal training. Participation is slightly higher among men (2.2% and 7.1%) than among women (2.1% and 6.7%) (BHAS, 2018f). Participation in learning was more prevalent among the 25-34 age cohort (including prolonged studying) and those who completed tertiary education. Among participants who attended informal education, 83% were employed persons (ibid.). The rate of adults participating in learning is below the EU-28 average of 10.9% for the same year (see Annex 3)¹⁰.

Bosnia and Herzegovina is not officially confirmed to participate in the 2022 PISA testing¹¹. First PISA test results in 2018 revealed that the quality and outcomes of the Bosnia and Herzegovina education system are inadequate. The mean score of students was 403 points in reading, 406 in mathematics and 398 in science, all far below the OECD averages (487 for reading and 489 for mathematics and science) (Avvisati, Echazarra, Givord, & Schwabe, 2019). Around 58% of 15-year-old students performed at PISA mathematical literacy proficiency levels below Level 2 (Ibid.), which is a notably higher share compared to the EU-28 average of 42% (see Annex 3). Bosnia and Herzegovina is behind most Western Balkan economies in the areas of mathematics and science. Results revealed that the socio-economic status of students is a strong predictor of their performance: it explained 8% of the variation in mathematics performance and 7% in science performance, compared to the OECD averages of 14% and 13% respectively (Ibid.). In terms of reading skills, disadvantaged students are outperformed by their colleagues by 58 score points, below the average of 89 score points in OECD economies (Ibid.). When it comes to gender equity, boys and girls performed similarly in both mathematics and science (Ibid.). However, at the time of writing this report, it is not clear if Bosnia and Herzegovina is going to participate in the 2022 PISA test, considering that authorities did not confirm the intention to participate in the second testing (BiH has participated in the PISA test in 2018 for the first time)¹².

Some policy progress has occurred in 2020 and early 2021, especially in the RS, thus improving the relevancy of education to labour market trends and industries' needs. There were no significant entity-level improvements of education policy in the FBiH, which can be partially attributed to the limited jurisdiction of the FBiH over education policy (it is mainly in the competencies of cantons). Decentralised education in the FBiH makes proper monitoring of policy developments in this respect difficult. However, it is worth mentioning that the Law on Dual Education is in the process of preparation in the Sarajevo Canton and the first draft was developed in 2019. In January 2020, the Government of the Sarajevo Canton instructed the cantonal Ministry of Education, Science and Youth to submit the draft law for review and the adoption procedure. However, the policy process has not been finalised yet. In the RS, the Adult Education Strategy for the Period 2021-2031 was adopted in December 2020, thus defining the strategic framework for policy in this area for the first

time. Also, a set of amendments on laws on preschool (see Chapter 3 – Section 1), primary and secondary education has been adopted in July and September 2020. It is worth mentioning that these amendments have prescribed that at least 25% of practical classes in vocational schools should be realised in companies (on-the-job learning) and defined that in-company learning should be realised under the supervision of mentors who is an employee of a company and passed the relevant test administered by the chamber of commerce. Also, the new Law on Higher Education has been adopted in this entity in July 2020 to improve the quality, relevance, and adaptability of higher education. An important novelty is a possibility for higher education institutions to organize shorter non-degree study programmes lasting 1-2 years (60-120 ECTS), with a clearly defined purpose, as a faster and more efficient response to the labour market trends and needs (art. 16). This improves the connection between higher education and the labour market. Finally, the Council of Ministers has adopted a state-level strategy Improving the Quality and Relevance of Vocational Education and Training in Bosnia and Herzegovina - Based on the Conclusions from Riga (2021-2030) in January 2021. The strategy defines basic principles and priorities related to the quality and accessibility of vocational education and training, continuous development of educators and mentors, promotion of work-based learning, among others.

2.1.2 Gender equality

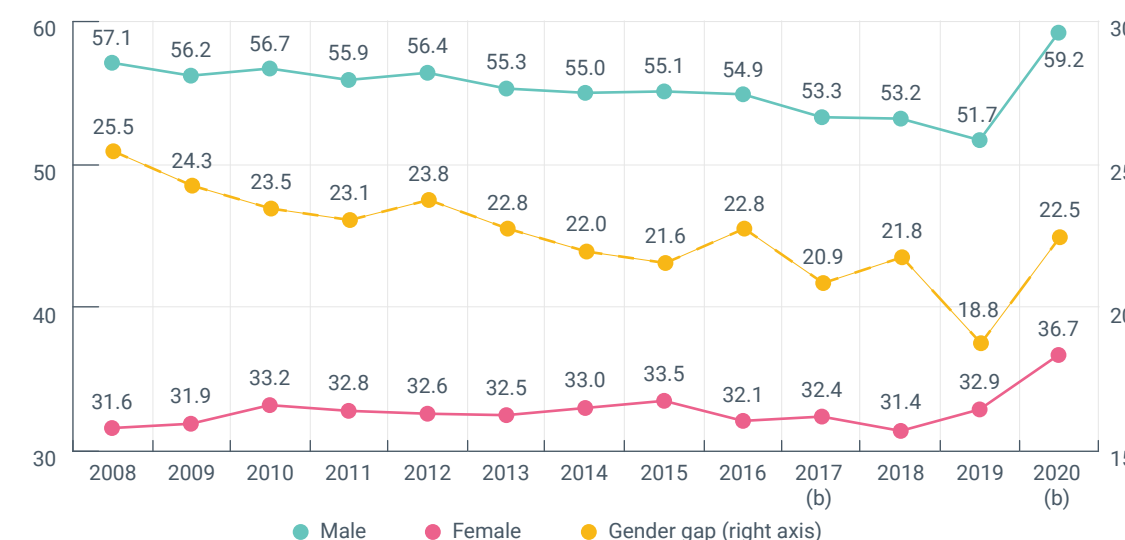
Gender imbalances are observable in most socio-political and economic areas in Bosnia and Herzegovina and the COVID-19 crisis makes it even worse. Whilst gender equality is guaranteed and protected by relevant laws in Bosnia and Herzegovina¹³ (see UN Women, 2021), practical implementation of these policies and enforcement of relevant laws is poor, creating a notable gap between the de jure and de facto state of gender equality and women's rights in Bosnia and Herzegovina (The Initiative for Monitoring the European Integration of BiH, 2018; see also UN Women, 2021). The share of women in managerial positions was 24.3 in 2019, by 1.6 pp lower than in 2018, and slightly above the 2010-2017 average of 22.5% (the share varied between 20.3% and 24.2% during the mentioned period) (BHAS, 2021c). Since the last general elections, held in October 2018, women are represented with around 27.5% in legislative bodies, which is above the 2014-2018 average by approximately 7 percentage points (The Initiative for Monitoring the European Integration of BiH, 2019; BHAS, 2019a). However, the 2020 local (municipal) elections have been characterised by a low representation of women: only 6.8% of candidates for the position of the mayor were women and only 3.6% of the elected mayors were women (UN Women, 2021). Furthermore, the gender gap in labour market outcomes is significant and persistent and similar can be said for the schooling and educational outcomes. For example, women with secondary and higher education are more likely to be unemployed, compared to men with the same levels of education (MEASURE-BiH, 2016, p. 55). On top of the existing gender-related structural issues, the COVID-19 crisis has disproportionately affected women, thus deepening the gender gap, and exacerbating inequalities.

The COVID-19 crisis has an especially profound impact on women. The burden of family care duties fell on women disproportionately more than on men, thus affecting women's career progression and participation in the labour market; many women dropped out from the labour market to take over care duties for children and/or other family members (UN in BiH, 2020; UN Women, 2020; Suta, Heimann, Duell, Thoun, & Pollitt, 2021). In that sense, 60% of women compared to 54.6% of men have reported that they spent more time caring for children since the pandemic started (UNICEF & UNDP, 2021). Women's (self)employment and participation in the labour market were also disproportionately

affected by the crisis, as will be elaborated in the following paragraphs. Furthermore, access to health care services (sexual and reproductive health services) have been limited and reduced significantly, especially during the first wave of the pandemic when pregnant women were lacking proper prenatal, perinatal, and postpartum care (UN Women, 2020; see also Chapter 3 – Section 6). Finally, gender-based violence increased and many women had to spend most of the time with their abusers during the lockdown (UN Women, 2020).

The COVID-19 crisis has widened the gender participation gap in Bosnia and Herzegovina. The gap between female and male activity rates (aged 15+) was slightly narrowing in the pre-pandemic years (mainly due to the constant drop-in activity rates for men), but the COVID-19 crisis has interrupted and potentially regressed this trend: the gender participation gap has increased from 18.8 pp in 2019 to 22.5 pp in 2020 (see Figure 4). According to the available evidence, this can be mainly attributed to caring responsibilities carried by women amid the pandemic (see Suta, Heimann, Duell, Thoun, & Pollitt, 2021; Arandarenko et al., 2021). In that sense, it seems that the pandemic aggravated the underlying societal factors that negatively affect the participation of women in the workforce: low education levels among women, cultural reasons - primarily traditional family and care roles assigned to women – and, relatedly, lack of affordable and/or accessible childcare services (Vidovic et al, 2019; Vidovic et al, 2017; see also Suta, Heimann, Duell, Thoun, & Pollitt, 2021).

Figure 4. Activity rates (15+) among women and men (%), including the gender gap (percentage points) in BiH, 2008-2020

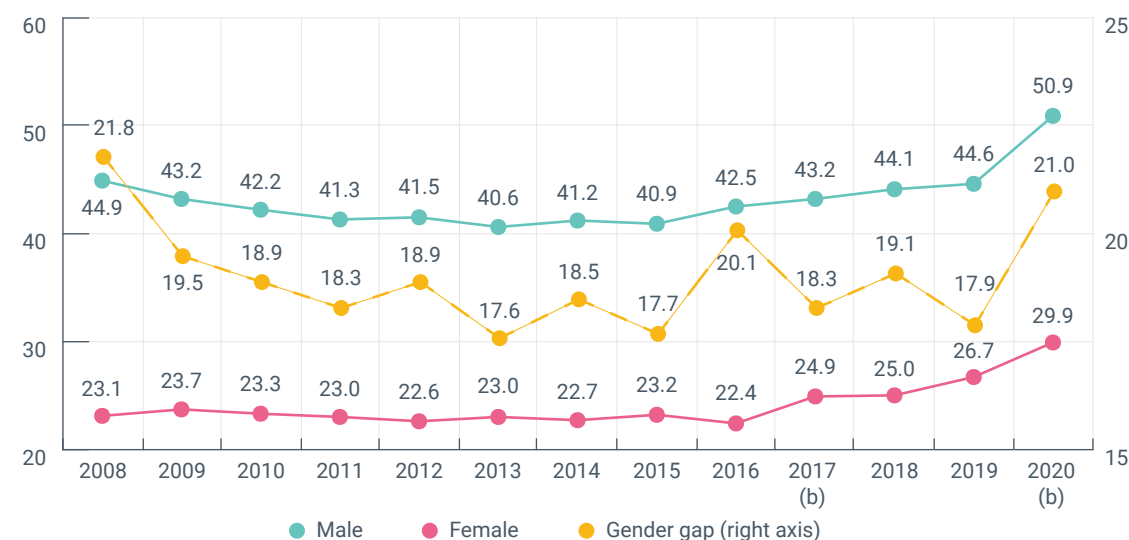


Source: Labour Force Surveys 2008-2020

A similar regressive trend can be found in the case of the gender employment gap. The gap increased notably, from 17.9 pp in 2019 to 21 pp in 2020 (the 15+ age cohort), thus reaching the highest point in the past ten years and exceeding the ten-year average of 18.7 pp (see Figure 5). Considering break in the Labour Force Survey's time series and affected the comparability of the 2020 data with previous data, the statistics on registered employment has been analysed: the number of women in employment decreased by 3.2 % in the period January 2020 to January 2021, compared to the decrease of 2.7 % among men for the same period. The gap was even higher for the 20-64 age cohort: 24.9 pp in 2020, which represent an increase of 1.3 pp compared to the previous year. Thus, the gap (20-64) was substantially bigger than the EU-27 average in 2020 (11.3 pp) (Annex

3). It is also above figures varying from 12.9 to 19.9 pp among three WB economies for which data is available (Serbia, North Macedonia, and Montenegro) (see Annex 3). Finally, the share of part-time employment among women (6%) is somewhat higher than among men (4%), but without substantial change compared to the previous year; part-time employment decrease for both women and men in the year-over-year perspective (see BHAS, 2019f).

Figure 5. Employment rates (15+) among women and men (%), including the gender gap (percentage points) in BiH, 2008-2020



Source: Labour Force Surveys 2008-2020

Both jobs held by women and women entrepreneurship have been affected disproportionately more by the COVID-19 crisis. The reason for being more vulnerable to the crisis, in terms of job loss or insecurity, is that women are overrepresented in the sectors highly impacted by the pandemic and governments' measures: around 64% of women's employment in 2020 was concentrated in medium-high and high-vulnerability sectors (Arandarenko et al., 2021). The vulnerability of women employment is also associated with the fact that women are overrepresented in the informal service sectors and labour-intensive manufacturing, such as the textile industry (Ibid.). A similar reason can be found in terms of female entrepreneurship: around 92% of women-owned companies in Bosnia and Herzegovina are concentrated in service sectors (UN in BiH, 2020), including many contact-intensive niches. Survey-based data shows that 68.4% of women-owned businesses in the FBiH and 76.3% in the RS completely stopped their activities and women-owned businesses experienced higher revenue drops at the very beginning of the pandemic in 2020 (see Ibid.). Finally, women had fewer financial opportunities to support business operations during the lockdown (Ibid.), which reflects structural underlying issues of access to finance (e.g., loans) being harder and more limited for women than for men (MEASURE-BiH, 2016; World Bank, 2015). Therefore, it could be said that the COVID-19 crisis put the female entrepreneurship, which was underdeveloped in the pre-pandemic times¹⁴, under the additional stress.

It is not possible to assess the impact of the COVID-19 crisis on the gender pay gap in Bosnia and Herzegovina, considering that comprehensive and reliable statistics is lacking; however, partial evidence indicates notable gender differences in earnings. Recent research¹⁵ indicates that the average salary received by women is 13% lower than the average salary among men (Akta, 2021).

The Agency for Gender Equality of Bosnia and Herzegovina (2018) estimated that the average hourly wage for women was lower than for men by EUR 0.2, i.e., by around EUR 35 lower on a monthly basis (corresponding to around 5% of the monthly gross salary)¹⁶. However, the Labour Force Survey data or any other instrument of official statistical agencies in Bosnia and Herzegovina do not provide insights into the gender pay gap.

2.1.3 Equal opportunities

The COVID-19 crisis has increased poverty, deepened inequalities, and further deteriorated the position and well-being of vulnerable groups. According to the latest (2015) data, 16.5% of households and 16.9% of individuals live in relative poverty (at risk of poverty), spending EUR 199 (BAM 389) or less on consumption per month (BHAS, 2018a). In terms of poverty based on income, it is estimated that around 25.5% of households live in poverty (BHAS, 2018a)¹⁷. It is expected for poverty to increase from (the estimated) 11.8% in 2019 to 12.9%-14.6% in 2020 (between 1.1 pp and 2.8 pp) due to the COVID-19 crisis (World Bank, 2020a). In absolute terms, the estimate suggests that between 35,000 and 85,000 people are likely to slip into poverty¹⁸, out of which more than 60% are not covered by any social protection programme (Ibid.). However, the scope and time frame of this trend depends on many factors, mostly on the duration of the pandemic and effectiveness of governments' responses, meaning that it could be expected that revised and more accurate data will be available only in the upcoming months or years. Existing evidence shows that women, youth, and vulnerable groups are disproportionately more affected by the ongoing crisis in multiple domains, beginning from education to the world of labour. The influence of the crisis on women and people with disabilities have been elaborately analysed in Section 2 of this chapter and Section 7 of Chapter 3, respectively.

Access to the education system was not even for different demographics and it seems that Roma children have been the most affected, thus perpetuating existing challenges. Roma children were disproportionately more affected in terms of lacking ICT, thus comprising at least 6% of all children unable to participate in e-learning in primary and secondary education due to lack of necessary equipment or Internet (UNICEF & UNESCO, 2020). There are strong indications that Roma children were also highly present among those children who interrupted their education amid the pandemic. Thus, for example, out of 29 children who interrupted attendance in primary schools in the BD, all of them were Roma children (Ibid.). In that sense, the COVID-19 crisis threatens to exacerbate disparities in educational attainments and perpetuate underlying structural gaps: according to some estimates, the primary enrolment rate among Roma children is 80%, compared to 97%-99% among the general population (UN in BiH, 2020)¹⁹. According to the latest available official data, 61.2% of Roma did not complete primary education, 25.1% completed only primary education, 12.8% have completed secondary school, while only 0.5% have a higher education degree (BHAS, 2018e). Finally, it is worth mentioning that incomplete evidence suggests that Roma children did not participate in a remote preschool programme like their peers from other ethnic groups (UNICEF & UNESCO, 2020; see Section 1 of Chapter 3 for more information on preschool education).

The COVID-19 pandemic and the measures introduced by governments to restrain the spreading of the virus had uneven (negative) impact on different socio-demographic groups, thus affecting marginalised groups/minorities more negatively than others. The crisis exacerbated the existing vulnerabilities within the Roma population. Lockdown measures and movement restrictions

prevented or limited some of the core economic activities – such as the collection of secondary raw materials and seasonal jobs – which are prevalent within this ethnic group, thus negatively affecting the income and wellbeing of many Roma families (CARE International, 2020). Roma people can rely less on family and communal financial support due to inter-generational poverty (Ibid.), while the majority have no income or social assistance support (The Initiative for Monitoring the European Integration of BiH, 2018). Amid the crisis, 34.1% of Roma had to borrow money to meet their basic needs, compared to 13% of the general population (UNICEF & UNDP, 2021). Similarly, high figures were captured among the relatively poor (33.7%) and members of the LGBTQ+ community (36.2%) (Ibid.). Similarly, fears over possible eviction or homelessness during the crisis is more present among Roma (17%) compared to the general population (9.7%) (Ibid.). Considering that Roma are the most vulnerable and disadvantaged minority in Bosnia and Herzegovina (European Commission, 2020a), with a poverty rate around three times higher than the general population (World Bank, 2015) and a persistent lack of opportunities on the labour market, the crisis will severely affect the well-being of the majority of Roma people (see World Bank, 2020a). Their position during the crisis is further exacerbated by the fact that around 1/3 of Roma are not covered by health insurance (European Commission, 2020a). Despite all identified challenges, systemic tailor-made social measures that could take into account and address specific needs and circumstances of Roma people were lacking, whilst employment retention measures were solely aimed at formal employment, thus being inaccessible by many Roma people who work informally. Still, according to the assessment of the European Commission (2020), Bosnia and Herzegovina institutions, with the support of donors and NGOs, managed to provide some necessary support to the most vulnerable groups, including Roma, and governments started preparing actions to tackle issues faced by Roma inter-sectorally and holistically (Ibid.).

On the other side, welfare and economic support measures implemented by entities' governments have deepened labour market dualism and inequalities. The employment retention measures (hereinafter: ERM) implemented in 2020 have neglected/ignored informal and atypical workers, such as freelancers (Arandarenko et al., 2021). Also, there were no systemic efforts to support young people, whose position in the labour market was especially vulnerable and weak even before the COVID-19 crisis. Even though young people are usually employed in less protected and less secure jobs and that education-to-market transition is poor in Bosnia and Herzegovina, the crisis has created a 'lockdown generation' that is going through the education in unusual circumstances and entering the labour market characterised by fewer career options and decreased supply of decent jobs (Ibid.). Finally, entity governments did not introduce systemic income support measures to support vulnerable and disadvantaged people who are not in employment. This was addressed by some cantons and municipalities that introduced one-off financial support (usually at the level below of the one-tenth of the average net salary in Bosnia and Herzegovina) to vulnerable groups, such as retirees receiving the minimum pension, people older than 65 without income and, in some cases, unemployed demobilised soldiers (Ibid.).

LGBTI people face various types of discrimination and violence, including in employment, at the workplace and in education. Research by the National Democratic Institute in 2015 shows that 36% of surveyed LGBTI people experienced some form of discrimination in employment or at the workplace (Vasić, Gavrić, & Bošnjak, 2016, p. 28). Recent evidence confirmed similarly that 52% of LGBTI experienced inappropriate comments about sexual orientation or gender identity from colleagues and 12% were victims of violence, after outing at their workplace (Gačanica, 2021)²⁰. Relatedly, 17% of the general population claim they would mind working with LGBTI people (Ibid.). Furthermore, it is

worrisome that education institutions are places where LGBTI experience discrimination most often (Sarajevo Open Centre, 2017). Thus, recent evidence shows that 5% of the 300 surveyed LGBTI people have (formally) reported discrimination in education (to the management of educational institutions, non-governmental organisations, the Institution of Human Rights Ombudsman, etc.) (Gačanica, 2021). Among the general population, there is 20% of those claimed that are not comfortable with the possibility of LGBTI people being employed at education institutions (Ibid.). Still, there is a lack of comprehensive and official data regarding the socio-economic dimension of the discrimination and marginalisation of LGBTI people in Bosnia and Herzegovina.

