

Employment and Social Affairs Platform 2

# Performance of Western Balkan economies regarding the European Pillar of Social Rights

## 2022 REVIEW ON BOSNIA AND HERZEGOVINA



RegionalCooperationCouncil



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# Employment and Social Affairs Platform 2

## #ESAP2

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# Abbreviations

<b>ALMP</b>	Active Labour Market Policy
<b>AROPE</b>	At-risk-of-poverty and social exclusion
<b>BAM</b>	Bosnian Convertible Mark
<b>BD BiH</b>	Brcko District of Bosnia and Herzegovina
<b>BHAS</b>	Bosnian and Herzegovina Statistic Agency
<b>BiH</b>	Bosnia and Herzegovina
<b>BQF</b>	Baseline Qualification Framework
<b>CoM</b>	Council of Ministers
<b>DML</b>	Digital Media and Literacy
<b>EC</b>	European Commission
<b>ESRP</b>	Employment and Social Reform Programme
<b>ESC</b>	Economic and Social Council
<b>ETF</b>	European Training Foundation
<b>FBiH</b>	Federation of Bosnia and Herzegovina
<b>GCA</b>	General Collective Agreement
<b>GDI</b>	Gender Development Index
<b>GDP</b>	Gross Domestic Product
<b>GEA BiH</b>	Gender Equality Agency of BiH
<b>GII</b>	Gender Inequality Index
<b>GMA</b>	Guaranteed Minimum Allowance
<b>HDI</b>	Human Development Index
<b>IECD</b>	Integrated Early Childhood Development
<b>ILO</b>	International Labour Organisation
<b>LFS</b>	Labour Force Survey
<b>LGBTQIA+</b>	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual
<b>LTC</b>	Long-term Care
<b>MHRR</b>	Ministry of Human Rights and Refugees
<b>MoCA</b>	Ministry of Civil Affairs
<b>NEET</b>	Not in Education, Employment, or Training
<b>PES</b>	Public Employment Service
<b>PISA</b>	Programme for International Student Assessment
<b>PWD</b>	Persons with Disabilities
<b>RCC</b>	Regional Cooperation Council
<b>RS</b>	Republika Srpska
<b>TIMSS</b>	Trends in International Mathematics and Science Study
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>UNESCO</b>	United Nations Educational, Scientific, and Cultural Organisation
<b>VET</b>	Vocational Education and Training



# I. Executive summary





**The performance of Bosnia and Herzegovina in all three areas related to the European Pillar of Social Rights during 2021-2022 remains weak.**

The economy is still struggling with substantial problems in the majority of the areas covered by the Pillar. Bosnia and Herzegovina faces robust challenges in a myriad of action areas, including education and skills development, active support to employment, effectiveness of social protection, social inclusion, wages and labour taxation, long-term care, homelessness, health inequalities, and inclusion of persons with disabilities. Although it should be a centrepiece of labour market and welfare policies, social dialogue in the economy needs further development and realisation. Furthermore, the implementation of the Economic Reform Programme does not contain sufficient credible measures at the central level to address major challenges related to the informal economy and unemployment. As discussed in a report developed by the European Commission (2022, p. 88) describing the current situation of the economy's trajectory in improving its systems of social policy, limited progress has been achieved on the field:

*“Bosnia and Herzegovina has some level of preparation in the field of social policy and employment. There was limited progress in the area. Serious challenges remain to be addressed as regards employment, social inclusion and protection, and poverty reduction, especially related to coordination among the responsible institutions across the country. Steps were taken to strengthen and promote social dialogue, which should be further improved at all levels of governments, and lead to the conclusion of collective agreements”.*

**Bosnia and Herzegovina underperforms in attempting to ensure equal opportunities for all its citizens, a situation that is also mirrored on the economy's efforts to secure proper access to the labour market for all.** Although some progress in the education sector has been achieved, major challenges which

were previously identified remain to be addressed. Bosnia and Herzegovina has not addressed the poor results scored on the last evaluations for the Programme for International Student Assessment and Trends in International Mathematics and Science Study, and also failed to secure participation in PISA testing in 2022. Modest progress in reducing rate of youth not in education, employment, or training has been achieved, reaching levels of 19.8% in Q3 of 2022, but these levels remain high in comparison with EU average of 13.1%.

The rate of adult participation in learning for 2021 was of 2.1%, while in Q3 of 2022 that percentage fell to 1.6%. When considering the rate of adult participation in learning of 3.3% in 2020, it is perceivable that the situation has deteriorated. The observed declining trend further demonstrates the lack of accessible and affordable non-formal education programmes. Although there is a positive trend regarding the increase in the number of children enrolled in preschool education in comparison with the past few years, there is still a significant number of children waiting for placement in preschool institutions. Close to 9,000 (8,955) children remained absent from the preschool education system, representing an increase of 34.5% compared to the previous school year.