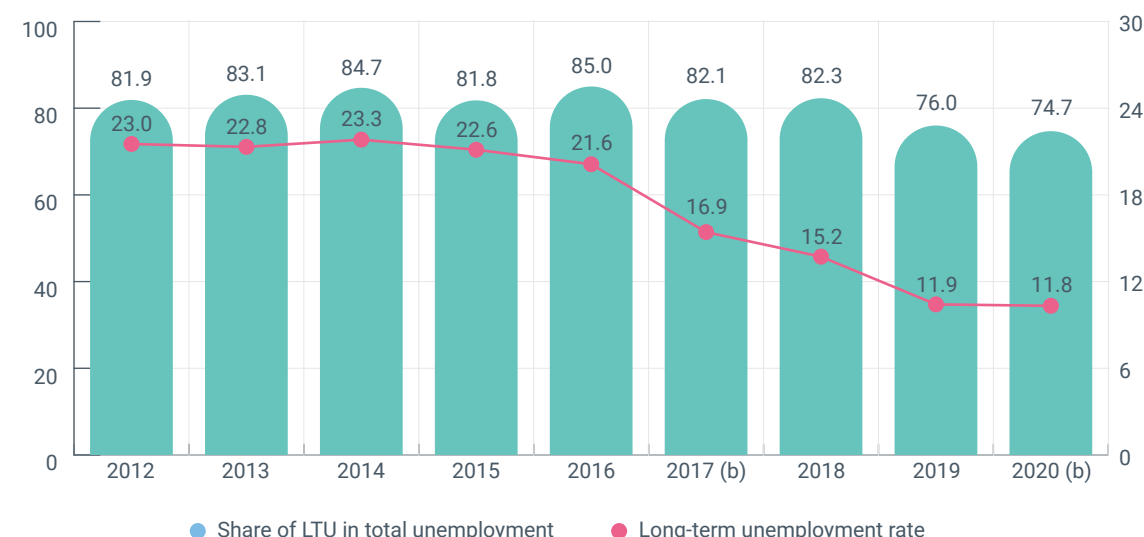
2.1.4 Active support to employment

The modest but positive progress that Bosnia and Herzegovina has made in terms of labour market performance and outcomes was vastly interrupted and reversed in 2020 due to the ongoing COVID-19 crisis. Statistical offices in Bosnia and Herzegovina have introduced methodological changes in the Labour Force Survey in 2020 and it can be assumed that the time series is interrupted, meaning that the 2020 LFS data is not fully comparable to the previous figures²¹. The unemployment rate (15+) was 15.9% in 2020, by 0.2 pp higher than the 2019 figure. Data on the registered unemployment shows that the total number of registered unemployed has increased by 3.6% in the period September 2019 – September 2020, i.e. from 403,355 to 417,957 people. It seems that young people have been especially hit by the crisis: youth unemployment rate (15-24) was 37% in 2020²², by 3.2 pp above the 2019 figure, which is above regional figures and notably above the EU-27 average of 16.8% (see Annex 3 for the elaboration of key labour market indicators and comparison with EU trends). The unemployment trend was reversed in 2020, at least temporarily, due to the COVID-19 crisis, considering that both general and youth unemployment rates were constantly falling in the period 2016-2019. The share of long-term unemployment in total unemployment is extremely high and persistent, without notable improvements recorded during the past decade (see Figure 6). The long-term unemployment rate was 11.8% in 2020, notably above the EU average of 2.5% in the same year (see Figure 6 and Annex 3). Prolonged recovery from the COVID-19 crisis could further exacerbate this issue, considering narrowed opportunities and lower supply of jobs on the labour market, and this is especially relevant in the case of the low-skilled workforce employed in contact-intensive service sectors or at low-end jobs elsewhere as well as in the case of less experienced workforce and new entrants in the labour market.

Despite the severe impact of the COVID-19 crisis on the labour market trends, authorities in Bosnia and Herzegovina did not increase the usage of ALMPs as instruments of tackling the crisis outcomes; the expenditure on active labour market measures (ALMMs) decreased in 2020. Thus, the 2020 annual report of the RS Employment Institute suggests that the budget allocated to ALMMs in 2020 was decreased by 44% compared to 2019 (i.e. from BAM 30 269 814 in 2019 to 16 901 413 in 2020). Similarly, the number of unemployed people reached by measures fell by approximately 56% (from 6 613 in 2019 to 2 888 in 2020) (Public Employment Institute of RS, 2021). The actual expenditure of the Federal Employment Institute on 2020 programmes in 2020 was BAM 7,570,949 compared to BAM 14,386,935 for 2019 programmes in 2019, which is by approximately 47% less in the year-over-year perspective (author's estimates based on raw inputs received from the Federal Employment Institute). Similarly, the level of ALMMs expenditure in Brčko District was BAM 2,106,000 in 2020, which is 13% less than in 2019 (BAM 2,423,103) (author's estimates based on raw data received from the BD Public Employment Institute). This can be attributed to several inter-related factors: (1) the

first lockdown in Q1 2020, which postponed activities related to ALMMs toward the second half of 2020, (2) uncertainty and disruption on the labour market, which temporarily lowered demand for the labour force and propensity to employ, (3) lowered inflow of unemployment insurance contributions due to massive job losses. However, governments missed an opportunity to utilise ALMPs more actively as a policy response to labour market disruptions.

Figure 6. Long-term unemployment rate and the share of long-term unemployment in total unemployment (the incidence of long-term unemployment) in BiH, 2012-2020 (%)



Source: Labour Force Surveys 2008-2020, Vidovic et al., 2019

The main policy response to labour market disruptions caused by the COVID-19 crisis were Employment Retention Measures implemented as wage subsidies. In the Federation of Bosnia and Herzegovina, the ERMs introduced at the beginning of the crisis have subsidised only 37.2% of total labour costs for the minimum wage (level of contributions paid on the minimum net wage), meaning that the intensity of subsidies diminishes as the wage increases; for instance, only 7% of the total labour costs were covered for salaries two times higher than the average wage (Arandarenko et al., 2021). However, this measure was complemented by cantonal measures designed as net wage subsidies. Therefore, companies could cover total labour costs at the level of the minimum wage, if have been eligible for both measures (Ibid.). In the RS, two employment retention schemes have been introduced. The first one covers contribution costs for a particular salary paid to an employee—meaning it is proportional to the level of salary—and applies for March and for companies with suspended business operations no longer than May 11th, 2020. Complementary to this scheme, authorities in the RS also introduced a flat-rate measure²³ that covers total labour costs in the amount of the minimum wage and applies to April and companies prohibited to operate after May 11th 2020. The first measure compensates 33.1% of the total labour costs associated with the minimum wage and the relative level slightly increases with salaries goes up, while the second one compensates 100% of the minimum wage total labour costs and diminishes as the salary level increase (Ibid.). Both entities measure were designed for businesses experiencing revenue loss or businesses whose operations have been prohibited by the government during the lockdown (Ibid.). On the other sides, entities did not attach an obligation for receivers of support to keep subsidised employees for some period of time after receiving support, which can be explained by the fact that support was provided retroactively. Finally, both entities have introduced various other complementary measures to

support the economy – such as guarantee funds, touristic vouchers, etc. – thus indirectly supporting job retention (Arandarenko et al., 2021; BiH Directorate for Economic Planning, 2021; UN, 2020).

Entities have mobilised significant resources to deploy employment retention measure as a response to the first wave of the COVID-19 pandemic (S1 2020): 0.39% of the entity's GDPDGPDP in the FBiH and 0.59% in the RS, both above the annual expenditure on ALMPs. However, the coverage of the private sector workforce (see Table 1) was slightly lower than in Serbia (85%) and, on average, slightly lower than in Montenegro (45%), but probably slightly above the figure for North Macedonia (35%) (Arandarenko et al., 2021). The effectiveness of these measures as compared to counterfactual has not been assessed so far (i.e. it is not known how many supported jobs would be preserved in absence of the measure).

Table 1. Estimated expenditure and coverage of entity-level employment retention measures in the first half of 2020

Month	% of the entity's 2019 GDP	Number of workers covered by the measure	As a share (%) of the total number of workers	Estimated share (%) of total private sectors workers (excl. financial & insurance sector)
FBiH				
April	0.16	164,279	30.9	45.4
May	0.14	142,044	26.7	39.2
June	0.08	86,267	16.2	23.8
Total	0.39	N/A	N/A	N/A
RS				
March	0.11	N/A	N/A	N/A
April	0.42	64,206	23.6	41.8
May	0.07	18,174	6.7	11.8
Total	0.59	N/A	N/A	N/A

Source: Arandarenko et al. (2021)

The second phase of governments' support measures in the FBiH has been launched in October 2020, putting emphasis on the preservation of jobs and attaching retention criteria to support. The second set of measures was defined by the Decree on Intervention Measures to support vulnerable sectors of the economy of the Federation of Bosnia and Herzegovina in the circumstances of the COVID-19 pandemic²⁴. Some of the aims of this measure were to support the liquidity of business in affected sectors and preserve jobs, and the Decree was backed with EUR 46.2 million (BAM 90 million) of available funds. Sectors supported by this measure were the tourism and catering sector, transport and communications, the agriculture and food industry and export-oriented companies (companies with at least 30% of export in the total structure of revenues). One of the streams of this measure was covering the minimum gross wages. To be eligible for support, the company had to experience a turnover decrease of 40% or more in the period from the 1st of April to the 30th of September 2020 compared to the same months in 2019 or had to be an export-oriented company meeting the '30 per cent criterion'. Also, only those companies that met tax and legal obligations before applying for support were eligible. State-owned enterprises and companies with 50% or more public equity were also not eligible. There was a strict job-retention rule attached to

this measure: beneficiary companies cannot reduce the number of employees in the period until the end of December 2020 (30th of September 2020 was used as a baseline), but this rule did not apply to airports, rail transport and public postal services. These are the general characteristics of the measure, but it is important to mention that the Decree defines a wide range of sector-specific rules and include caveats important for an in-depth understanding of the measure²⁵. The measure was designed as a combination of public calls to eligible companies and direct government's support.

A set of sectoral support measures have been introduced in the RS in 2020 and early 2021, focusing on employment retention. The transportation sector and the hospitality and tourism sector are included in this scheme so far, whereby the latter one is supported through two consecutive measures covering the period July-September and October-December 2020²⁶. These measures are designed to cover tax and contributions costs of salaries for full-time employees of firms that experienced a decrease in revenues – 20% in the case of transportation and 40% in the case of the hospitality and tourism sector – within the defined period²⁷. An employer is eligible to the measure only if the number of employees was not reduced by more than 15% compared to February 2020, without counting in employees whose contract has expired or who resigned. The support is intended for months August-December 2020 in the case of the transportation sector and July-September and October-December 2020 in the case of hospitality and tourism. Along with this measure, the Government also adopted a decree to support the liquidity of international transportation and airports' services.

It seems that an intense focus on reactive measures combating labour market disruptions has crowded out the attention of authorities from (pro)active support to employment. There were no significant changes related to the establishment of a more personalised provision of active support and targeting of ALMMs. ALMMs are still implemented in the form of public calls to employers²⁸ and linkages to counselling schemes are weak. Public employment services have put more effort in 2018 and 2019 into strengthening counselling services, profiling of jobseekers and developing and introducing individual employment plans as a means of intermediation: for the sake of illustration, individual counselling in the FBiH was provided to 60,124 beneficiaries in 2019, by 39% more than in 2018, while individual employment plans are introduced by all 10 cantonal PES (only 4 cantonal PES had IEPs in place in 2018), ensuring that 16,952 users receive IEPs in 2019, which represent an increase of 358% in the year-over-year perspective (Federal Employment Institute, 2020). Based on observation of partial data available for 2020 (e.g., Public Employment Institute of Republika Srpska, 2021), it could be said that active measures were mainly focused on hiring subsidies and self-employment, without recognising the potential of training measures (to which meagre resources have been allocated) that would enhance mid-to-long term human capital/career development amid structural transformations triggered by the crisis. Namely, although counter-cyclical measures aimed to incentivise employment are a priority during the pandemic, it seems that structural aspect of the crisis – including increased digitalisation and both inter-sectoral and intra-sectoral reconfigurations, and the consequential need for retraining and upskilling – is overlooked. Finally, before the COVID-19 crisis, ALMPs progressed only in terms of the increased expenditure and coverage rates, but the main obstacles and policy design shortcomings have not been addressed substantially. Public expenditure on ALMPs was at the level of around 0.25% of the GDP of Bosnia and Herzegovina in 2019, by 0.02 pp above the relative value in 2018 (author's estimate²⁹ and CPESSEC, 2019).

Some slight improvements regarding the education-to-work transition occurred in 2020, but unrelated to the COVID-19 crisis. The Federal Employment Institute introduced a new programme that offers support to unemployed people aged up to 30 to find their first job. The measure is realised in form of wage subsidies and employer-provided mentorship. This measure can help recent graduates to avoid prolonged unemployment and deteriorated employability. However, the risk of this measure is that it can end in deadweight and displacement effects, especially when targeting a highly skilled workforce.

There have been no legislative changes in the FBiH that would impact/improve active support to employment, while RS introduced some changes that led to better efficiency of PES. While the RS detached health insurance for unemployed persons from PES, who are now directly insured by the RS Health Insurance Fund³⁰, and thus remove some pressure from PES' operations, the FBiH is without any change in this domain for years. One of the key obstacles for providing effective counselling services by PES in the FBiH is the unfavourable ratio between counsellors and unemployed people: according to data from 2019, 1 counsellor, on average, provide services to 2,000 registered unemployed people (Federal Employment Institute, 2020, p. 25). Having in mind that one of the main incentives to register as unemployed is social benefits, such as health insurance and retirement contributions, detachment of this service from PES is crucial. This had been recognised as one of the priorities, under Outcome 3.1, by the new entity-level employment strategy in the FBiH, which was adopted in May 2021 by the Government of FBiH (but still not by the parliament). Substantial changes of policy in this domain have been envisaged by ERP 2017/2019, but the Law on Amendments to the Law on Mediation for Employment and Social Security of Unemployed People in the FBiH is not adopted so far.

2.2 Chapter II: Fair working conditions

2.2.1 Secure and adaptable employment

The COVID-19 crisis exacerbated labour market dualisms but policy efforts to amortize the impact of the crisis in this regard were lacking. ERMs did not consider atypical and informal workers (see Section 4 in Chapter 1), whilst supplementary income support schemes or active labour market measures have not been introduced for these categories.

Although empirical insights are lacking, it can be assumed that the COVID-19 put freelancers in a more disadvantaged position than regular employees, considering that freelancers do not have access to unemployment benefits and have limited access to health insurance. Namely, freelancers face limits in accessing social security schemes, even though particular contributions have to be paid even if atypical contracts are used³¹. Honorarium workers cannot claim any benefits of social insurance, except through solidarity schemes³². The Institution of Human Rights Ombudsman in Bosnia and Herzegovina has reacted to this legal solution in May 2021 by recommending to the FBiH Government to abolish the obligation of paying 4% for health insurance or ensure proper access to health care for freelancers and other categories who pay this contribution. Still, there were no policy efforts to regulate the status of freelancers in 2020 and the first half of 2021. In December 2020, the RS Tax Administration has invited freelancers (primarily referring to freelancers selling their skills at the international market) to formalise their business activities (e.g. to register as sole proprietors) and make their activities legal, thus indicating that freelancing can be legal only if registered as a business entity. The unregulated status of freelancers and policy stagnation in this area put a large cohort of people³³ at risk – mainly young people – who make their earnings in the gig economy and the ongoing crisis has emphasized the inadequacy of the existing policy setup.

The second important category of workers who remained invisible to policy makers during the COVID-19 crisis is informal workers. The crisis further deteriorates the position of informal workers: it was easiest to dismiss informal workers, whilst governments' policy response did not include this category in any of support schemes (Arandarenko et al., 2021; UN in BiH, 2020). On the other side, informal employment is a persistent challenge of the Bosnia and Herzegovina labour market and there is a high percentage of informal workers in the total employment. Although official and comprehensive data on informal employment is lacking, there are several recent studies/analyses indicating figures on informal work. The ILO's 2019 data suggests that informal employment amounts to 30.5% of total employment (30.9% among men and 29.8% among women) or 17.4% if agriculture is excluded from the estimate (20.4% among men and 12.6% among women) (International Labour Organisation, 2020). A similar figure (30%) has been offered by the European Commission (2019). A recent empirical study conducted by Numanović, Franić, Bobić, & Vuković (2020) reveals that at least 18.2% of citizens in Bosnia and Herzegovina know someone who works on a un(der)declared basis. Other recent studies also estimate un(der) declared employment at the levels around 30% of total employment³⁴. Low-skilled people, young people and older workers are more likely to be informally employed³⁵. Along with neglecting active measures supporting informal workers, the FBiH Government did not take any step to reduce tax wedge (the Government of the RS had introduced

some changes) that is recognised as an important factor contributing to the informal labour market in Bosnia and Herzegovina³⁶.

Part-time employment as a share of total employment (15-64 years) in Bosnia and Herzegovina is below the Western Balkans' average and it seems that continuously decrease. Part-time arrangements comprised around 4.9% of the total employment relationships in 2020³⁷, which is by 3.8 pp less than in 2019 when it was 8.7% (BHAS, 2019f). However, the LFS 2020 data is not fully comparable to earlier time series. The part-time employment rate is notably below the 2019 regional average of 11.2% (Vidovic et al., 2020) and the EU-28 average of 18.2%, as it was in 2020 (EUROSTAT, 2021). The share of workers performing less than 40 hours a week in the total employment is highest in agriculture (approximately 14%), while in the secondary and the tertiary sectors this share is lower (approximately 3% and 4%, respectively). It is not clear if the COVID-19 crisis has influenced a share of part-time employment in the total employment in any way.

Part-time employees are principally entitled to the same level of rights as full-time employees, but some forms of part-time working arrangements are dis-incentivised by regulations. While the FBiH Labour Law only stipulates that part-time workers are entitled to their rights concerning the number of working hours and collective agreement, rulebook or employment contract, labour laws in the RS and BD are more explicit and oblige an employer to ensure equal working conditions for a part-time employee as for the full-time employee holding the same or similar job position (FBiH Labour Law, art. 36, RS Labour Law, art. 42, BD Labour Law, art. 34). Labour laws in the RS and BD also better promote mobility between part-time and full-time working arrangements by obliging employers to take into consideration the employee's request for transition to full-time work and vice versa (RS Labour Law, art. 42; BD Labour Law, art. 34). On the other side, part-time arrangements for the lowest-paid jobs are dis-incentivised in both entities by the fact that the base for contributions cannot be lower than the minimum salary³⁸. Whilst this policy exists in the FBiH from earlier, a similar solution has been introduced in the RS only recently, i.e. in May 2021, with new amendments to the RS Law on Contributions (art. 10a). Finally, it should be mentioned that the employment relationship cannot consist of less than 1/4 of full-time weekly working hours (RS Labour Law, art. 41; BD Labour Law, art. 34).

The share of temporary employment in the total employment is in decrease since 2017; employees who had fixed-term contracts have been at a disadvantage when the COVID-19 crisis started, especially having in mind that ERMs did not promote retention of temporary workers. The share of temporary employment was gradually increasing from 2010 (13.6%) to 2017 (18.4), after which it started decreasing – to 17.5% in 2018 and then further to 16.1% in 2019 (Vidovic et al, 2020). Data on temporary employment for 2020 was not available at the moment of writing this report. The share of temporary employment is below the Western Balkan average of 23.2% (Ibid.) but notably above the EU-27 average of 11.3%. Considering that the EU-SILC has not been conducted by statistical offices in Bosnia and Herzegovina so far, it is not possible to assess transition rates from temporary to permanent contracts. Finally, it should be mentioned that the labour policy in Bosnia and Herzegovina principally promotes a transition from temporary to open-ended employment relationship by limiting the period for which a fixed-term contract(s) can be successively used with the same employee (up to 2 years in the RD and BD and up to 3 years in the FBiH³⁹), but also by prescribing specific conditions for its usage in RS and BD (see Table 2). However, ERMs described in Section 4 of Chapter 1 mainly put workers with fixed-term contracts at the disadvantage, considering that obligation of keeping temporary workers have not been included in eligibility criteria that prescribed allowed reduction in the level of employment within the company. On the contrary, it was usually explicitly stipulated

that workers with fixed-term contracts whose contracts expired since the pandemic started are not treated as part of aggregate employment loss within this criterion (see also Arandarenko et al., 2021). On top of that, temporary workers usually qualify only for up to three months of receiving unemployment benefits considering time spent in employment (2-3 years) without interruptions (see Section 3 in Chapter 3).

Table 2. Key legal provisions on fixed-term employment contracts in the FBiH, RS and BD

Administrative unit	Period for which one or more successive fixed-term contracts are allowed	Max. gap between two FT contracts which does not interrupt their successiveness	Justification (conditions) for concluding FT contract with an employee
FBiH	Up to 3 years	60 days	There are no specific preconditions for concluding a fixed-term contract with an employee (i.e., justification is not needed).
RS	Up to 2 years	30 days	A fixed-term contract can be used only in those cases where the duration of the working engagement is defined in advance and based on justified deadlines or applied to one-off tasks.
BD	Up to 2 years	15 days	A fixed-term contract can be used for seasonal jobs, temporary replacement of absent worker(s), temporary increase in the quantity/scope of tasks, managerial jobs, and project-based work.

Source: FBiH Labour Law, art. 22-23; RS Labour Law, art. 39, BD Labour Law, art. 29-30

Finally, the BiH policy framework inadequately promotes entrepreneurship. Bosnia and Herzegovina is positioned as 90th/190 on the Ease of Doing Business Ranking, significantly below all other Western Balkans economies, which between 17th and 82nd place (World Bank, 2020). However, the policy dynamics in this regard were relatively weak in 2020. In the RS, policy changes have occurred to reduce para-fiscal taxes. The Law on Amendments to the Law on the Special RS Taxes⁴⁰ prescribed gradual reduction of the special RS tax by 30% in 2021 and 60% in 2022 (art. 5a), and the RS Government has a plan to completely abolish this tax in 2023 (BiH Directorate for Economic Planning, 2021). This Law abolished several communal taxes (6 out of 10) and exempts small entrepreneurs and newly registered businesses of paying some taxes. Finally, the Law on Amendments to the Law on Court Fees⁴¹ abolished some court fees, while the Law on Amendments to the Law on Administrative Taxes⁴² makes certain administrative procedures free of charge. These policy changes reduce some costs of starting and running a business and, therefore, represents a positive incentive to entrepreneurs. On the other side, the Draft Law on Crafts and Related Activities in the FBiH, which tended to improve the policy framework for sole proprietors by removing some of the rigidities (e.g. enable people without formal education in particular fields to have business

operations/crafts in that fields, thus removing bureaucratic protections over specific professions and enhancing competitiveness) and expanding scope of business operation (e.g. allowing sole traders to export and import goods) was not adopted after the vote in February 2020. Finally, while the RS has made some additional progress regarding the labour tax wedge decrease, the FBiH did not make any progress for more than a decade (see the next section).

2.2.2 Wages

The wage growth has continued in 2020 and Q1 2021, despite the ongoing pandemic, but this trend should be taken with caution. After times of very moderate and volatile growth in the period 2010-2018, marked with the net wage growth at the average annual nominal rate of 1.2% and almost negligible real growth (0.38% on average), notable net salary growth has been recorded since 2018 (see Table 3). The nominal annual net salary growth recorded in 2020 was 3.8%, whilst the real growth was even higher (5.4%) due to deflation triggered by the pandemic-related economic disruptions. This trend has continued in Q1 2021 with an average net wage of EUR 500.4 (BAM 973). However, it could be assumed that this figure is partially influenced by job losses in low-paid sectors (e.g. around 1/3 of jobs losses within the economy in the period January 2020 – January 2021 belong to the accommodation and food service sector, which is characterized by the lowest average wage), thus having a statistical effect on the mean value. Second, the minimum wage was increased from EUR 231 (BAM 450) in 2019 to EUR 267 (BAM 520) in 2020 by the government in RS, thus contributing to the overall growth. The growth of salaries in the past several years can be also explained by labour shortages in some sectors (Vidovic et al, 2020). Finally, the average wage level is inflated by higher salaries in the public sector. The average public sector net wage is around 1.4 times higher than that in the private sector (see Oruč & Bartlett, 2018). Still, recent policy developments promote the increase of salaries within the public sector. The Government of RS adopted a set of laws in May 2021 that created preconditions for salaries' increase in the public sector or, more precisely, in health, education, justice, culture and the interior affairs.

Table 3. Average wage in Bosnia and Herzegovina (expressed in BAM), 2010-2020

Indicator		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Wage	Gross	1,217	1,270	1,290	1,291	1,289	1,289	1,301	1,321	1,363	1,421	1,476
	Net	798	816	826	827	830	830	838	851	879	921	956
Nominal net salary growth rate		1.01	2.26	1.23	0.12	0.36	0.00	0.96	1.55	3.29	4.78	3.8
Real net salary growth rate		-1.09	-1.44	-0.87	0.22	1.26	1.00	2.06	0.35	1.89	4.18	5.4
Inflation growth rate		2.1	3.7	2.1	-0.1	-0.9	-1.0	-1.1	1.2	1.4	0.6	-1.6

Source: BHAS, 2020a

Labour tax burdens remained unchanged in both entities in 2020, thus keeping tax wedge relatively high, especially in the Federation of Bosnia and Herzegovina. The tax wedge in the FBiH is higher than in any Western Balkan economy, being at the level of around 42% for a single worker, without children, who receives an average gross salary. Despite that, the labour taxation system in this entity has not been substantially changed/improved for more than a decade. Although the adoption of the new Law on Contributions and new Law on Personal Income Tax was planned by ERP 2017-2019⁴³, they are still not adopted and the Government of FBiH has decided to withdraw the last proposals of the laws from the Parliament of the Federation of Bosnia and Herzegovina in October 2020, thus putting the policy process on hold until further notice. On the other side, there were a few relevant changes in labour taxation policies in RS over the last decade (see Vidovic et al, 2019 for a brief overview), reducing the tax wedge by approximately 3 pp since 2015 (see Jusić & Numanović, 2015). Furthermore, amendments to the Law on Contributions were adopted in this entity in 2019, introducing the lower contribution rate for unemployment insurance (0.6% instead of 0.8%), and this change is in effect since January 2020 (Tax Administration of RS, 2020). Finally, amendments to the Law on Personal Income Tax have been adopted in May 2021, thus increasing the non-taxable part of salary from EUR 257 (BAM 500) to EUR 360 (BAM 700) and lowering the tax wedge by 1 pp in the RS (i.e. to 35% from July 2021 onwards).

Table 4. Tax wedge for a single worker, without children, who receives a minimum salary, 67%, 100% and 167% of average gross salary in the FBiH and RS, 2020

Administrative unit	Minimum wage	67% of the average wage	100% of the average wage	167% of the average wage
FBiH	39.5%	41.2%	42.2%	42.9%
RS	33.0%	34.2%	36.0%	37.5%

Source: Author's calculations

Despite a constant increase of average salaries in Bosnia and Herzegovina, the pace of growth is slow and unevenly distributed, so wage levels do not ensure a decent life for many and result in a high in-work poverty. Thus, among those households in which at least one member is employed, 11.6% live in poverty (BHAS, 2018a). Furthermore, an average household's monthly expenditure is, according to the latest available Household Budget Survey's data (2015), EUR 397 (BAM 774) for a single person, EUR 819 (BAM 1597) for a three-person household and EUR 938 (BAM 1829) for a four-member household (Ibid., p. 89). Similarly, trade unions estimated that a four-member family monthly needed EUR 999.1 (RS) or 956.8 (FBiH) to meet all needs in December 2020 and EUR 1 006.3 (RS) or EUR 1 081.3 (FBiH) in March 2021, i.e., replacement rates are estimated to 49.1% (RS) or 51.3% (FBiH) in December 2020 and 48.8% (RS) and 45.4% (FBiH) in March 2021 (the average net salaries in 2020 serve as a basis for both estimates). In other words, the expenditure of a fourth-member family exceeds two average monthly salaries in Bosnia and Herzegovina and expected inflationary pressures can further decrease replacements in the next period. Besides, the minimum net wage in the FBiH, as it was set in 2016 by the General Collective Agreement for the territory of FBiH⁴⁴, amounted to EUR 202 (BAM 404), while the minimum wage is higher in RS and amounted to EUR 267 (BAM 520) in 2020 and has been further increased to 277 (BAM 540) in Q2 2021. However, the minimum wage cannot ensure for a single worker to meet all needs and usually the minimum-wage earners live in poverty or on the verge of poverty. Therefore, it is no surprise that recent estimates made by Obradović, Jusić, & Oruč (2019) show that the in-work poverty rate in Bosnia and Herzegovina amounts to 24.5%. In-work poverty is more prevalent among self-employed

workers (36% compared 21.5% among those who work for an employer), among part-time workers (39.9% vs. 19.4% among full-time employees), among those on temporary contracts (27.8% vs. 19.5% among those who have a permanent employment) and young workers aged 18–24 (31.4%) (Ibid.; see also Arandarenko et al., 2021).

The minimum wage is bargained through tripartite social dialogue but finally determined by the governments in FBiH and RS. The minimum wage is set by a general collective agreement BD (BD Labour Law, art. 93), while in FBiH and RS it is determined by the entities' governments, after consultation with the FBiH Economic and Social Council in the FBiH (FBiH Labour Law, art. 78) or based on a proposal articulated by the RS Economic and Social Council in RS (RS Labour Law, art. 127). In case that social partners in RS did not articulate the proposal, the Government of RS determines the minimum wage, considering productivity growth, living standard and wage growth trends (Ibid.). In the FBiH, it is envisaged that the FBiH Government adopts a policy that defines the methodology for adjusting minimum wage, and such policy must be adopted based on a proposal made by the Federal Ministry of Finance and the Federal Institute for Development Programming, as discussed with the Economic and Social Council (FBiH Labour Law, art. 78). However, the document (methodology) is not adopted yet; the Economic and Social Council of this entity started a discussion on the methodology in 2019 and continued it in 2020 and 2021 (Government of the FBiH, 2020). Therefore, neither the minimum wage nor a methodology for its adjustment has been adopted for more than three years after the expiration of the general collective agreement, thus creating a policy vacuum.

2.2.3 Information about employment conditions and protection in case of dismissals

Core information on working conditions should be contained in an employment contract, which have to be shared with an employee at the beginning of working arrangement. In that sense, the employer is obliged to include information on working conditions and relationship in the employment contract, providing at least basic data on the contracting parties, duration of the contract, starting date, place of work, job position, working time, remuneration, annual leave and notice period in the case of dismissal (see Table 5). Other conditions and procedural aspects are usually defined and described in more detail by the employer's internal policies and rulebooks. Employers have to sign an employment contract with each new employee either the day before (FBiH and RS) or during the first day of the employment (BD), meaning that the employee is familiarized with working conditions at the start of the employment relationship (FBiH Law on the Unique System of Registration, Control and Collection of Contributions; RS Labour Law, art. 35; BD Labour Law, art. 26). These rules are equally applied on open-ended (permanent) and fixed-term employment contracts, including those which are concluded for a probation period.

Workers have the right to be informed about the reasons for dismissal at the beginning of the notice period. Notice of dismissal has to be in written form, containing an explanation/reasons why the contract is to be terminated (FBiH Labour Law, art. 104; RS Labour Law, art. 180; BD Labour Law, art. 115). Notice period in case of dismissal cannot be shorter than 14 days in the FBiH, 15 days in BD and 30 days in RS (FBiH Labour Law, art. 105; BD Labour Law, art. 118; RS Labour Law, art. 192). The employer is not obligated to respect the minimum notice period in case of serious violation of the employment contract (e.g. if a worker rejects to perform contractual duties, acts violently, intentionally damages equipment, etc.) (FBiH Labour Law, art. 97; RS Labour Law, art. 192;

BD Labour Law, art. 113), but has to allow the worker to provide feedback (FBiH and BD) within 8 days before dismissal (RS).

Table 5. Core (minimum) data that employment contracts must contain in the FBiH, RS and BD

FBiH	RS	BD BiH
<ul style="list-style-type: none"> • employer's name and address • employee's name and address • duration of the contract • date of the first working day (starting date of the employment relationship) • place of work • job position and a short job description • working hours, including information on how they will be distributed • remuneration/salary, including information on potential extra payments (e.g. bonus) and/or other benefits, as well as on payment dates • duration of annual leave • notice period in the case of dismissal • other relevant information on working conditions, which are stipulated by the collective agreement. (FBiH Labour Law, art. 24) 	<ul style="list-style-type: none"> • employer's name and address • employee's name, address and qualifications (education degree) • duration of the contract, including reasons for concluding a temporary employment relationship in the case of fixed-term contracts • date of the first working day (starting date of the employment relationship) • place of work • job position • working hours, including information on how they will be distributed • remuneration/salary, including information on potential extra payments (e.g. bonus) and/or other benefits • duration of annual leave • notice period in the case of dismissal • tasks which imply specific working conditions, if any. (RS Labour Law, art. 35) 	<ul style="list-style-type: none"> • employer's name and address • employee's name and address • duration of the contract • date of the first working day (starting date of the employment relationship) • place of work • job position and a short job description • working hours, including information on how they will be distributed • remuneration/salary, including information on potential extra payments (e.g. bonus) and/or other benefits, as well as on payment dates • annual leave • notice period in the case of dismissal or resignation • other relevant information stipulated by the collective agreement or employer's rulebook (BD BiH Labour Law, art. 24)

The employee has a right to compensation in case of unjustified dismissal. In the FBiH and BD, the competent court can prescribe various legal measures for compensating the worker, including his/her reinstatement and covering all salaries for the period during which the employee was outside the job, severance pay (if the worker does not want to continue the employment relationship) and other forms of financial compensation, including a combination of measures (FBiH Labour Law, art. 106, BD Labour Law, art. 122). The scope of legal measures is narrower in RS and includes the reinstatement and retroactive coverage of lost salaries or compensation to the amount of up to 12 monthly salaries if the worker does not want to continue the employment relationship (RS Labour Law, art. 189, 195). Similarly, if a worker does not want to continue the employment relationship, the court can prescribe compensation in the amount of up to 18 salaries and regular severance pay. All three laws envisage the possibility for the worker to stay at the workplace during the legal dispute if so demanded by the worker and accepted by the court.

2.2.3 Social dialogue and involvement of workers

Social dialogue in Bosnia and Herzegovina is under-developed and under-utilised. Besides ensuring proper frequency of tripartite meetings, there were no substantial improvements of the social dialogue in 2020 (see European Commission, 2020a). After a two-year break in holding tripartite meetings in the FBiH caused by a dispute that occurred between representatives of trade unions – the Confederation of Independent Trade Unions of Bosnia and Herzegovina - and the FBiH Government (see more in Aščerić, 2018), the FBiH Economic and Social Council have continued with its work by holding more frequent meetings: four regular and one emergency meeting were organised in 2020. Still, the minimum wage has not been negotiated in 2020, thus prolonging the state of the undefined minimum wage that started in March 2018 after the FBiH Employers' Association unilaterally terminated the FBiH General Collective Agreement in March 2018 (Decision on Termination of the General Collective Agreement for the territory of the FBiH, art. 1). However, some progress is in sight: representatives of the FBiH Employers' Association and representatives of six sectorial trade unions signed the Joint Platform for Social Dialogue in June 2021. On the other side, tripartite dialogue has continued on regular basis in the RS and yielded some concrete policy-relevant progress and outputs, such as those in the field of occupational safety and health, as described in Chapter 2 – Section 6. It could be said that trade unions and employers' association in RS are being more involved in socioeconomic policymaking through a partnership with the government⁴⁵. However, the General Collective Agreement has not been concluded in 2020 because social partners and the government did not manage to reach an agreement on the text (BiH Directorate for Economic Planning, 2021). Similar has happened with branch collective agreements due to the inability of social partners to find a common ground and reach a consensus.

It could be said that social dialogue was not sufficiently utilised in terms of designing and implementing policy response measures to COVID-19, which is not surprising considering that the overall involvement of social partners in the implementation of policies is limited. While some improvements in this regard are planned for 2021 by the Economic Reform Programme, it could be said that the role of social partners in 2020 was mainly consultative (see BiH Directorate for Economic Planning, 2021), while some of the policy processes did not take into account voices for social partners (see OSCE, 2020; see also European Commission, 2020a).

Some progress has been achieved regarding the creation of a policy framework for peaceful settlement of labour disputes in the FBiH, which RS created much earlier. FBiH adopted the Law on Peaceful Settlement of Labour Disputes in April 2021. The law shortens the process of resolving disputes from several months or years, which is usual for court proceedings, to 30 (if solved by the peace council) or 60 days (if the case has been escalated to the arbitration council, which requires additional 30 days) (Federal Ministry of Labour and Social Policy, 2021). The law envisages and regulates the establishment of the Peace Council for the territory of the FBiH as well as peace councils at the cantonal level (Ibid.). The policy framework for peaceful settlement of labour disputes has been created in the RS several years ago and the current law was adopted in 2016.

2.2.5 Work-life balance

The COVID-19 crisis has disrupted work-life balance to a great degree. Quick-shift towards remote and hybrid work arrangements, temporary closure of childcare/preschool centres, e-learning, limited availability of public and outdoor services and lockdown measures, in their sum, represent an unprecedented event in recent history, thus forcing workers to find new modalities of balancing between work duties, family responsibilities and individual well-being. The changes also blurred both time-related and spatial barriers between work and private life for many workers. 57.4% of respondents of a household survey by UNICEF and UNDP (2021) has reported that they spent more time caring for children, and the figure was higher among women (60%) than among men (54.6%). In the case of single parents, it seems that time spent caring for children increased more frequently, with 75.9% of single parents reporting this trend (Ibid.). It seems that the division of household chores and care work is unequal between genders, with around 30% of women not perceiving this division as fair compared to 25% of men (Ibid.). Although comprehensive statistics are not available, existing evidence suggests that many women temporarily or for a longer period dropped out from the labour market to provide care to family members (mainly children), thus undermining their long-term career prospects, employability and risking to slip in long-term unemployment or inactivity (see Section 2 in Chapter 1). With many childcare/preschool centres being temporarily closed or operated in reduced capacities, in-family care was prevalent, i.e. parents and/or other family members had to take over all daily childcare responsibilities. Also, the crisis disrupted operations of many childcare providers, thus threatening to exacerbate an issue of under-supply of places for children or inflate the price of services (see Section 1 in Chapter 3). Finally, deteriorated work-life balance amid the COVID-19 pandemic has a great impact on mental well-being and brings a risk of development of serious psychological difficulties and mental illness (see UNDP, 2020).

However, despite the increased pressure that the COVID-19 crisis put on work-life balance, there were no substantial policy reforms or measures in this regard in 2020. Table 1 in Annex 1 offers an overview of key legal provisions in this domain. However, there are indications that, in practice, workers often do not exploit some of the aforementioned rights fully due to employer intimidation, pressure or self-perceived risks, and that women often experience negative consequences from enjoying this right (Hadžimusić, 2017).

2.2.6 Healthy, safe and well-adapted work environment and data protection

Bosnia and Herzegovina underperforms in ensuring an adequate level of safety at work, while the lack of quality statistics and coherent reporting mechanisms hampers proper monitoring and assessment of trends in this area. The annual fatal accident incidence rate was varying from 2.1 to 3.2 during the period 2015-2018 (the highest was in 2018) (Author's estimates)⁴⁶, noticeably above the comparable EU-28 average of 1.7 (EUROSTAT, 2018b)⁴⁷. Furthermore, when observed on an annual basis, 28-34 per 100,000 workers have experienced serious occupational injuries in the period 2016-2018 (Author's estimates based on inspectorates' statistics); however, this number could be underreported due to the weak and inefficient mechanisms of data collection, but also because employers sometimes do not report injuries. The statistics on injuries are unreliable and incomplete and systematized and recent data on occupational diseases do not exist. Furthermore, data for 2019 and 2020 is not fully available for all administrative units in Bosnia and Herzegovina.

Some progress in creating a better policy framework for the protection and promotion of occupational safety and health (hereinafter: OSH) has been achieved. New Law on Safety at Work was adopted by the Parliament of the Federation of Bosnia and Herzegovina in October 2020, thus replacing the previous, outdated and ineffective, law, which has not been changed since 1990⁴⁸. The new law is aligned with the European Union's Council Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work, which introduces a new set of principles and measures for the prevention of occupational diseases and accidents and becomes the part of FBiH legal system with the Article 2 of this law⁴⁹. Important novelty compared to the existing law is the obligation for employers to conduct an assessment of the OSH risks related to the workplace and particular job positions and, based on identified risks, define concrete proposals and measures for risks mitigation or amortization. Findings of risk assessment have to be outlined by the Risk Assessment Act, while measures for ensuring safety at work should be defined by the Rulebook on Safety at Work (Art. 22 and 23). Also, the law prescribes that the Government of the Federation of Bosnia and Herzegovina establishes the Council for Safety at Work, comprised of representatives of the entity government, employers' associations, trade unions and prominent occupational safety and health experts (Art. 7). The law, together with laws on safety at work adopted in RS in 2008 and in BD in 2013, provides a solid and modernised OSH policy framework along with labour legislation, but the main OSH-related challenges are associated with their enforcement. Finally, as a result of activities of social partners in the RS, the Draft Strategy of Safety at Work for the period 2021-2024 has been created and its adoption could happen in 2021. However, the policy framework for promoting safe, healthy and active ageing at work, i.e. adaptation of working conditions to better correspond to older workers' needs have not been improved in 2020, despite the fact that the majority of occupational injuries were recorded among male workers aged 51-60, while among workers older than 60 experienced injuries double the average (Šormaz, Paleksić, & Popović, 2015).

Authorities had to respond to emerging health-related challenges caused by the COVID-19 in terms of the OSH framework. Thus, for instance, the Federal Ministry of Labour and Social Policy has amended the Rulebook on the List of Occupational Diseases⁵⁰ to include COVID-19 as an occupational disease for health workers, thus ensuring greater protection and benefits for the profession that is the most exposed to this disease.

Employees' personal data is well-protected by the existing legislative framework. Employers are not allowed to gather data non-related to work or to share employee data with third parties, except in the specific cases prescribed by law or necessary for exercising rights or performing duties related to labour regulations (FBiH Labour Law, art. 30; RS Labour Law, art. 102; BD Labour Law, art. 22). In addition to this, RS Labour Law prescribes the right for employees to have access to all documents that contain their personal data and to be able to request a change of inaccurate or outdated data (RS Labour Law, art. 102). In addition to entities' and BD's labour laws, employee data and the right of privacy are protected by the Law on Protection of Personal Data at the level of the central government.

2.3 Chapter III: Social protection and inclusion

2.3.1 Childcare and support to children

The trend of the modest improvement in preschool education coverage has been interrupted in 2020. Namely, during the pre-pandemic period, the enrolment rate in preschool education was slightly, but continuously, increasing (by 4 pp within the five years). However, the enrolment rate has dropped by 1.3 pp in 2020 compared to the year before, which can be primarily attributed to the socio-economic shocks induced by the COVID-19 pandemic. The share of children under three years old cared for by formal arrangements stood at 7.1 in 2019 and has decreased to 6.8 in 2020. The figure for 2019 is tremendously below the EU-27 average of 35.3 for the same year (see Table 6 and Annex 3). The increase in the coverage of children age 3–6 is partly due to an increase in the number of children between four and five years old attending obligatory preparatory education for a minimum of 150 hours (in some cantons this entails 300 hours) during one school year. These classes are organised for half – or in some cases for the whole – school year and delivered only several hours per week; in RS, they are organised during a three-month period, 3 hours per day, amounting to some 190 hours (Law on Preschool Education and Upbringing, art. 36)⁵¹.

Table 6. Children enrolled in preschool education from 2015 to 2020⁵²

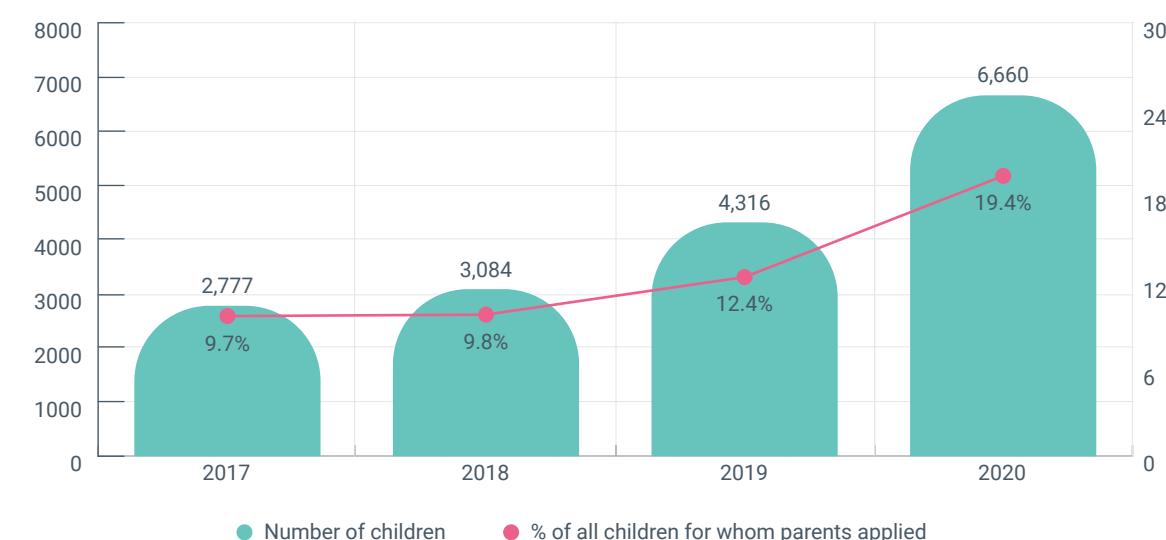
Children enrolled at preschool education	Year 2015/2016		Year 2016/2017		Year 2017/2018		Year 2018/2019		Year 2019/2020		Year 2020/2021	
	No.	Cov- erage rate	No.	Cov- erage rate	No.	Cov- erage rate	No.	Cov- erage rate	No.	Cov- erage rate	No.	Cov- erage rate
Total	22,901	9.9	24,918	11.1	25,889	11.8	28,511	13.0	30,587	13.9	27,698	12.6
Children age 0 – 2	3,751	4.2	4,229	4.7	4,668	5.2	5,663	6.3	6,362	7.1	6,121	6.8
Children age 3 - 6	19,150	13.6	20,689	15.4	21,221	16.4	22,848	17.6	24,225	18.7	21,577	16.7 ⁵³

Source: BHAS, 2019i; BHAS, 2021b (data on coverage rates for 2015-2017 received upon request)

Many children are left outside of formal childcare/preschool education due to various reasons, including lack of capacities of preschool education to absorb children, and it seems that the COVID-19 worsened the picture. Some unofficial estimates suggest that around 150,000 children have not accessed preschool education/formal childcare (Centre for Policy and Governance, 2021). There are several reasons for children being outside of preschool education, including cultural reasons (in-family childcare), the unavailability of the service in the vicinity, especially in rural areas⁵⁴, and the unaffordability of the service. As stated by UNICEF, “children from urban areas with two

working parents represent 76 per cent of all children in preschool institutions, while two-thirds of children live in rural areas” (UNICEF, 2020). However, many children do not have access to preschool education due to a limited number of places in preschool institutions, especially in large centres. Around 12.4% of children (4,316) remained outside of preschool education in 2019 due to the lack of capacities of both public and private preschool education institutions to absorb them and it seems that the COVID-19 crisis had largely exacerbated this issue, thus leading to the figure of 19.4% (6,660) in 2020 (see Figure 7). Although demand remained relatively stable (34,358 children in 2020 compared to 34,903 in 2019), the number of preschool institutions fell by 15.9%, i.e. from 390 in 2019 to 328 in 2020 (BHAS, 2019i; BHAS, 2021b).

Figure 7. Children not enrolled because of lack of capacities (places), 2017-2020



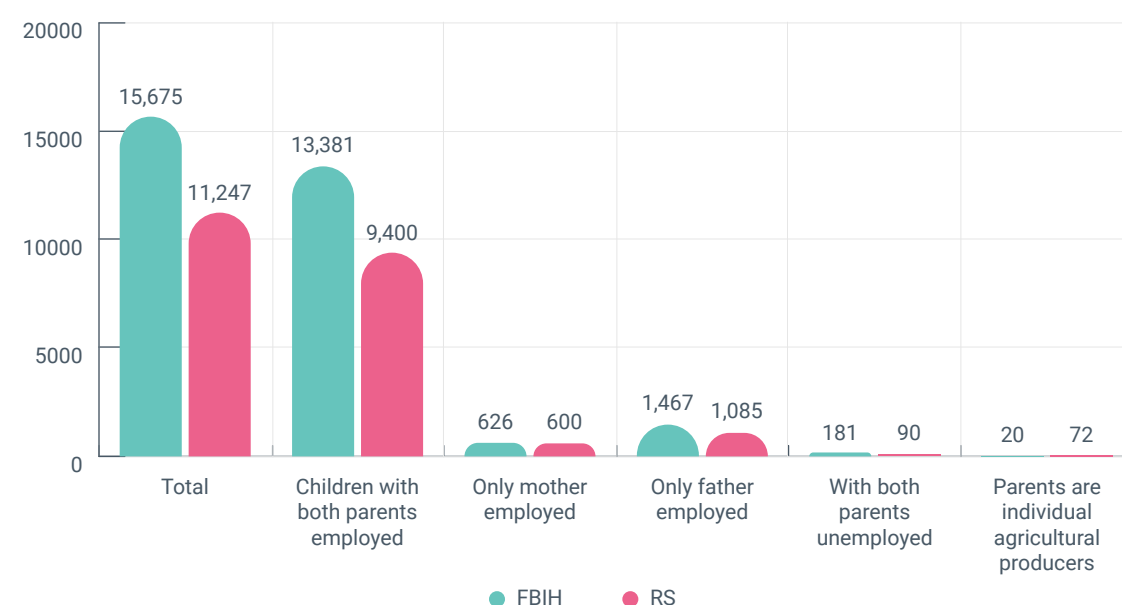
Source: BHAS, statistics on preschool upbringing and education

The COVID-19 had a severe impact on the continuity of preschool education/formal childcare. While education authorities managed to keep schools and universities ‘open’ and provide teaching without major interruptions by quickly shifting toward e-learning or hybrid teaching methods (Chapter 1.1), it was more challenging or even impossible for preschool institutions. Most preschool institutions have been temporarily closed during the first wave of pandemic and lockdown phase (from mid-March to mid-May 2020); however, some of the institutions managed to provide some form of services to older children (3-6), while the BD Department for Education organised TV preschool education for 5-year-old children (UNICEF & UNESCO, 2020). A mobile kindergarten has been launched in Canton Sarajevo in Q3 2020 with the support of the international donor community (Ministry of Civil Affairs of Bosnia and Herzegovina, 2020). According to available data, 82% of children enrolled in preschool education have interrupted their attendance (education), 1% attended on-site preschool education (mainly those institutions that were able to comply with safety requirements), 13% of children aged 3-6 participate in online education and 5% of children (5-6 years old) attended obligatory/preparatory online programmes (Ibid.). The pandemic-induced interruptions negatively affect the already poor participation of children in preschool education and bear risks for their long-term development and future educational attainments.

As mentioned above, many children do not participate in preschool education because their families cannot afford the relatively high costs of the service, thus creating notable inequalities

at the earlier stage of the education process and learning. Parents bear a non-negligible brunt of preschool education financing, defined by local government decisions⁵⁵. Public preschool education fees for full-time kindergarten borne by parents represent around 1/5 of the average salary and usually between 1/3 and 2/5 of the minimum salary, depending on the administrative unit (Numanović & Obradović, 2020), while the private ones are even more expensive. The costs are usually higher in larger cities compared to small and less populated municipalities. It is not surprising that children whose parents are employed make the majority of children in preschool education in both entities. As presented in Figure 8, children with both parents employed to account for 84.6% of all children in preschool education, those with only one parent employed represent 14%, while only 1% of children are from families where none of the parents is employed.

Figure 8. Children in preschool education in 2020 according to parents' employment status⁵⁶



Source: Institute for Statistics of FBiH (2021), Republika Srpska Institute of Statistics (2021)

Some policy measures or plans have been introduced recently in both entities to ensure better coverage and more inclusive preschool education. In the RS, the Amendments to the Law on Preschool Upbringing and Education have been adopted in June 2020. One of the important changes is that centres for social work in underdeveloped and extremely underdeveloped local units without preschool institutions can perform this role and conduct adapted preschool education programmes (art. 1 and 2). The second important change is that costs of the enrolment in preschool education for children without parents/parental care and children with intellectual disabilities are borne by the Public Fund for Child Protection of the Republika Srpska, thus making preschool education more inclusive (art. 33). In the FBiH, the Development Strategy of the Federation of Bosnia and Herzegovina, which was adopted by the Government of the FBiH and the House of Representatives of the Parliament of the FBiH in S1 2021, sets an ambitious goal to increase the coverage of children by preschool education to 80% in 2027. The ambition to increase quality, accessibility and coverage of children by preschool education is also formulated by the Strategic Plan for the promotion of early development of children in the Federation of Bosnia and Herzegovina for the period 2020-2025, which was adopted by the Government of the FBiH in November 2020. Policy improvements in the FBiH are difficult to be properly monitored, due to the decentralised jurisdictions, but one of the most notable

policy responses was recorded in the Canton Sarajevo in 2019 when the Government has introduced subventions of around EUR 100 (BAM 200) per child to support the accommodation of 682 children from 'waiting lists' (children who stayed outside of the public preschool education due to lack of capacities/free places) in private preschool institutions. The ambition for improving the coverage has been articulated previously by the Platform for the Development of Preschool Upbringing and Education in Bosnia and Herzegovina for the period 2017-2022: to 50% for the 3-5 age cohort and to 20% for children up to 3 years (BiH Directorate for Economic Planning, 2019). However, little has been achieved in reaching this goal, as evident from the insights provided in this chapter⁵⁷.

Child and family benefits in RS are more effective in ameliorating child poverty than in the FBiH. Children below 18 years face a higher risk of poverty than all individuals, except in RS (see Numanović & Obradović, 2020): according to the latest available data, children poverty rate is 18.5%, while the total individual poverty rate is 16.5%⁵⁸. Research on child poverty based on previous HBS rounds shows that children consistently have higher poverty rates than the general population, while children living in a household where the youngest child is of preschool age are more likely to be in poverty than other age groups measured against absolute poverty lines (Bruckauf, 2014). Furthermore, the EC Analytical Report (2019, p. 139) points out that almost one in every three (31.6%) children aged between 5 to 15 are at risk of poverty. However, poor data availability makes proper analysis impossible, and the European Commission invited local governments to ensure better and more frequent data collection related to children poverty (European Commission, 2020a).

The ESSPROS 2019 data shows that the share of public expenditure on family/children welfare in total social protection benefits expenditure was only 4.1% but still represents an increase by 1.4 pp compared to the structure of expenditure in 2015. A higher share of this spending (almost 70%) was non-means tested. Access to benefits and their levels differ between the entities and cantons. In the RS, child and family benefits are integrated within the system of social insurance, with stable financing from payroll contributions and supplemented, in a small part, by the entity budget. The benefits include salary compensation during maternity leave for employed mothers, maternity assistance for the unemployed mothers, child assistance benefits and pro-natality benefits for every third and fourth child in the family, assistance for new-born child equipment and salary compensation for parents working part-time because of care for a child up to the age of 3 years. Although the FBiH general legislation on social protection⁵⁹ stipulates the same type of child and family benefits to be provided by cantons, the availability of benefits, eligibility criteria and level of benefits differ significantly between cantons. However, the common feature of child and family benefits in the FBiH is that they are meagre, while the coverage of children in all cantons is low⁶⁰ because of means-tested eligibility criteria.

2.3.2 Social protection

The total social protection expenditure in Bosnia and Herzegovina is close to the EU average, but available data indicates its decrease relative to the GDP. According to the 2019 ESSPROS data (the most recent ESSPROS data), the total expenditure on social protection was EUR 3,475 million (BAM 6,793 million), which is approximately 19% of the 2019 GDP. Although the total amount was increased in absolute terms compared to EUR 2,875 million (BAM 5,624 million) in 2015⁶¹, the relative value has decreased by 0.7 pp, considering that the total social protection expenditure in 2015 was 19.7% of that year's GDP. However, it is close to the average expenditure in the EU-27, which amounted to

19.3% of GDP in 2019 (see Annex 3). ESSPROS data for 2019 show that around 95% of the social protection expenditure is related to social protection benefits, while the remaining share is spent on administrative and other costs. Around 76% of the receipts for financing social protection in Bosnia and Herzegovina come from mandatory contributions, 22.5% from the general governments' budgets, and the remaining part from other receipts (see also Obradović & Jusić, 2019b)

Authorities did not use social protection measures intensively to reduce/amortise the socio-economic consequences of the COVID-19 crisis on the population (see UN in BiH, 2020 and Arandarenko et al., 2021). In other words, governments' response was mainly focused on the ERMs introduced to reduce job losses in the formal economy (see Chapter 1 for more details), whilst new social assistance schemes and measures have not been systematically introduced during the crisis, but rather implemented in an ad hoc manner at the local and cantonal (in the Federation of Bosnia and Herzegovina) levels. In that sense, measures applied in some neighbouring economies, such as cash grants to the general adult population in Serbia (see Arandarenko, et al., 2020), or more generous support to those who become unemployed amid the COVID-19 crisis have not been implemented in Bosnia and Herzegovina (see Chapter 2.3.3). Some progress has been made since Q4 2020 by introducing more generous levels of social assistance for the period of six months, but mainly within the existing schemes (e.g. permanent monthly allowances) and mainly aiming at the existing beneficiaries (see Chapter 2.3.4). Finally, as indicated in the previous paragraph, it is worth mentioning that criteria and targeting of social support measures have not been adapted to meet specific circumstances of the crisis, but rather have been kept in their pre-pandemic status (UN in BiH, 2020). As a result, 'new poor' and 'new vulnerable' people (e.g. atypical, informal, seasonal or migrant workers, the long-term unemployed without unemployment benefits) have been neglected by the social protection system (Arandarenko et al., 2021).

The social protection system has not gone through substantial reforms since 2019. In the Federation of Bosnia and Herzegovina, the changes of the Law on Social Protection, Protection of Civilian Victims of War and Families with Children in FBiH, proposed in 2019, have not been adopted so far. The only substantial policy development related to the social policy in this entity has happened in April 2021 when the draft of the Law on Social Protection Institutions was adopted by the Government. If adopted in the parliament, the Law would enable the transformation of social protection institutions founded by the Federation of Bosnia and Herzegovina in terms of the quality of service provision, implementation of professional work standards, infrastructural improvements, improved protection of beneficiaries, clear and transparent criteria and rules of financing, etc. (Federal Ministry of Labour and Social Policy, 2021a). Similarly, there were no notable changes in the social protection policy framework in RS during the observed period (2020 and Q1 2021).

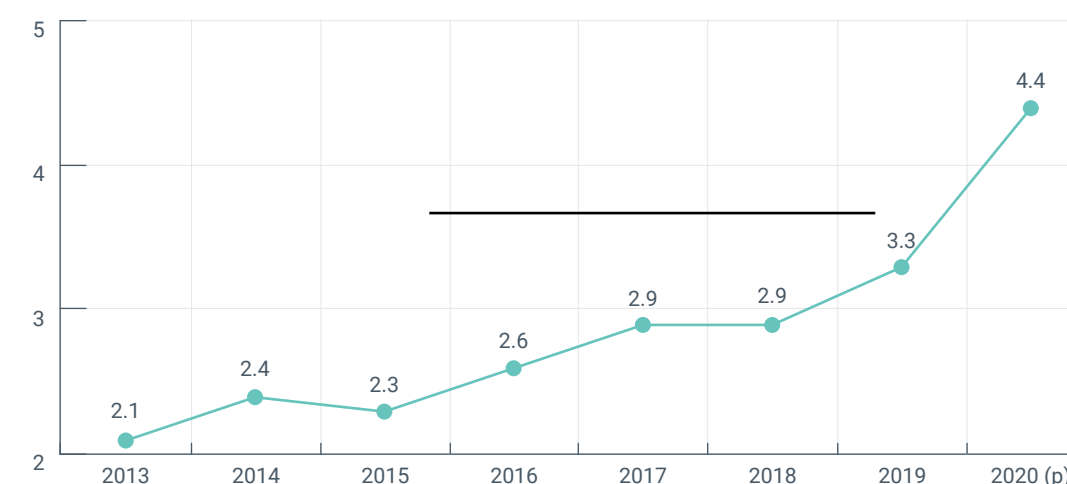
Concrete policy endeavours to address the insufficient effectiveness of the social protection system in tackling poverty and inequality issues have not been made in 2020. Relevant analyses indicate poor targeting of social transfers, with limited effect on poverty reduction. The poorest quintile of the population receives only 17.3% of total social transfers and relative poverty would increase only by less than 2 pp in the absence of these transfers (Đukić & Obradović, 2016). People in need receive only about one-quarter of social assistance benefits, while the other three-quarters receive status-based benefits, mainly war-related categories of beneficiaries who enjoy greater benefits (Đukić & Obradović, 2016; Numanović, 2016). Some more recent estimates suggest that only 6.2% of the poorest benefit from means-tested permanent or one-off assistance, while expenditure on families with children, people with non-war related disabilities and other vulnerable categories is the lowest in the region and amounts to between 1% and 1.2% of the GDP of Bosnia and Herzegovina

(UN in BiH, 2020, p. 34). Considering the regressive character of the social protection system (the richest quintile receives 25.4% of funds), its negative effect on inequality is negligible or moderate (Đukić & Obradović, 2016; Trkić-Izmirlija & Efendić, 2013). Because of the low employment rates and widespread labour market informalities, many people do not have access to the benefits of social insurance schemes (see European Commission, 2020a and UNICEF, 2020). The social protection system does not promote activation (e.g. measures such as in-work benefits are lacking), i.e. transitioning toward the labour market⁶², whilst a decentralised and disintegrated system of social protection hampers labour mobility⁶³. Social protection benefits are mainly targeted towards war veterans, with war veteran expenditure comprising 7.4% of the total expenditures in 2019; however, it represents a decrease compared to 2015 when the figure was 9.4%, i.e. by 2 pp higher (BHAS, 2021a). On top of that, the administration of the social protection system is relatively costly, especially if compared to the region (UN in BiH, 2020). Finally, although there are numerous strategies and policies in this domain at different administrative levels, their implementation is usually poor due to a lack of financial and other resources, procedures or coordination (European Commission, 2020a).

2.3.3 Unemployment benefits

The coverage rate of people registered as unemployed by unemployment assistance benefits in both entities is very low and without any substantial recent improvements. Figure 9 presents the coverage rate of persons registered as unemployed by unemployment benefit based on data collected by all public employment services in the economy⁶⁴.

Figure 9. Coverage rate of people registered as unemployed by unemployment benefits in Bosnia and Herzegovina



Source: Calculations based on data provided in the CPESSEC bulletins (2013-2018) or by PES (2019)

The coverage rate is generally low because, on the one hand, entity legislation on mediation in employment stipulates a relatively short duration of receiving unemployment assistance benefit and on the other, the incidence of long-term unemployment is very high. A slight increase in the coverage rate in 2019 can be attributed to the overall decrease in the number of people registered as unemployed, but also to methodological reasons⁶⁵. The data for 2020 is still not fully available, but

preliminary data for FBiH and RS suggests that the coverage increased to 4.4%, which can be primarily attributed to a sharp inflow of the newly registered unemployed people with the public employment services due to the pandemic-caused economic disruption. Also, it should be noted that the number of the registered unemployed people has fallen due to recent policy and administrative changes in RS, as described in the last paragraph of this chapter, thus slightly inflating the coverage rate.

The available data indicates a notable increase in the number of unemployment benefit beneficiaries in 2020, as a result of economic turmoil caused by COVID-19. The average monthly number of beneficiaries in RS has increased by 38% in the year-over-year perspective, i.e. from 2 574 in 2019 to 3 547 in 2020 (for the sake of illustration, the growth in the number of beneficiaries was only 2 people in 2019 compared to the previous year) (Public Employment Institute of RS, 2021). Similarly, the number of beneficiaries has increased by 36% in FBiH, from 10,732 in 2019 to 14,620 in 2020, while the increase recorded in 2019 was only around 2%. (Federal Employment Institute, 2021)

However, despite massive job losses and increased demand for support in 2020, the policy action aimed at expanding this measure or increasing the level of support lacked. Namely, governments did not recognise and use unemployment benefits as a means of amortising social and labour market shocks in 2020, so there were no changes in the passive labour market policy in this domain (UN in BiH, 2020, p. 35). The Government of Brčko District has introduced one-off assistance in the amount of BAM 100 (approximately EUR 50) to all people registered as unemployed on the 1st September 2020, thus allocating BAM 1,000,000 from the general budget, which was complemented with BAM 554,600 from the BD Public Employment Institute (data received from the BD Public Employment Institute). However, this was only a one-off, rather than a systemic measure. As a result, short-term employed, informal and atypical workers (e.g. freelancers) have been excluded by this measure, in the same manner as prior to the crisis (UN in BiH, 2020; Arandarenko et al., 2021). Namely, in all three administrative units, a person is eligible for unemployment benefits after having been continuously employed for 8 months or intermittently employed for 8 months (FBiH) or 12 months (RS and BD) over the past 18 months, where the period spent at work means the period of obligatory insurance in accordance with the legislation governing the system of taxes and mandatory contributions. The length of receiving benefits depends on the total years in insurance (see Table 7). The Amendments to the law, adopted in RS in October 2019, have prolonged the maximum length of receiving unemployment assistance for those collecting more than ten years of insurance.

The level of unemployment assistance benefits is low, while the benefit level does not reflect the person's previous salary in the FBiH. The unemployment assistance benefit in the FBiH is a flat rate at the level of 40% of the average FBiH salary in the preceding three months and it is not affected by the level of previous earnings. In the RS, the amount of benefit depends both on the length of insurance and on a person's registered salary: 45% of the person's average last three salaries for those with up to 15 years in insurance and 50% for those with 15+ years in insurance. The amount of assistance cannot be lower than 80% of the minimum salary in the current year nor higher than one average net salary in the entity for the previous year. In the BD, benefit levels are regulated at the similar principle as in RS: 35% of the average of the person's last three salaries for those who were insured less than 10 years and 40% for those who were insured for more than 10 years. The benefit cannot be lower than 20% of the average net salary nor higher than one average net salary as it was in the last month for which the data on salary is available.

Table 7. Length of receiving unemployment benefits

Length for receiving unemployment benefits	Total number of years in the insurance			
	FBiH	RS	BD	
		Old law	New law (2019)	
1 month	N/A	Up to 1 year	Up to 1 year	
2 months	N/A	1 – 2 years	1 – 2 years	
3 months	Up to 5 years	2 – 5 years	2 – 5 years	Up to 5 years
6 months	5 – 10 years	5 – 15 years	5 – 10 years	5 – 15 years
9 months	10 – 15 years	15 – 30 years	10 – 20 years	15 – 25 years
12 months	15 – 20 years	Over 30 years	20 – 30 years	Over 25 years
15 months	25 – 30 years	N/A	N/A	N/A
18 months	30 – 35 years	N/A	30 – 35 years	N/A
24 months	Over 35 years	N/A	Over 35 years	N/A

Sources: Law on Mediation in Employment and Social Security of Unemployed People in the FBiH⁶⁶, Law on Mediation in Employment and Rights during Unemployment in RS⁶⁷, Law on Mediation in Employment and Rights during Unemployment in BD⁶⁸

2.3.4 Minimum income

Expenditure on means-tested social assistance in Bosnia and Herzegovina is still meagre and was at the level of approximately 0.4% of the total social protection expenditures in 2019. The share of means-tested expenditures in the total social protection expenditures is decreasing. The ESSPROS data for 2019 (published in 2021) suggests that only 2.8% of all social protection expenditures – excluding administration costs and other expenditures – is means-tested (BHAS, 2021a), decreasing by 0.4 pp compared to the 2015 data (3.2%). The ESSPROS data does not provide accurate information about the amount of means-tested social assistance spending, but it can be estimated, based on available inputs from the ESSPROS 2019, that it comprises only around 0.38% of the social protection expenditures⁶⁹. It is similar to the figure estimated for 2015, which was amounting to 0.42% (Numanović & Obradović, 2020).

Means-tested social assistance benefits coverage rates in both entities are low. This is due to very restrictive eligibility criteria specified under cantonal⁷⁰ and entity legislation⁷¹ and bylaws. In the FBiH, the general law on social protection only stipulates the rights, but the eligibility criteria and the level of benefit are to be defined by cantonal laws. Although nominal eligibility rules for social assistance differ between entities and within the FBiH across cantons, access to this right is burdened with very rigid administrative requirements specified in bylaws. The benefit is administrated by centres for social work or municipal departments for social welfare, which have local competencies. In general, the benefit is usually granted to people with no family to support them; people who have no income or assets that could generate income; and people who are unable to work. Both entity laws stipulate the right to a permanent monthly allowance⁷², special allowance and one-off allowance⁷³. In most cases, recipients of the permanent allowance are usually beneficiaries of two additional allowances. In addition to this, cantons and municipalities (in both entities) can grant additional rights. Table 8

presents the number of adults and minor beneficiaries of the means-tested permanent allowance, special allowance and one-off allowance from 2012 to 2019. It can be observed that the number of beneficiaries has been mainly decreasing, which can be attributed to the tightening of eligibility rules aimed at better targeting social transfers⁷⁴. However, there was a slight increase in the number of minor beneficiaries of permanent and one-off allowances in 2018 and 2019.

Table 8. Adult and minor beneficiaries of financial allowances, 2012-2019

Category of beneficiaries	2012	2013	2014	2015	2016	2017	2018	2019
Adult beneficiaries								
Permanent allowance	17,797	14,311	14,099	14,086	13,812	13,058	13,286	12,820
Special allowance	4,707	3,791	2,211	1,583	1,901	1,555	1,253	1,395
One-off allowance	35,365	35,725	29,983	29,121	28,800	27,579	29,645	27,753
Minor beneficiaries								
Permanent allowance	1,621	885	832	827	982	801	964	1,016
Special allowance	737	408	437	310	290	206	262	254
One-off allowance	3,432	3,435	2,875	3,081	3,309	2,154	1,668	2,029

Source: BHAS, 2018d, 2019g, and 2020c

The benefit level is below the subsistence minimum and in most cases, it does not affect the poverty status of beneficiaries. The monthly amount of benefits in the FBiH in 2019 varied from approximately EUR 41 (BAM 80) in Una-Sana Canton to approximately EUR 76 (BAM 148) in Bosnian-Podrinje Canton (Federal Ministry of Labour and Social Policy, 2021b). In RS, the amount of social assistance for a one-person family is 15% of the base⁷⁵ (which is the previous year's average salary in RS; it was EUR 463 in 2019 and EUR 487 in 2020), which currently amounts to EUR 73 (BAM 143). This is not sufficient to cover basic living expenses and these benefits do not affect the poverty status of these beneficiaries (see Section 12).

The COVID-19 crisis increased pressure on the social assistance system, but Bosnia and Herzegovina managed to temporarily expand cash benefits; yet, it is still too early to assess the impact and effectiveness of this policy response. Due to the lack of comprehensive and reliable data at the time of writing this report, it is not possible to assess the potential impact of COVID-19 on the number of allowance beneficiaries. However, some extension of social assistance schemes has happened in Q4 2020 and 2021 in both entities. Namely, to amortise negative consequences that the ongoing crisis has on the poor, the Federal Ministry of Labour and Social Policy has introduced additional cash assistance schemes in October 2020. The first component was designed as additional cash support on top of permanent monthly allowances for beneficiaries of this type of support, in line

with the cantonal policies. The second component is financial assistance to the people with non-war disabilities and civilian victims of war, but exclusively to beneficiaries who exercise the right on care provision and support of the first category, in line with the entity-level policy. This measure is also designed as an addition to the existing monthly benefit. Both measures envisaged short-term support in the duration of 6 months. Similar measures have been also introduced in RS, but the implementation of measures started later, in February 2021. The measures have been introduced and implemented within the Bosnia and Herzegovina Emergency COVID-19 Project, which is realised as a loan agreement between Bosnia and Herzegovina and the World Bank / IBRD in the total amount of USD 36,200,000 / EUR 33,100,000 (data available in Federal Ministry of Labour and Social Policy, 2020). For more details on the work-related minimum income (wages), please see Section 6 in Chapter 2 of the report.

2.3.5 Old age income and pensions

The COVID-19 crisis did not instigate notable permanent or long-term changes in the pension system(s) in Bosnia and Herzegovina. The initial shock caused by the first COVID-19 wave prompted the Government of the FBiH to introduce a measure⁷⁶ of freezing pension levels, thus temporarily preventing annual adjustment of pension levels that usually takes place in April (Arandarenko et al., 2021). This measure was introduced to ensure the stability of social transfers endangered by the emerging crisis. However, the Government 'unfroze' the growth of pensions in the second half of June 2020 by announcing the increase of 2.8% in 2020; this also included a retroactive increase for pensions paid in the first seven months of 2020, aimed to be paid in September 2020 (Ibid.). Similar measures were not introduced in the RS. Also, there is no substantial policy reform in this field since 2019⁷⁷.

The entity-level governments did not introduce income-supporting measures aimed at older people and pensioners amid the pandemic, but some positive developments in that regard occurred in 2021. The Government of the RS has adopted a decision to support pensioners with one-off financial support in April 2021. Pensioners receiving pensions of EUR 213.32 (BAM 415.8) or less were granted with approximately EUR 40 (BAM 80), while those receiving pensions in the amount above this threshold were supported with BAM 50 (approximately EU 25). The cost of this measure was EUR 8,035,689 (BAM 15,669,170) and the measure covered 270,115 beneficiaries. Although this measure was implemented in the RS as well as in the neighbouring economies, the income support measure for pensioners was not implemented at the entity level in the FBiH. However, some administrative units – cantons and municipalities – have introduced their one-off measures in an ad hoc manner (see, for example, Arandarenko et al., 2021).

The number of pensioners significantly increased over the past 5 years, thus putting the pension system under pressure. The number of pensioners increased by 6.5% in the FBiH and by 7.5% in the RS during the period from December 2015 to December 2020, which is followed by the increase in the total public spending on pensions (see Table 9). However, the ratio of workers per 1 pensioner was slightly improved over the 5 observed years, mainly due to the increased number of employed people. It is important to mention that the number of old-age pension beneficiaries is increasing, whilst the number of disability pension beneficiaries is notably decreasing: according to the ESSPROS data, the number of former ones increased by 90,656 in the period 2015-2019, while the latter ones decreased by 62,680 (BHAS, 2021a; for the 2019 data, see Table 11). On the other side, it

is worth mentioning that, according to some data, about 30% of households declare that pension is their main source of income (UN in BiH, 2020).

Table 9. Total number of pensioners and total expenditure on pensions in BiH entities in December 2015 and December 2020

Indicator	FBiH		RS	
	DEC 2015	DEC 2020	DEC 2015	DEC 2020
Total no. of pensioners	402,044	428,117	252,213	271,004
Total no. of workers	450,833	519,899	286,310	315,498
No. of workers per 1 pensioner	1.12	1.21	1.14	1.16
Total expenditure on pensions (BAM)	147,170,552	183,198,726	86,337,554 (e)	106,707,825 (e)

Source: Entities' pension and disability insurance funds and institutes for statistics

A non-negligible portion of people aged 65+ do not have guaranteed income and the situation is significantly worse for women. The lack of disaggregated data does not allow to calculate an up-to-date (2020) pension system coverage rate of persons aged 65 and above. Previous findings suggest that the pensions' coverage rate for the 65+ age cohort was 82.6% in the FBiH and 77.1% in the RS in 2019 and that coverage rates are notably lower among women, with the gender gap of around 29 pp for the average of both entities (Numanović & Obradović, 2020). The gender gap is a consequence of men having higher employment rates, as well as more favourable conditions for retirement stipulated through privileged pension legislation for war veterans and demobilised soldiers⁷⁸ (see also Table 10). The reason for the non-negligible share of people aged 65+ not covered by pensions is that Bosnia and Herzegovina entities do not have an old-age pension for those who have not earned it (there are criteria on the minimum number of years spent in employment to be qualified for old-age pension in both entities), while there is no also a guaranteed old-age income for those without pensions. Under the entity laws on social protection, people of age 65 and older might be entitled to means-tested social assistance, but only when they do not possess a property, which could generate income, nor relatives who are obliged to support them.

Table 10. Pension beneficiaries by type of pension received and gender in Bosnia and Herzegovina in 2019

Number of public pension funds beneficiaries in BiH	Total	Women		Men	
		Number	Percentage	Number	Percentage
Total number of pension beneficiaries	680,758	349,622	51.4	331,136	48.6
Old age pension beneficiaries	432,503	146,360	33.8	286,143	66.2
Disability pension beneficiaries	54,088	16,540	30.6	37,548	69.4
Survivors' pension beneficiaries	194,167	186,723	96.2	7,444	3.8

Source: BHAS (2021)

Despite the economic decline in public revenues caused by the COVID-19 pandemic, entity pension funds have managed to keep replacement rates in 2020 at levels similar to those in the previous year⁷⁹. Pension systems' replacement rates measured as a share of average pension in average salary in both entities exceed 40%. Nominal levels of the average pension have been increased in both entities (by 2.6% in the FBiH and 3.4% in the RS), but disproportional increase in the average salaries (by 3% in the FBiH and by 5.5% in the RS) has deflated replacement rates. However, the existing replacement rates can be assessed as inadequate (UN in BiH, 2020).

Table 11. Entity pensions systems' replacement rates (EUR 1: BAM 1.95)⁸⁰

Year BAM	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (DEC)	2020 (DEC)
FBiH Average salary	792	804	819	830	835	847	830	839	875	914	928	956
FBiH Average pension	346	341	349	351	348	365	368	370	372	399	417	427.9
FBiH Replacement rate (%)	43.7	42.3	42.6	42.3	41.7	43.1	44.4	44.1	42.5	43.7	44.9	44.8
RS Average salary	788	784	809	818	808	825	831	836	831	857	906	956
RS Average pension	320	320	321	311	325	338	342	341	351	375	381	393.8
RS Replacement rate (%)	40.6	40.8	39.7	38.0	40.2	40.9	41.2	40.8	42.2	43.8	42.1	41.2

Source: Entities' pension and disability insurance funds and institutes for statistics

2.3.6 Health care

The COVID-19 crisis revealed and emphasized the weaknesses of the health care system in Bosnia and Herzegovina. Since the start of the pandemic in Q1 2020 until the end of the 22nd week of 2021, Bosnia and Herzegovina recorded 9 411 deaths caused by COVID-19. Measured against the total number of inhabitants, Bosnia and Herzegovina has the highest COVID-19 death rate in the Western Balkans region: 2 869 deaths cumulatively per 1 million inhabitants and 92.4 deaths in the 14-day period of 21st and 22nd weeks of 2021. Both figures are higher than in other Western Balkan economies which vary between 861 (Albania) and 2 629 (North Macedonia) or between 2.5 (Albania) and 70.8 (North Macedonia), respectively. Similarly, compared to the EU-27 Member States, only Hungary reported a higher cumulative death rate (3 057 per 1 million inhabitants), whilst the Czech Republic reported a figure close to Bosnia and Herzegovina's (2 821) (Annex 1).

Along with high death rate figures, indicating poor restraint measures and weak health care system, the immunisation process is also slow and lags behind the pace in the EU Member States. Thus, as of week 21 of 2021, 100 848 citizens received the first dose of vaccine, and 11 858 were fully immunised in the FBiH. In the RS, 118 200 citizens received the first dose and 33,000 were fully immunised by the June 8, 2021. Therefore, according to the latest available data on the process of

immunisation and the 2013 Census data, 5.7% of adults aged 18 years and above are estimated to have received one dose and 0.7% both doses of vaccine in the FBiH, and 11.7% one dose and 3.3% both doses in the RS. Considering that the Bosnia and Herzegovina population shrunk since 2013, the ECDC's data on population can be used⁸¹ to make more accurate estimates; 6.2% of adults (18+) in the FBiH and 12.6% in the RS are estimated to have received one dose and that 0.7% and 3.5%, respectively, have been fully immunised. It is notably below the uptake rates in the EU-27 recorded by the end of the 22nd week of 2021, where the majority of countries are at levels of approximately 40% or above in terms of the first dose uptake whilst the full immunisation rates vary from 11% in Bulgaria to 55.1% in Malta for the 18+ age cohort (European Centre for Disease Prevention and Control, 2021).

Entities' governments have responded to the first wave of the COVID-19 pandemic in 2020 by temporarily expanding health insurance to all citizens. Namely, coverage and access to health care are not universal in Bosnia and Herzegovina. Entity legislation on social insurance and social protection envisages universal health protection coverage, but many individuals are not effectively covered, including many children (see European Commission, 2020a). The last available pre-pandemic estimates⁸² suggest that around 89.7% of the population in the FBiH and around 80% in RS were registered as insured⁸³ (see Numanović & Obradović, 2020). To respond to this issue amid the first wave of the pandemic, entities' governments expanded access to health care to all citizens, regardless of their insurance status. In the RS, the Government has adopted the Decree-Law on Amendments to the Law on Health Insurance on 8th of May 2020, which stipulates that during the emergency situation or state of emergency for the territory of the Republika Srpska, the health care costs of all uninsured citizens are borne by the RS Health Insurance Fund⁸⁴, while funds for this purpose are provided from the budget of Republika Srpska. In the FBiH, a similar measure has been introduced by the Law on mitigation of the negative economic consequences of COVID-19 on the 7th of May 2020, providing health insurance to all citizens of the FBiH for the duration of the state of disaster and within 30 days after the end of the state of disaster. However, these measures were short-lived considering that the state of emergency/disaster was revoked by the end of May 2020 (Arandarenko et al., 2021).

The COVID-19 pandemic started in early 2020 required heavy mobilisation of resources and massive investments in strengthening capacities of the health sector, and Bosnia and Herzegovina authorities struggle to maintain effective response. At the beginning of the pandemic, Bosnia and Herzegovina has reacted quickly and properly, in line with global recommendations formulated by relevant institutions, but failed to maintain effectiveness in its response in the latter months (European Commission, 2020a). The crisis creates high pressure on budgets and requires the increased health-related budget: total governments' expenditure on health has increased by 18.1% in 2020, i.e. from EUR 939.8 million (BAM 1,830.4 million) in 2019 to EUR 1110.2 (BAM 2,162.4) (BiH Directorate for Economic Planning, 2021). In relative terms, public health expenditures increased from 5.1% of GDP in 2019 to 6.2% of GDP in 2020 and the projected levels of expenditure for 2021 and 2022 are above the pre-pandemic level, i.e. 5.9% and 5.6% of GDP, respectively (Ibid.). This increase, however, brings some opportunity costs: it is estimated that the increase in public health and economic support allocations lead to a decrease in public investments by 8.3% (Ibid.). Efforts of Bosnia and Herzegovina authorities to respond to the health crisis have been supported by the international community. Thus, for example, Bosnia and Herzegovina received EUR 7 million from the EU funds to purchase medical equipment and materials (see European Commission, 2020a). Also, a portion of funds ensured within the Bosnia & Herzegovina Emergency COVID-19 Project, which is realised as a loan agreement between Bosnia and Herzegovina and the World Bank / IBRD in the total amount of USD 36,200,000 / EUR 33,100,000, will be invested in enhancing health care

systems in Bosnia and Herzegovina. Along with the aforementioned support, there is an extensive list of financial or in-kind support received by multilateral organisations, direct support from other countries and international development projects in Bosnia and Herzegovina (Cero, 2021). Finally, it should be mentioned that the healthcare sector in Bosnia and Herzegovina is also, to some extent, under the pressure of workforce emigration and brain drain, with many health workers moving to developed European countries (see European Commission, 2020a).

Data based on non-official surveys suggest a huge increase in the share of citizens who report an unmet need for medical care in 2020, which can be explained by disruptions in the health sector caused by the pandemic. According to a survey conducted by UNICEF and UNDP (2021), 12.2% of respondents from the general population (citizens) have reported unmet health needs, being unable to get medical treatment or therapy for health conditions unrelated to COVID-19. The share was especially high among the relatively poor (19.9%), people with disabilities or chronic diseases (19.1%) and Roma (17.9%) (UNICEF & UNDP, 2021). This figure is extremely above the official estimate of self-reported unmet need for medical care from 2015 (by 7.1 pp). Namely, according to the most recent HBS data from 2015 (BHAS, 2018a), 5.1% of BiH citizens (6.1% in the FBiH and 3.2% in RS) who required medical care did not receive it⁸⁵. The main reasons for need being unmet were the inability to afford it (41.1%) and long waiting lists (23.5%). For the sake of comparison, the EU-27 average for the same year was 3.3% and since then has further decreased to 1.7% in 2019 (see Annex 2). It is also above the share in two (North Macedonia and Montenegro) out of three Western Balkan economies for which data is available (see Annex 3).

High out-of-pocket expenditure in the pre-pandemic years reveals all the health system's shortcomings. According to the WHO Global Health Expenditure database, out-of-pocket expenditure on healthcare comprises 29.3% of the total expenditure in 2018 (latest available data) (World Health Organization, 2021). It increased slightly compared to the two preceding years (29.1% in 2017, 28.7% in 2016). This can be considered as a relatively high figure, considering the economy's poverty and inequality profile. Such a high figure is a consequence of participation fees and additional out-of-pocket payments that insured patients incur while receiving treatments at public health institutions. Also, private service providers that are financed primarily by direct out-of-pocket payments continuously report increasing positive financial results. According to the latest available data (2018), private health expenditure comprises around 30% of total health expenditure amounting to EUR 1,525 million (BAM 2,972 million), meaning that private expenditure is around EUR 457.5 million, which is equal to 2.7% of the GDP of Bosnia and Herzegovina (Author's calculation based on BHAS, 2020d). In the RS, private health expenditure makes up – on average – 3% of the entity's GDP, while in the FBiH private health expenditure is estimated to be 2% of its GDP (Obradovic and Jusic, 2019, p. 14)⁸⁶. Out-of-pocket expenditure was notably above the EU-27 average of 15.5% in 2018, but still below the levels reported for other Western Balkan economies, which varied from 38.3% in Serbia to 44.6% in Albania in 2018 (latest comparable data, Kosovo* and North Macedonia not included; World Health Organization, 2021).

Both entities have made some progress in creating a better policy framework that promotes mental health. In the RS, The Law on Protection of Mental Health⁸⁷ has been adopted in July 2020, thus regulating prevention and early detection of mental disorders, rights of people with mental disorders, medical measures and services for people with mental disorders, thus increasing availability and timeliness of services, as well as social inclusion, and confidentiality of data. In the FBiH, the Draft Law on Protection of Mental Health in the FBiH has been prepared in 2020.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

2.3.7 Inclusion of persons with disabilities

People with disabilities face new challenges amid the COVID-19 crisis, while the pre-crisis ones have not been tackled. The share of people with disabilities who reported unmet health needs in 2020 – being unable to receive health services that are not related to COVID-19 – was 19.1%, notably above the figure of 12.2% for the general population (UNICEF & UNDP, 2021). This can be partially attributed to the under-utilisation of modalities that could support people with disabilities during the pandemic, such as health care mobile teams. A quick shift towards remote teaching (e-learning) has created challenges in terms of teaching delivery to people with different types of disability, and this is especially relevant in the case of children with intellectual disabilities (see, for example, UNICEF & UNESCO, 2020). Furthermore, proper communication of information related to COVID-19 to people with disabilities was lacking, i.e., information dissemination was mainly not adapted to people with disabilities, thus potentially limiting their access to information (Institution of Human Rights Ombudsman of BiH, 2021). Finally, buildings intended for quarantine purposes did not fit the needs of people with disabilities, and similar can be said for transportation-related to COVID-19 (Ibid.). However, the impact of the COVID-19 pandemic/crisis on the people with disabilities in Bosnia and Herzegovina has been surprisingly under-researched and under-documented. Similarly, it seems that the crisis took away the attention of policymakers from issues that people with disability face.

The unequal and discriminatory treatment of people with disabilities according to their status has continued in 2020, without any substantial policy effort to tackle this issue. Namely, people with disabilities in Bosnia and Herzegovina, depending on their status/category, face different assessment criteria and have different legal entitlements. Under both entities' legislation, it is possible to distinguish four status categories of people with disabilities: (a) war veterans with disabilities, (b) civilian victims of war, (c) people with employment or professional illness-related disabilities⁸⁸ and (d) people with disabilities under general social protection legislation. War-related categories are prioritised over other people with disabilities and enjoy a higher degree of entitlements (European Commission, 2020a; Numanović & Obradović, 2020). The European Commission in its 2020 report on Bosnia and Herzegovina has invited for equalising rights (European Commission, 2020a).

The level or scope of benefits for people with disabilities under the general social protection legislation have not been adjusted in 2020; the last policy change in the RS in this respect occurred in 2019, while it has not been changed for more than a decade in the FBiH. The maximum level of benefits that includes disability benefits, assistance for the aid of another person and assistance for orthopaedic aid, amounts to EUR 207 (BAM 403) monthly in the FBiH, which is approximately the level of the minimum salary or around 42% of the 2020 average monthly net wage. Benefits are restricted only to persons with 90% and 100% disability. In October 2019, the RS passed the Amendments to the Law on Social Protection with the aim to align the Law with the RS Strategy for Improvement of Social Status of Persons with Disabilities in Republika Srpska 2017–2026⁸⁹. The changes legislated the right to personal disability benefit for individuals with the most severe degree of disability who are not institutionalised or in foster care and who do not receive assistance based on war-related disability, stipulating levels of benefits in the amount of 9% - 15% of the net salary in the previous year, depending on the level of disability (70% - 100%). Before these changes, a person with a disability who did not fall into any other status category, under the general law on social protection had only the right to assistance for the care of another person, which is 20% of the

base (average net salary in the previous year) for those completely depending on care from another person or 10% of the base for those partially dependent on care. Considering the high costs for the care of people with the highest level of disability, these amounts cannot be considered sufficient.

Institutional care is still prevalent and policy progress in that respect is slow and inadequate, without substantial developments in 2020. According to the latest available data, 7,453 adults have been institutionalised for different reasons in 2019, including 1,357 adults institutionalised because of mental disabilities and 847 adults with physical disabilities (BHAS, 2020c). The total number of adults institutionalised due to disabilities has increased by 20.5% compared to 2018 (i.e. from 1,829 to 2,204)⁹⁰. It can be observed from Table 12 that number of minors institutionalised by welfare institutions for people with physical and mental disabilities has slightly decreased (by 12.4%). The number of institutionalised minors with disabilities is high, which negatively affect their effective and equal participation in society, but also make them more vulnerable and exposes them to ill-treatment and abuse (European Commission, 2020a). In Q4 2019, mistreatment of beneficiaries institutionalised by the Public Institution for the Care of Children and Youth with Mental Disabilities Pazarić has been recorded, initiating wide public and policy debate on quality and standards of institutional care. Partially as a result of this event, authorities in the FBiH have adopted the draft of the Law on Social Protection Institutions in April 2021, which should, among other things, regulate quality standards in social protection institutions.

When it comes to the strategic policy perspective, there is no comprehensive strategy on deinstitutionalisation (European Commission, 2020a): the Strategy of Deinstitutionalization and Transformation of Social Protection Institutions 2014-2020, which was characterised by the limited implementation (see Numanović & Obradović, 2020), has expired in 2020, whilst the RS does not have such a strategy, but some elements are contained in other relevant strategies, such as the Strategy for improving the social position of people with disabilities in the RS 2017-2026. Finally, it should be mentioned that resources are usually invested in renovating or extending institutions, while the initiatives of – and opportunities provided for – organisations of persons with disabilities to develop services within the community enabling independent living are not adequately supported (Numanović & Obradović, 2020).

Table 12. Number of adults and minors with disabilities in institutions of social protection in Bosnia and Herzegovina from 2014 to 2019

Beneficiaries of institutional care	2014	2015	2016	2017	2018	2019
Adults (general)	3,912	4,850	5,324	5,778	6,284	7,453
Social institutions for people with physical or mental disabilities – total number of users	1,276	1,742	2,742	2,748	2,776	2,586
Out of that, minors with disabilities	453	447	1,079	1,018	1,045	915

Source: BHAS 2018d and 2019g

It is not clear to which extent the COVID-19 crisis has affected employment and career opportunities for people with disabilities. Lack of empirical data, mainly resulting from lack of registers of people with disabilities (which would provide information on labour market status, types of disabilities, etc.) and inadequate disaggregation of data, prevents in-depth understanding of trends and impact

of the crisis on this demographic group (see European Commission, 2020a). Based on partially available data, it could be said that policy response was mainly focused on the preservation of jobs, i.e., employment retention, as it was also the case with general measures (Fund for Professional Rehabilitation and Employment of People with Disabilities, 2021).

2.3.8 Long-term care

Bosnia and Herzegovina does not have a comprehensive system of long-term care in place, and after some minor policy-level progress achieved in 2019, the policy progress in this area seems again on hold. Despite a considerable number of persons with disabilities⁹¹, and older and frail persons requiring 24-hour care, long-term care is an under-developed and neglected aspect of the social protection system in Bosnia and Herzegovina (see Jusić, 2019). Although some elements of long-term care are available in the social protection system which Bosnia and Herzegovina spends around 0.1% of its GDP and the same level of spending for long-term care is allocated in the healthcare system (Numanović & Obradović, 2020). Within the system of social protection, people in need of long-term care have financial assistance for the care by another person, whose level of benefit depends on the persons' disability status (see Section 7, Chapter 3), or placement in an institution of social protection (which can be for the frail and elderly or for persons with disabilities). Few municipalities offer community-based services, such as home assistance, community nursing or day-care centres, some of which are supported by international and local non-governmental organisations, but these are generally underdeveloped. Within the healthcare system, long-term care is available as palliative care delivered within hospitals, but only for the duration of receiving treatment (Jusić, 2019). As a result, persons in need of long-term care depend on their relatives, friends and neighbours. Informal carers are most often women in the family or, in the case of wealthy families, people hired informally to provide assistance.

There have been no major policy improvements regarding long-term care in two entities since 2019. The changes of the Law on Social Protection, Protection of Civilian Victims of War and Families with Children in FBiH, which, last time, were initiated in 2019⁹², did not progress so far and it seems that the policy process is currently on hold. The last major change in RS has taken place in December 2019 with the adoption of Amendments to the Law on Child Protection in RS, which introduced financial assistance to parents of children who need 24-hour care. The amendments envisage financial benefits for unemployed parents/carers of children who are dependent on the care of another person to meet basic living needs and who are not accommodated by relevant institutions or in foster care (art. 36a and 36b). In case the family has one child who requires care, only one unemployed parent is eligible for assistance, while in the cases of families with two or more children that need 24-hour care, both parents are eligible to receive benefits if they are unemployed (art. 36a). The amount of the benefit is equal to 25% of the minimum salary in the previous year (art. 36g). These amendments have been in effect since January 2020.

Long-term care is not sufficiently recognised by relevant strategic documents, including some of those adopted recently. Thus, the Development Strategy of the Federation of Bosnia and Herzegovina, adopted by the Government of the FBiH in February 2021 and by the House of Representatives of the Parliament of the FBiH in April 2021 (House of Representatives of the Parliament of the Federation of BiH, 2021), recognises the importance of enhancing the social protection system in the entity (and defines measures under Priority 2.5) but did not pay particular attention to the specific long-

term-care issues. Conversely, the Strategy for the Improvement of the Position of the Elderly in RS for 2019-2028 was adopted in October 2019. This strategy stresses the importance improving social protection and care services for older persons, thus integrating it in two (out of nine) goals of the strategy: Goal 2—Improvement of Social Protection for the Elderly and Goal 6—Improvement of Health of the Elderly. Under Goal 2, the special focus was on improving availability and quality of in-home supportive services for older people who face severe medical conditions or are unable to perform daily activities independently, day care centres, but also to the general expansion and improvement of social services, foster care and awareness about available services among older persons. Goal 6 defines a measure for increasing the capacity of existing health care institutions to provide palliative care services and establishing new institutions if needed.

On the other hand, available demographic indicators show worrying trends. Since 2007, the economy has registered a negative population growth rate, caused primarily by decreasing birth rates, which in recent years have been aggravated by migration outflows of young people in their fertile age. The BiH population is becoming older, which is also a result of the increasing average age at death. The latest data shows that the average age at death was 76.9 for women and 71.5 for men in 2019, thus being increased by 2.4 and 2.6 years respectively within the 10-year period (BHAS, 2021). Estimates about healthy life years at age 65 are not available. However, it can be expected that these trends will increase demand for long-term care in the upcoming years and become an increasingly pressuring social issue if not properly addressed at the policy level.

2.3.9 Housing and assistance for the homeless

The COVID-19 crisis increased concerns over homelessness. The economic shock and unexpected jobs and income losses made many individuals and families unable to pay their rent or mortgage (UNICEF & UNDP, 2021). Results published by UNICEF and UNDP in 2021 showed that 9.7% of people in Q4 2020 in Bosnia and Herzegovina were concerned over possible eviction and homelessness, i.e. 5.9% were somewhat concerned, while 3.8% were very concerned (Ibid., p. 22). Although the figure slightly decreased compared to the initial survey (Q3 2020; 12.9%), this finding suggests a tremendous intensity of the crisis' effect on housing insecurity⁹³. The concerns are especially present among vulnerable groups (21%), particularly among the LGBTQ+ people (23%), the Roma community (17%) and single parents (10.7%) (Ibid.). Both entities have introduced loan moratoriums in March 2020 for those individuals who experienced significant income reductions or losses and are, therefore, unable to timely pay debts. The measure has been extended several times and covered the period until the end of 2020. The measure has been reintroduced/extended again in March 2021 as a response to the third wave of the pandemic. It can be assumed that this measure amortised housing insecurity and reduced the number of people exposed to this risk. However, there are no statistics on the potential effects of the COVID-19 crisis on homelessness in Bosnia and Herzegovina or the impact of a loan moratorium measure and other social measures on the prevention of homelessness.

Social protection legislation in entities do not recognise homeless persons as a specific category of persons in need, and homelessness is not monitored. The only category of persons in need stipulated by the legislation, whose situation might imply homelessness, are persons under the category of the so-called socially inappropriate behaviour, i.e., idle persons, beggars, vagabonds, alcoholics (FBiH Law on Social Protection, Protection of Civilian Victims of War and Families with Children, art. 17; RS Law on Social Protection, art. 18). The RS law also stipulates additional

categories, such as people who have suffered family violence, illegal trafficking or long-term unemployment and poverty, environmental disaster, or war, etc. For that reason, homelessness is neither monitored nor reported by social statistics. The only available information on the number of homeless persons comes from the 2013 Census data on people living rough: 313, out of which 111 are women (Obradović and Jusić, 2019b). Institutions of social protection and collective centres host some people because of their housing problems: 180 people were institutionalised in 2019, which represents an increase of 13.2% compared to 2018 (BHAS, 2020c).

House assistance is still not provided to all refugees and internally displaced people who live in collective centres, thus missing the previously set 2020 deadline. As a post-war economy, Bosnia and Herzegovina has two main status categories that have been provided with housing assistance in the previous decades – war veterans, and refugees and internally displaced people⁹⁴. Housing expenditure for these two categories amounted to slightly more than EUR 1 million (BAM 2 million) in 2019 and did not change compared to 2015 (BHAS, 2021a). In relative terms, it comprises 0.03% of the total expenditure on social protection benefits. Some recent data indicates that 8,547 people lived in collective centres in 2020, but there are estimates suggesting this number is lower, between 5 and 7 thousand (European Commission, 2020a). Although it was planned for all collective centres to be closed by 2020, it is still not a solved issue and according to the latest information, it can be expected that the majority of centres will be closed by 2022 (at the earliest). The construction of social housing for people living in collective centres have been mainly supported through the CEB II project and this issue was predominantly addressed with the strong support of the international community/donors in the previous decades.

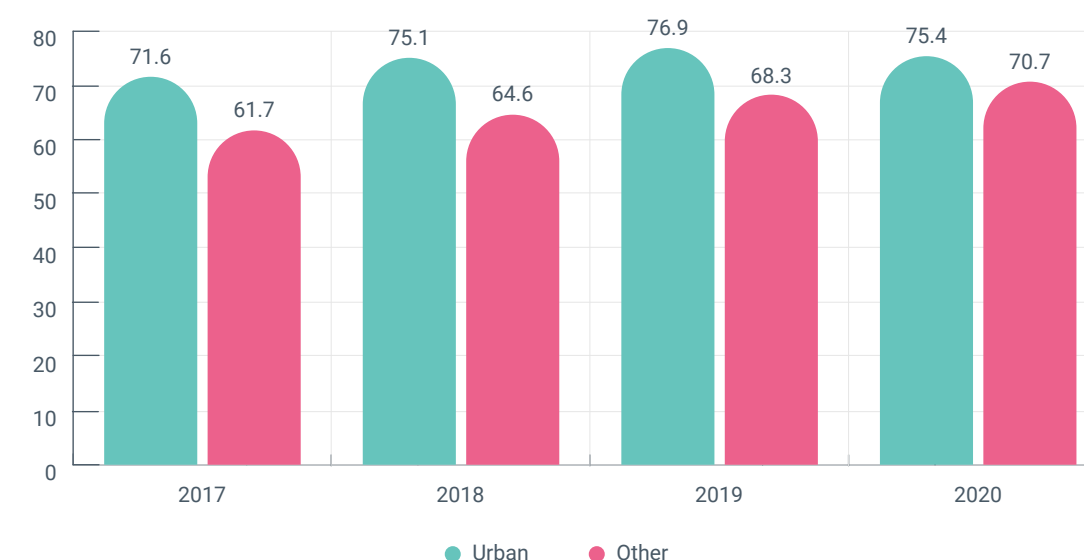
Republika Srpska has continued policy-level efforts to promote and develop social housing in 2020. The entity enacted the Law on Social Housing⁹⁵ in June 2019 to regulate the provision of social housing in local communities. The law prioritises different categories of persons in need (e.g. young married couples, persons whose professions are in demand and vulnerable categories) who, due to different economic, social or health reasons, are unable to realise their right to housing (art. 2 and 11). The law obliged the government to develop a Strategy on Social Housing within a year. Therefore, the Government of the RS has adopted the Strategy for the period 2020-2030. Unlike the RS, the other two administrative units (FBiH and BD) do not systemically address this topic and did not create a policy framework for social housing so far. In the FBiH, the social housing legislation was adopted earlier in Bosnia-Podrinje Canton and Zenica-Doboj Canton, which was facilitated by international non-governmental organisations (hereinafter: INGO) (Obradović and Jusić, 2019b)⁹⁶. It was planned for the Law on Social Housing to be adopted in Sarajevo Canton in 2019, but the Law has not been discussed and voted on so far and it seems that the policy process was on hold in Sarajevo Canton during 2020. However, the lack of policy framework at the higher administrative levels does not prevent municipalities to tackle this issue within the scope of their competencies (Pejdah & Džanić, 2019). On the other side, the initial Draft Law on Social Housing in BD was created and announced for public consultations in the mid-2020 (Government of Brčko District BiH, 2020).

2.3.10 Access to essential services

The COVID-19 crisis and the resultant increased digitalisation revealed the importance of having access to ICT equipment/infrastructure, which became essential prerequisites for accessing services, shops, social activities, and work in many industries. Of those using the Internet, 35.7% reported increased Internet usage during the COVID-19 crisis, while only 8% used less than in the pre-pandemic period; others reported no behaviour change (UNICEF & UNDP, 2021).

However, not everyone has equal access to ICTs, which undermine opportunities for equal participation in socio-economic life. Somewhat less than two-thirds of households had access to a computer in 2020 and this figure, counterintuitively, had declined slightly compared to 2019. According to the official survey on the use of information and communication technologies in Bosnia and Herzegovina in 2020, 62.2% of households in the economy had access to a computer in 2020, which is by 2.6 pp less than in 2019 (BHAS, 2021d). The gap between urban and rural households in this respect is non-negligible: the share of urban households with access is 65.6% compared to 59.5% of households in other types of settlements, but the gap (6.1 pp) has slightly narrowed since 2019 (8.6 pp). Likewise, there are more households with internet connection in urban areas than in other types of settlements. As presented in Figure 10, the gap between urban and other settlements was 4.7 pp in 2019. Recent data indicates that the gap is shrinking, considering it was amounting to approximately 10 percentage points in the preceding two years. However, it is worth noticing that the percentage of urban households with internet access slightly decreased in 2020 compared to the previous year. Access to a computer is highly correlated with the household income: 97.6% of households with monthly income exceeding BAM 2,500 (EUR 1,278) have access to a computer, while the share of households that have access to a computer with income up to BAM 500 (EUR 256) is only 28.4%.

Figure 10. Share of households with internet access by type of settlement, 2017-2020 (%)



Source: BHAS (2021g)

Bosnia and Herzegovina underperforms regarding digital competencies and skills among the working-age population, reducing potential and social gains from the digital transformation. Only 24% of the population aged 16-74 had basic or above basic overall digital skills in 2019, as shown by the EUROSTAT indicator (EUROSTAT, 2020a). It is notably below the EU-27 average of 56% for

the same year. Bosnia and Herzegovina also lags behind 3 out of 4 Western Balkan economies for which data is available, considering that this share in better-performing economies ranges between 28% (Kosovo*) and 46% (Serbia). Gender differences in terms of digital skills are notable: digital skills are on basic or above-basic levels among 29% of men aged 16-74, while it is the case for only 20% of women (see Annex 2). In that sense, the gender gap (9 pp) is significantly higher compared to the EU-27 average (4 pp). Furthermore, the 2019 Sustainable Development Goals' data show that 44.6% of young people and adults had the skills needed for copying or moving documents or folders, while 11.9% were able to create an electronic presentation. There is a notable gender gap for both indicators: 2.6 pp for the former one (46% men compared to 43.4% women) and 3.9 pp for the latter one (13.2% men and 9.3% women) (BHAS, 2021c). Finally, the Global Competitive Index 2019 ranked Bosnia and Herzegovina low in terms of digital skills among the active population: Bosnia and Herzegovina is positioned as 102nd out of 141 economies, far below most Western Balkan economies, except North Macedonia (place 106).

3 Conclusion

The COVID-19 crisis revealed new and exacerbated pre-pandemic weaknesses of the economic, social welfare setup and policy framework in Bosnia and Herzegovina, thus putting policy developments in a predominantly reactive mode. Although governments were relatively active in the socio-economic policy domain in 2020, they provided a short-term response to the crisis. Although some progress was made in terms of medium-to-long term policy objectives, it was modest at best. The key policy issues and challenges are still present, and the ongoing crisis shows how underlying, structural, obstacles that existed before the pandemic exacerbate the crisis or reduce the potential of policy response.

While the COVID-19 crisis disproportionately impacted women, minorities and vulnerable groups, young people—especially those entering the labour market the first time—atypical and informal workers, among others, the policy response to the crisis was mainly agnostic to structural unevenness perpetuated and worsened by the crisis. ERMs left atypical and informal workers unsupported and more exposed to labour market disruptions caused by the crisis. Still, new income support schemes were neither established nor the existing ones expanded to include or support atypical and informal workers. Furthermore, no substantial policy actions helped amortise or reduce human capital losses of the emerging 'lockdown generation' that is exposed to learning gaps, lack of employment and up-skilling opportunities and, consequentially, career gaps, amid the crisis. This can be partially attributed to the underdeveloped system of active support to employment and deficiency within the policy ecosystem to enhance education-to-work transition.

Finally, ALMMs and social assistance schemes were not substantially reformed or tweaked to provide new lines of support to women (e.g., benefits or support improving work-life balance and reducing care burdens borne by women) and vulnerable groups or design innovative programmes in this regard. Although policymakers did not exclude women and vulnerable groups from the policy response, they continued 'business as usual', repeating more or less the same schemes of support as in the pre-pandemic period. This can be partially explained by the sudden drop in public funds/budgets and resource-related limits, but also by policy inertia and lack of innovativeness.

Weaknesses within the BiH social protection system limited its role in combating social consequences of the crisis. It is characterised by the dominance of status-based transfers, which decrease the effectiveness of social transfers in combating poverty and reduces opportunities for introducing new support schemes or expanding existing ones for those in need. Entity-level policy responses to the COVID-19 crisis did not include additional income support programmes for older people or pensioners and did not expand the scope or generosity of unemployment benefits. Another weakness is the slow progress regarding the establishment of a comprehensive system of long-term care and improvement of the social housing framework, especially in the FBiH.

Human capital development has been put under additional pressure due to the COVID-19 crisis, but policy developments that occurred in 2020 do not suggest that authorities increased efforts. The number of children enrolled in preschool education has dropped after the period of modest but continuous increase in enrolment rates, while the number of children being left outside of the

preschool due to under-supply has notably increased. The pandemic has affected the schooling process, with many schools being insufficiently prepared for quality remote teaching and many children being unable to properly follow lectures. Furthermore, low-skilled workers who lost jobs in the contact-intensive industries and young people (graduates) who enter the labour market for the first time during the pandemic are at risk of long-term unemployment, skills deterioration and decreased employability and career prospects. However, a comprehensive policy response has not been implemented in 2020. Relatedly, it seems that policy actions aimed at addressing issues of structural imbalances on the labour market have been mainly neglected, whilst the policy focus was mainly moved to ERMs and (reactive) counter-cyclical subsidy measures.

The crisis makes it obvious that digitalisation and improvement of ICT accessibility is not only a matter of economic growth but also of social inclusion. Rapid digitalisation of commercial services, shift towards remote and hybrid work arrangements in many service industries, e-learning and partially enabled e-access to public services, requires access to ICT equipment and infrastructure as well as digital literacy. However, as presented in this report, not everyone had proper access to digital/e-solutions due to lack of ICT or Internet or insufficient skills to fully utilise ICT-based solutions. There were some fragmented efforts to ensure better accessibility of education amid the pandemic, but systemic and long-term solutions aimed at ensuring more inclusive digital transformation and, thus, increasing resiliency of the economy to shocks in the future, have not been recorded.

The COVID-19 pandemic has accentuated the weaknesses in the healthcare system and health-related policy and institutional capacities of governments in Bosnia and Herzegovina. Although Bosnia and Herzegovina managed to respond to the first wave of the pandemic, restraining its spreading relatively well and keeping the number of infections and deaths under control, the latter stages of the pandemic have not been managed that well. The international community has provided significant support aimed at enhancing healthcare system(s) and response in Bosnia and Herzegovina, but the ongoing pandemic should be considered as an emergency call for substantial reforms in the domain of healthcare and health-related crisis management.

To improve socio-economic resiliency in the areas covered by this report and create preconditions for enhanced development in the post-pandemic times, the following should be prioritised:

1. **Improving healthcare and capacities of the health system:** Capacities of the health system should be improved in a way to ensure a more effective response to health crises and challenges by focusing on inclusive and universal healthcare, improved access to health services and medicaments and more efficient monitoring systems.
2. **Preventing human capital losses associated with deficiencies of the education system and under-developed mechanisms for active support to employment:**
 - (2.a) Childcare system and capacity should be improved to absorb more children, be more accessible and inclusive and, thus, ensure higher coverage of children. Governments should be more innovative and employ policy solutions that can mobilise the private sector to support the expansion of childcare options (e.g. corporate childcare).
 - (2.b) Efforts aimed at increasing the labour market relevance of vocational education and higher education should be continued and speeded up, while links between education institutions and the private sector should be further strengthened. This also implies better involvement of industry representatives in education policy design and monitoring.
 - (2.c) PES (e.g. ALMP training schemes), voucher schemes and other relevant measures should promote affordable and accessible non-formal training and retraining options that would stimulate NEETs to improve their skills and reintegrate into the labour market.
 - (2.d) Digital literacy should be promoted through more IT-related courses within primary and secondary education.
 - (2.e) ICT should be accessible for children from poor families and disadvantaged groups, to be able to participate in both emergency and regular e-learning.
 - (2.f) Active support to employment should be enhanced by putting more focus on counselling services and strengthening links between counselling and ALMPs; this implies that ALMPs should be more personalised and tailored and targeted in line with specific needs of unemployed people, rather than to be realised via employers.

3. **Preventing labour market dualisms and inequalities:** (3.a) Atypical workers should be included in any potential further employment retention programmes and recovery plans. Governments should avoid creating latent incentives for employers to firstly dismiss atypical workers during crises. (3.b) Freelancers should be recognised by relevant laws and their status should be clearly defined. Freelancers should enjoy equal social rights as other workers and should be able to access social protection services for which they pay insurance. It should not be requested from freelancers to register as sole proprietors under the same conditions as regular sole proprietors, but tailor-made solutions should be developed. (3.c) Work-life balance should be improved through better accessibility of childcare services or support for childcare, which would allow a more inclusive labour market for women and single parents. (3.d) Labour taxation in the FBiH should be reformed and tax burden lowered, to create room for the increase of net wages.
4. **The social protection system should be improved in a way to effectively respond to the ongoing crisis but also long-term challenges.** (4.1) Income support schemes should be used to a greater degree during socio-economic shocks like the ongoing crisis; vulnerable groups should receive support to prevent further erosion of their economic conditions and well-being. (4.2) Targeting of social protection benefits should be improved in a way to transition from the current design dominated by status-based categories to more means-tested schemes. (4.3) Long-term care and housing assistance for the homeless should also be prioritised as these are now almost completely missing. (4.4) Better data-collection system is needed in the case of people with disabilities. It should include data on types of disability to create preconditions for evidence-based measures for people with disabilities.
5. **Social dialogue should be actively and permanently promoted** through expanding competencies of the economic and social councils (e.g., better involvement in policy enforcement) and strengthening internal capacities of social partners, especially in analytics.
6. **Statistical offices in Bosnia and Herzegovina should ensure better data collection and provision** by conducting surveys that would allow for frequent and transparent international and EU comparison.

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Annex 1 Overview of the key work-life balance provisions stipulated by labour regulations in BiH

Areas	Description
Paid annual leave	The minimum paid annual leave for adult workers in Bosnia and Herzegovina is 20 working days, as in the EU-28 Member States with the shortest annual leave. Regulations in the FBiH and BD provide 24 working days as minimum annual leave for minors. Furthermore, the labour laws in RS and BD provide a minimum annual leave of 30 days if an employee performs tasks or is exposed to work-related factors that negatively affect health or bring health-related risks. If a worker is employed for the first time or has had more than 15 (FBiH and BD) or 30 days (RS) of a break between two jobs, he/she is entitled to annual leave after six months of work. In the meantime, workers are entitled to 1 day of paid annual leave per month. Workers have to be paid at the same rate of pay for days of annual leave as for working days.
Paid leave in other cases	Along with annual leave, workers are granted several days of paid leave in cases of family-related events as well as blood donation in RS and BD. In the FBiH, a worker is entitled to 7 days of paid leave in the cases of (a) marriage, (b) childbirth (for male workers) or (c) severe illness or death of a close family member. Similar provisions exist in RS and BD, but paid leave is limited to a maximum of 5 days (i.e. up to five days), except in the case of death of a close family member in RS, when the paid leave could be longer; additionally, the RS and BD labour laws include voluntary blood donation as a case for paid leave.
Maternity leave	Labour regulation guarantees equal access to maternity leave to fathers (male workers), if agreed between parents, but does not define it as a non-transferable right. This usually means that parental leave is borne by women, often taking a career break and affecting their labour market prospects. Maternity leave lasts 12 months and starts 28 days before the expected date of delivery. In RS and BD, maternity leave is extended to 18 months in case of twins, and for the third and every next child born. Women can decide to use fewer days of maternity leave, but not less than 42 (FBiH and BD) or 60 (RS) days after giving birth. The leave can be also used by the father instead of the mother, if mutually agreed, for the rest of the period after the initial 42 (FBiH and BD) or 60 days (RS). Finally, maternity benefits are uneven throughout Bosnia and Herzegovina (depending on the administrative unit) and little progress in this domain has been achieved in the previous period; the RS is an exception, considering that the Amendments to the Law on Child Protection adopted in December 2019 and applied since the beginning of 2020 prescribes 100% of reimbursement of total labour costs (gross salary) of maternity leave to employers. Furthermore, the RS also has in place benefits in the amount of BAM 405 (around 78% of the 2020 minimum wage) for unemployed mothers; these benefits were introduced in 2017 and started implementation in March 2018 (The Initiative for Monitoring the European Integration of BiH, 2019). The benefit lasts 12 months or 18 months in case of twins, and for the third and every next child born (Ibid.).

The flexibility of working arrangement during the early childhood	Parents are entitled to part-time working arrangement during the early childhood of their children. Thus, in the FBiH the mother (or father, if the mother works full-time) has a right to part-time work during the first year of a child's life, during the first two years in the cases of twins, third and every next child or during the first three years if a medical institution determines that a child needs special attention and care. In the FBiH, this right is rarely used because of salary loss, which is not the case in RS and BD, as the salary loss is compensated from the RS Child Fund or the BD public budget. This right in RS and BD is granted only to parents with a child who needs special attention and care, during the first three years of the child's life.
The flexibility of working arrangement concerning care duties	Workers are granted the right to part-time and suitable work if providing care to a child with a severe disability, but similar provisions do not exist for those who provide care for the elderly or other disabled family members. Namely, single parents or one of the parents (if both are employed) are entitled to part-time arrangements (half of the full-time working hours) if bringing up a child with a severe disability if the child is not accommodated by a relevant institution. Furthermore, employers cannot demand overtime engagement from such parents, cannot allocate them to perform night shifts or change the place of work without the prior written agreement of the worker. However, flexible hours are not envisaged for workers who provide care to other disabled or elderly family members.

Source: Labour laws of the FBiH, RS and BD

Annex 2. COVID-19 death rates in the EU-27 and WB according to ECDC data

Economy	14-day death notification rate per 1 million inhabitants, weeks 21 & 22, 2021	Cumulative number of deaths caused by COVID-19 since the beginning of pandemic until the end of the 22nd week of 2021 / Total number of inhabitants, as reported by ECDC	Cumulative number of deaths per 1 million inhabitants
EU-27			
Austria	10.5	10,376 / 8,901,064	1,165.7
Belgium	16.1	25,043 / 11,522,440	2,173.4
Bulgaria	46.6	17,820 / 6,951,482	2,563.5
Croatia	39.9	8,091 / 4,058,165	1993.8
Cyprus	10.1	363 / 888,005	408.8 *
Czech Republic	12.7	30,164 / 10,693,939	2,820.7
Denmark	1.9	2,520 / 5,822,763	432.8
Estonia	17.3	1,264 / 1,328,976	951.1
Finland	3.6	959 / 5,525,292	173.6
France	20.8	110,027 / 67,320,216	1,634.4
Germany	21.9	89,244 / 83,166,711	1,073.1
Greece	47.1	12,277 / 10,718,565	1,145.4
Hungary	31.3	29,866 / 9,769,526	3,057.1
Ireland	0	4,941 / 4,964,440	995.3
Italy	21.8	126,523 / 59,641,488	2,121.4
Latvia	45.6	2,413 / 1,907,675	1,264.9
Lithuania	38.7	4,317 / 2,794,090	1,545.1
Luxembourg	11.1	818 / 626,108	1,306.5 #
Malta	3.9	419 / 514,564	814.3 #
Netherlands	7.3	17,659 / 17,407,585	1,014.4
Poland	32	74,160 / 37,958,138	1,953.8
Portugal	1.8	17,036 / 10,295,909	1,654.6
Romania	46.6	30,878 / 19,328,838	1,597.5
Slovakia	21.6	12,414 / 5,457,873	2,274.5
Slovenia	15.3	4,707 / 2,095,861	2,245.9
Spain	11.1	80,236 / 47,332,614	1,695.2
Sweden	4.6	14,546 / 10,327,589	1,408.5
WB			
Albania	2.5	2451 / 2,845,955	861.2

Bosnia and Herzegovina	92.4	9,411 / 3,280,815	2,868.5
Kosovo*	3.3	2,245 / 1,795,666	1,250.2
Montenegro	28.9	1,592 / 621,873	2,560 *
North Macedonia	70.8	5,458 / 2,076,255	2,628.8
Serbia	20.2	6,917 / 6,926,705	998.6
# Countries that have less than 1 million inhabitants, so the number of deaths per 1 million is artificial, i.e., inflated to ensure comparability with other economies.			

Source: European Centre for Disease Prevention and Control (2021a)

Annex 3. Assessment of the key Social Scoreboard indicators

Area	Indicator	Brief description of the trend in comparison to the EU average
Equal opportunities and access to the labour market	Early leavers from education and training (% of the population aged 18-24)	Better than the EU average but without substantial improvements recently. Early leavers comprised 5% of the population aged 18-24, notably below the EU average of 10.1% for the same year. The rate did not significantly change compared to the previously available figures: the rate gravitates around 5% since 2017.
	Gender employment gap	Worse than the EU average and it seems that the COVID-19 crisis widened this gap further. The gender employment gap was 21 percentage points for the 15+ age cohort in 2020, by 3.1 percentage points higher than in 2019. The gap was 24.9 percentage points for the 20-64 age cohort in 2020, notably above the EU average of 11.3 percentage points (20-64) for the same year.
	Income quintile ratio (S80/S20)	Worse than in the EU; however, fully comparable official data is not available, considering that the process of conducting EU-SILC has not been completed. The HBS expenditure-based S80/S20 ratio was 4.9 in Bosnia and Herzegovina in 2015 (latest available data), while the income-based S80/S20 ratio was estimated to 20.2 for the same year. On the other side, the average income quintile ratio in the EU was 5.2 during the period 2014-2016.
	At the risk of poverty or social exclusion (in %)	Worse than in the EU; however, fully comparable official data is not available, considering that the process of conducting EU-SILC has not been completed. The HBS expenditure-based poverty rate was 16.9% in Bosnia and Herzegovina in 2015. When it comes to poverty based on income, it is estimated that around 25.5% of households live in poverty, while the average SILC-based rate in the EU was 23.8% in the same year.
	Youth NEET (% of the total population aged 15-24)	Worse than the EU average but modestly improving. NEETs rate (15-24) was 22% in Bosnia and Herzegovina in 2020, notably above the EU average of 11.1% in the same year. The rate has increased by 0.8 percentage points compared to 2019, thus reversing the 5-year trend of a continuous decrease in rates.

Dynamic labour markets and fair working conditions	Employment rate (% of the population aged 20-64)	Worse than the EU average but trends cannot be assessed due to interruption in time-series. LFS employment rate (20-64) was 52.5% in Bosnia and Herzegovina in 2020, notably below the EU average of 72.4% in the same year. Due to methodological changes in 2020, LFS employment figure is not fully comparable to the previous data.
	Unemployment rate (% of the population aged 15-74)	Worse than the EU average but trends cannot be assessed due to interruption in time-series. The LFS unemployment rate (15-74) was 15.9% in Bosnia and Herzegovina in 2020, notably above the EU average of 7.0% in the same year. The unemployment rate (15-74) was higher for women (18.6%) than for men (14.2%).
	Long term unemployment	Worse than the EU average but modestly improving. The LFS long-term unemployment rate was 11.8% in Bosnia and Herzegovina in 2020, notably above the EU average of 2.5% in the same year. The long-term unemployment rate decreased by 10.8 percentage points during the period from 2015 to 2020.
	GDHI per capita index	Data is not available.
Social protection and inclusion	Impact of social transfers (other than pensions) on poverty reduction	Official estimates are not available, because the poverty measurement is based on consumption data. However, independent research estimates on the 2015 HBS income data suggest that all social transfers reduce the incidence of poverty by 9.16 percentage points.
	Children aged less than 3 years in formal childcare	Worse than the EU average, and slightly declined in 2020. Based on the official ASBiH Education Statistics and vital statistics data, it is estimated that around 6.8% of children aged less than 3 years were enrolled in formal childcare in 2020, which is notably below the EU average of 35.3% in 2019. The rate declined by 0.3 percentage points compared to 2019.
	Self-reported unmet need for medical care	Worse than the EU average, the trend is unknown. In that sense, the HBS-based rate of self-reported unmet need for medical care in Bosnia and Herzegovina was 5.1% in 2015 (6.1% in the FBiH and 3.2% in RS), above the EU average of 3.2% for the same year. According to a survey conducted by UNICEF and UNDP, 12.2% of respondents from the general population have reported unmet health needs in 2020.
	Individuals' level of digital skills	Worse than the EU average, the trend is unknown. Only 24% of the population aged 16-74 had basic or above basic overall digital skills in 2019. It is notably below the EU-28 average of 58% for the same year.

Endnotes

1 Endnotes

Initiatives by BiH political organizations and international foundations of political parties were not considered by this report.

2 Official website: <https://bit.ly/2D3KxJy>.

3 Official website: <https://bit.ly/2YRjzD>.

4 Official website: <https://bit.ly/2uTmEQk>.

5 Regulation of education is fragmented in BiH, i.e. shared between the central government level, entities, Brčko District and cantons in FBiH, resulting in the policy environment where education policies are managed and shaped by 14 education ministries.

6 However, this portion slightly but continuously decrease, it was 64% in 2020, 72% in 2019, 77% in 2018 and 84% in 2017 and 2016.

7 Data for 2019 is not available. Data for 2020 is presented in form round numbers, thus preventing more detailed insight in trends.

8 The NEET rate in BiH was higher among men than among women for many years and that changed only recently, i.e. in 2019 (see Vidovic et al, 2019).

9 According to the last available data, it takes around 8 months, on average, for new graduates to find their first employment, while currently unemployed graduates are, on average, unemployed for 14 months (Bartlett, Branković & Oruč, 2016, p. 36). Public employment services play a minor role in this issue and provide little or no help to graduates: 88% of surveyed graduates confirmed that help from employment agencies was lacking or was minor (Ibid.; see also Oruč & Bartlett, 2018).

10 However, the data is not fully comparable, considering that 2017 Survey conducted by the Agency for Statistics of BiH observed the period of 12 months prior to the survey, while the data for EU captured 4 weeks preceding the survey.

11 The statement refers to the period before this report was written, i.e., until the end of May 2021.

12 Participation of BiH in the PISA 2022 test became a topic of internal political debate, considering that authorities from the RS requested exploring options for this entity to be 'more visible', i.e., separately listed in PISA results

13 Any discrimination based on gender is prohibited by the BiH Law on Prohibition of Discrimination, while specific aspects of gender equality are defined by the Law on Gender Equality in BiH. The principles of gender equality and non-discrimination are also emphasized by labour laws. Furthermore, BiH "has ratified all major international documents in the field of women's rights, and special gender equality bodies (gender mechanisms) have been established" (The Initiative for Monitoring the European Integration of BiH, 2018, p. 28; see also UN Women, 2021).

14 Less than 30% of companies being (co)owned by women, out of which the majority are microenterprises employing up to 9 people (see Numanović & Obradović, 2020).

15 Research was conducted by the salary survey platform Plata.ba (Paylab): <https://www.plata.ba/>

16 For other analyses, please see Stanković (2017), Somun-Krupalija (2011) and World Bank (2015).

17 The expenditure-based poverty gap is 24.6% according to 2015 data, while the income-based poverty gap is estimated to be 59.9% (BHAS, 2018a, 2017a). The estimated Gini coefficient for income inequality was 48.7 in 2015 (Šabanović, 2017), among the highest in Europe, while the S80/20 ratio

was 20.2 (BHAS, 2017a). Consumption inequality in 2015, measured as the S80/S20 ratio, was 4.9 and the Gini coefficient was 31.2 (BHAS, 2018a). BiH performs notably worse than the EU in this domain (see Annex 2 & 3).

18 It includes non-negligible share of workers employed in the most affected sectors, so the poverty among them is expected to increase from 9% to 11%-15% (World Bank, 2020a).

19 Some earlier research suggests the rate is even lower, around 60% (see MEASURE-BiH, 2017).

20 According to the study, 39% of the 300 surveyed LGBTI people have disclosed their identity at the workplace.

21 The change is primarily related to the sampling procedures and weighting/weight calibration. It is unclear to which extent methodological changes affected figures. For the sake of illustration, the LFS employment rate in 2020 was 40.1%, which is by 4.6 pp higher than in 2019 (35.5%), despite massive job losses during the crisis. Previous time series were not revised in a way to be comparable to those published for 2020. Therefore, all comparisons of LFS data for 2020 with the previous time series should be taken with caution and can be misleading.

22 Author's estimate based on figures on employment and unemployment contained in LFS 2020 spreadsheets published by the BHAS. LFS spreadsheets are available here: <https://bit.ly/3wkSXFY>

23 The measures was introduced by the Decree on support for business entities and entrepreneurs.

24 Official Gazette of the FBiH, 74/20, 21/21.

25 However, due to format-related limitations of this report, it is not possible to present the measure in an in-depth manner. Please see the Decree for more details about the measure.

26 Decree on Financial Support to Caterers Providing Accommodation Services, Travel Agencies and Art Performers for Compensating Financial Loss due to the Coronavirus pandemic, Official Gazette of the RS, 120/20 (the first one) and 29/21 (the second one). Decree on Financial Support to Business Entities in the Field of Road Transportation for Compensating Financial Loss due to the Coronavirus pandemic, Official Gazette of the RS, 2/21.

27 The support to the hospitality and tourism sector took place during July-September 2020 and October-December 2020 compared to the same months in 2019. In the road transportation sector, the period of January-November 2020 is compared to the same period in 2019. For those firms that have not been registered in the mentioned period of 2019, a baseline is defined as 3 months preceding the pandemic.

28 Several cantons in the FBiH organised a selection procedure in 2017 in a way that employers who were the fastest in filling in the online application were granted subsidies. The call was open only for a few minutes (Ahbabović, 2017).

29 Author's estimate is based on data provided by public employment institutes in both entities and BD in their 2019 annual reports. Data for FBiH includes both entity-level and cantonal expenditure. According to these reports, employment institutes in BiH spent EUR 45,775 288 / BAM 89 288 544 on active measures: BAM 55 594 427 by public employment institutes in FBiH, BAM 30 269 814 in RS and BAM 3 424 303 in BD.

30 Amendments to the Law on Mediation in Employment and Rights During Unemployment and the Amendments to the Law on Health Insurance adopted in RS in October 2019 changed the definition of unemployed person, enabling the RS Employment Institute to delete persons who do not actively search for jobs from the unemployment register.

31 Thus, if the service contract is used in the FBiH, the contribution for health insurance amount to 4% and for pension and disability insurance to 6% of a service contract's gross remuneration, deducted

for the allowed amount of expenses (FBiH Law on Contributions, art. 10a). Freelancers receiving income from overseas clients are obliged to pay (only) 4% of the gross amount (deducted by 20% or 30%, depending on the type of contract) for health insurance. In the RS, pension and disability insurance contribution, at the rate of 18.5%, has to be paid on service contract honorariums.

32 Such a setup brings issues in the FBiH: for the sake of illustration, if a freelancer/honorarium worker earns more than 25% of the FBiH average wage during a one-month period, he or she will be removed from the public employment service register of unemployed persons (FBiH Law on Mediation in Employment and Social Security of Unemployed People, art. 3); considering that precondition for obtaining health protection for people who are not in formal employment is to be registered as unemployed, freelancers who earn more than 25% of the average monthly wage lose access to public health protection, despite the fact that part of the gross honorarium goes to health insurance funds.

33 According to claims of the association of freelancers in BiH (Freelance in BiH), the estimated number of freelancers in BiH is 10,000 or more (Association Freelance in BiH, 2020). Furthermore, some unofficial estimates, based on the number of registered freelancers on the prominent gig-matching platforms in 2018 and census data, suggest that BiH is one of the leading economies regarding the number of freelancers per capita: BiH has 1.55 registered freelancers per 1,000 inhabitants, thus being positioned at the 7th place out of 175. However, it is not clear to which extent some of registered freelancers are active and earn income through gig-matching platforms. On the other side, not all platforms have been covered by the mentioned analysis, whilst freelancers active in the domestic market are not included in this calculation. Therefore, this finding cannot be generalised. See <https://bit.ly/3hbLe8o>.

34 See, for example, Pašović & Efendić (2018) and Oruč & Bartlett (2018).

35 Based on the existing studies, Oruč & Bartlett (2018, p. 14) claim that men, consisting 2/3 of total undeclared workers, are more likely to be informally employed than women, that “the oldest and youngest workers are most likely to be informally employed” in BiH (15-24 and 55-64), and finally that low-skilled people are more likely to be found on the informal labour market, considering that “around 86% of workers with no education and 62% of those with only primary education work informally” in BiH.

36 The high incidence of informal employment can be, to some extent, explained by the high tax burdens on labour which discourage formal employment, especially in the case of low-wage earners (see Section 6 of this chapter), the poor business climate (see World Bank, 2019) and some social benefit schemes which act as disincentives for formal employment (Vidovic et al., 2017; Arandarenko, 2019).

37 Author’s calculation based on LFS 2020 data provided by BHAS. All data are available here: <https://bit.ly/2RYPlE7>

38 It means that, in this case, the employer is obliged to pay the same amount of social security contributions for both part-time and full-time jobs.

39 It is 12 months longer than it was stipulated by the previous labour law prior to 2016.

40 Official Gazette of the RS, 123/20

41 Official Gazette of the RS, 67/20

42 Official Gazette of the RS, 123/20

43 The aim of this policy change is to reduce labour burdens (BiH Directorate for Economic Planning, 2017): the new Law on Contributions should lower the aggregate contribution rate from 41.5%

to 32.5% (initially, it was planned to reduce the cumulative rate to 33.0%), while the new Law on Personal Income Tax should introduce a progressive tax rate (effectively 0% and 13%), instead of the existing flat tax rate of 10% (see also Section 12 in Chapter 3; for a brief analysis of the effects of the envisaged changes see Numanović, 2019). This change would lead to higher take-home earnings for lower paid workers at the cost of take-home earnings of higher paid workers, without negative aggregate fiscal effects.

44 The minimum wage in the FBiH has not been set since the first quarter of 2018, considering that the old general collective agreement was abandoned, while the new one still has not been adopted (see Section 8). The FBiH Government amended the FBiH Labour Law in 2018 in order to address, among others, this issue and be able to set the minimum wage without the general collective agreement, but nothing has been done so far. This debate has been reactivated among social partners in S1 2021 (see the section on social dialogue within this chapter).

45 Previously, the RS government separately signed the memorandums on joint policies for the period 2018-2020 with both the Confederation of Trade Unions of RS and the Union of Employers’ Associations of RS (Stanković, 2017; see also: Government of the Republika Srpska, 2017).

46 Author’s estimates based on the official statistics. The most recent available data is from 2018. Data for the FBiH based on: FBiH Administration for Inspection Affairs, 2017; FBiH Administration for Inspection Affairs, 2018; Institute for Statistics of FBiH, 2018e; Institute for Statistics of FBiH, 2018b. Data for RS based on: Republika Srpska Administration for Inspection Affairs, 2017; Republika Srpska Administration for Inspection Affairs, 2018; Republika Srpska Institute of Statistics, 2018e; Republika Srpska Institute of Statistics, 2018b.

47 Considering that it was not possible to calculate the standardised incidence rate for BiH due to the poor data, the BiH fatal incidence rate is compared with the non-standardised EU-28 incidence rates to ensure better comparability.

48 Namely, the previous Law on Safety at Work was adopted in 1990, when BiH was still part of the Socialist Federal Republic (SFR) of Yugoslavia and has not been updated since. Furthermore, fines envisaged for violating the previous law were expressed in Yugoslav dinars, a currency which no longer exists, and the conversion of the prescribed amounts in BiH convertible marks (BAM) led to extremely low fines – up to 5 Euros (Cantonal Administration for Inspection Affairs of Zenica-Doboj Canton, 2018, p. 13; Cantonal Administration for Inspection Affairs of Sarajevo Canton, 2018, p. 74).

49 Also, the law is better aligned with the International Labour Organization’s Convention no. 155 - Occupational Safety and Health Convention, ratified by BiH, as well as with the Convention no. 164 - Occupational Safety and Health Recommendation.

50 Official Gazette of the Federation of BiH, No. 92/20

51 Official Gazette of Republika Srpska, 79/15 i 63/20

52 Estimates for the period 2018-2020 rely on the assumption that the overall number of children has not been changed since 2017.

53 Please note that some recent data suggest that the coverage for the 3-6 age cohort is 25% (UNICEF, 2020). The difference in estimate could be potentially explained by more accurate data on the total number of children in BiH: this report uses estimates from 2017 as a basis, while it can be assumed that the number of children further decrease in the past three years due to negative demographic trends and emigration.

54 Preschool education facilities, like kindergartens or kindergarten classrooms in local primary schools, are usually situated in urban and populated areas. The central government Platform notes that only 0.5% of the total number of children attending preschool education in BiH come from rural areas.

55 Provision of preschool education and care is financed primarily by local governments, which are the founders of public kindergartens and therefore responsible for their financing. Financing from higher levels of governments and sometimes from donor organisations is received only for implementing specific programmes (such as the preparatory programme for elementary school; early detection and early intervention programmes).

56 Data for BD is not included.

57 The provision of preschool education services under both entity laws on preschool education and care is devolved to local communities, i.e. higher levels of government have no implementing competencies in this area. Finally, the adopted Platform has no financial backing, and therefore, no significant impact should be expected.

58 These estimates are based on the 2015 Household Budget Survey (HBS) consumption data that, in comparison to estimates based on income data, underestimate poverty (Obradović, Jusić and Oruč, 2019a).

59 FBiH Law on Social Protection, Protection of Civilian Victims of War and Families with Children, FBiH Official Gazette, No. 36/99, 54/04, 39/06, 14/09, 45/16

60 The exception is Canton 10, where child benefit is paid to all children up to the age of 15 in the amount of approximately EUR 15 monthly.

61 The latest available ESSPROS data, before 2019, is for 2015.

62 Although social benefits are insufficient to cover the basic needs of beneficiaries, the current legal framework is preventing households from earning supplementary employment income (e.g. through part-time jobs), because if they exceed the benefit thresholds, the system imposes a loss of rights to social assistance or cuts the amount of benefit.

63 In the FBiH, social policy and social protection are within the shared competence of the entity and ten cantons, while in RS, the competence for social policy is vested to the entity, thus creating a highly decentralised social protection system. Workers who move from one entity to another, or those working in one canton while residing in another are at a disadvantage as social insurance is non-portable.

64 FBiH Employment Institute and cantonal employment institutes, Employment Institute of RS, and Employment Institute of the BD.

65 For instance, there is a small difference in the statistics on the number of people who received unemployment assistance benefit in 2018. The CPESSEC bulletin reported the number of 12,468 people, while the cumulative number of people reported by separate annual reports of entity-level and BD employment institutes is 13,663. Ultimately, it leads to the difference of 3 pp in the figures on coverage rate.

66 Official Gazette of the FBiH, No. 41/00 and 22/05.

67 Official Gazette of RS, No. 30/10, 102/12, 94/19.

68 Official Gazette of BD, No. 33/04, 19/07, 25/08.

69 The major part of means-tested social protection expenditures pertains to child and family benefits (thus contributing with slightly less than 1/3 to all child and family benefits). Around 30% (there is no exact share, but only graphical representation in the ESSPROS report, which makes this estimate less accurate but still valid) of social exclusion expenditures that are not classified elsewhere (total expenditure in 2019: BAM 84 million) is means-tested. Therefore, it can be roughly estimated that around 0.38% of all social protection benefits (total in 2019: BAM 6,574 million) are means-tested social assistance transfers. It excludes transfers for children and families with

children and financing of health insurance of all social assistance beneficiaries, which under the ESSPROS manual and user guidelines (2016) are incorporated under the corresponding functions.

70 The FBiH Law on Social Protection, Protection of Civilian Victims of War and Families with Children (FBiH Official Gazette, No. 36/99, 54/04, 39/06, 14/09, 45/16) stipulates the right to means-tested social assistance, but its implementation is devolved to cantons.

71 RS Law on Social Protection, Official Gazette no. 37/12 and 90/16

72 Permanent, as long as conditions under which it was granted remain.

73 One-off allowance is paid twice a year at most for a household. It cannot exceed five allowances in total determined by law, except for cases requiring higher amount due to exceptional circumstances.

74 For more details on government's policy on the targeting of social transfers, please see Obradović (2018).

75 For a two-member family 20% of the base, for a three-member family 24%, for four-member family 27%, and for a family with five or more members 30% of the base (Law on Social Protection, art. 24)

76 The measure was part of the Law on mitigation of negative economic consequences, which was adopted in May 2020.

77 The FBiH Institute for Pension and Disability Insurance has been integrated into the general budget of this entity in 2020, thus obtaining the status of the budget user, as it was envisaged by the new Law on Pension and Disability Insurance adopted in 2018 (BiH Directorate for Economic Planning, 2020). In that sense, payments of pensions are now facilitated through the Single Treasury Account (Ibid.). It ensures the stability of the pension system, considering that transactions could be now financed not only by funds acquired through contributions from salaries, but also by funds available in the public budget.

78 Obradović and Jusić (2019b, p. 19) pointed out that the underrepresentation of women in the labour market, within a system of social protection relying primarily on social insurance, had reinforced the male breadwinner model and the women's dependent status within the family.

79 See Obradović and Jusić (2019a) for details about pre-pandemic challenges of pension systems in BiH.

80 Numbers related to salaries and pensions are rounded.

81 ECDC's data suggests that the number of inhabitants in BiH shrunk by 7.1% since 2013.

82 The latest data published by the Health Insurance and Reinsurance Fund of FBiH (2018) provides estimate for 2017. Estimate for the RS is based on information received from the RS Health Insurance Fund (18 January 2019). The latest publicly available data is from 2018, indicating that there were 910,484 individuals covered by health insurance in this entity (RS Health Insurance Fund, 2019).

83 The official figures about insurance coverage must be treated with caution because of the problem of unpaid contributions.

84 The RS introduced the Amendments to the Law on Health Insurance in October 2019, ensuring more adequate coverage of citizens on the basis of age, health conditions, disability or financial status, if they cannot be insured on any other basis (13 categories including children aged up to 15, students up to 26, persons older than 65, persons suffering from rare, severe or infectious diseases, persons with disabilities).

85 In the case of dental treatments, it was 2.2% (2.5% in the FBiH and 1.7% in RS). The main stated reason was the inability to afford it (reported by 77.8% of the respondents).

86 One should keep in mind that the size of private health expenditure is probably underestimated as the private sector generally underreports its activities in order to minimise tax liabilities.

87 Official Gazette of the RS, 67/20.

88 Their rights are recognised under the general pensions and disability legislation.

89 RS Official Gazette, no. 37/12 and 90/16

90 The Institution of Human Rights Ombudsman of BiH (2018) notes that the figures provided by the BHAS do not give a full picture, because they do not include those persons placed in health institutions.

91 According to the 2013 Census data, in that year, BiH had 8.3% or 294,058 persons with disabilities (out of which 132,975 men and 161,083 women) (Ombudsmen BiH Report, 2018, p. 9).

92 The last version of the Draft Law on Amendments to the Law on Social Protection, Protection of Civilian Victims of War and Families with Children has been adopted by the FBiH House of Representatives in February 2019 and approved by the FBiH House of Peoples in December 2019. The amendments stipulate the introduction of a monthly benefit and social insurance for parents, or exceptionally other family members, caring for children with disabilities or family members requiring 24-hour care. Before its adoption by the House of Representatives, the draft law had not received support from the FBiH Government, which stated in an opinion that the conditions for its adoption were not in place (Jusić, 2019).

93 Due to lack of pre-pandemic baseline, it is not possible to properly assess to which extent the crisis has increased the housing insecurity.

94 Housing assistance to refugees and internally displaced persons has been the economy's obligation under Annex VII of the General Framework Agreement for Peace in BiH (or the Dayton Peace Agreement), which concerns the rights of refugees and displaced persons to return to their homes of origin and the right to be restored with the property of which they were deprived during the war.

95 RS Official Gazette, no. 54/19.

96 However, as pointed out in an analysis done by Hilfswerk Austria International (HWAi) (2015, p. 78), the primary aim of these initiatives was to provide a minimum regulatory framework for the INGOs and donors to continue their work in constructing and providing social housing in cooperation with the local communities in places where there were needs and interest.

97 Agency for Statistics of Bosnia and Herzegovina (BHAS)

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