**The gender labour market gap in 2021 was 26.9%, while in Q3 of 2022 it was 29.3%, demonstrating a regressive trend when compared to the rates of 24.9% in 2020.**

The activity rate for women was 36.8% and 59.7% for men. Women constituted 37.1% of employed persons and 49.6% of the unemployed at the economy level. According to the 2021 Labour Force Survey, the unemployment rate for women was 22%, consisting of a rate 7.6% higher than for men. The largest unemployment rate of 44.5% was found amongst women in the age group 15-24, which was 10 percentage points higher than the unemployment rate for men of the same age. According to the ILO (2021), the share of informality in overall employment in 2021 was estimated at 20.7% (17.4% for men and 25.7% for women). For the first

time in 2022, Bosnia and Herzegovina partially calculated the Gender Equality Index, in accordance with the methodology developed by the European Institute for Gender Equality. This is a significant step towards the creation of a full GEI that will enable Bosnia and Herzegovina to position itself on the European list of gender equality.

**The situation in ensuring fair working conditions remains unchanged**, as Bosnia and Herzegovina continues to face reoccurring challenges in making the labour market more flexible and adaptable. Digital platforms function in the economy but are still in need of an adequate legal backing. Although this type of work regularly contributes to the economy's budget through the payment of personal income tax and health, pension, and disability insurances, honorarium workers cannot claim any benefits of social insurance, except through solidarity schemes, such as the minimum old-age pension or health protection for unemployed persons. The concept of temporary employment and the work of agencies for temporary employment has not yet been fully and adequately regulated, resulting in confusion and different interpretations of the existing regulations. Amendments to the Labour Law of the Federation of Bosnia and Herzegovina from December 2018 did not bring any progress in this regard.

**Low wages in both the public and private sector resulted in the worsening of living conditions for the majority of the population.** This issue is further exacerbated by high labour tax burdens. The nominal growth in gross wages was further accelerated, presenting rates of 10.7% increase year-over-year in Q2 of 2022 and increasing again to 12.5% year-over-year in July 2022. However, despite being adjusted for inflation, the increase in real wages has come to a halt. The official wage statistics do not include micro enterprises, which represent a large share of employment. There has been an increased interest on this issue as of recently in both entities of Bos-

nia and Herzegovina (i.e. Federation of Bosnia and Herzegovina and Republika Srpska), as the Government of the FBiH decided to reduce the tax burden on labour and simplify the entire system, setting into motion a proposal which was pending in the Parliament of the FBiH since 2018, in addition to increasing the wages of workers and their future pensions. According to the proposal, the contribution rate will be reduced by 1 additional index point<sup>1</sup> due to the growth of public revenues and in the future, it would be reduced to 31.5 %, instead of the current contribution rate of 41.5%.

Amendments to the Labour Act of the Republika Srpska came into force on 01 January 2022, alongside the amendments to the RS' Social Contributions Act and the Income Tax Act. The novelties pertain to the change of the tax base, the reduction of the tax rate and of the health insurance contribution rate, and alterations to the manner in which pay for work performance is treated. Salary tax rates were reduced from 10% to 8%, whereas health insurance contribution was trimmed from 12% to 10.2%, resulting in the reduction of the cumulative social contributions rate from 32.8% to 31%.

People working in Brcko District can choose which pension insurance fund they would like to pay pension and invalid insurance contributions to, either the Republika Srpska fund or the Federation of Bosnia and Herzegovina fund. Health insurance contributions are calculated at 12% of the gross salary amount.

**Tripartite social dialogue is still weak, leaving less room for the coordination of policy efforts and achieving the best balance between the interests of relevant social partners.** Social dialogue in Bosnia and Herzegovina is ongoing at the level of entities and in some cantons in FBiH. The action of Economic and Social Councils, social dialogue and social partners are embedded in the entity constitutions and relevant laws.

<sup>1</sup> According to this proposal, the contribution rate for pension and disability insurance will be reduced by one additional index point, that is, from 17.50% to 16.50%. This represents a total contribution rate of 31.5%, i.e. a decrease of a full 10% compared to the current 41.5%.





There is currently no social dialogue conducted at the BiH level, even though this requirement was a part of the 14 priorities set for obtaining EU candidate status. Likewise, there is no Economic and Social Council at the BiH level that would oversee the laws approved by the BiH Council of Ministers.

**The social protection system struggles with insufficient investment and inefficient resource allocation.**

These shortcomings hinder the process of closing the existing social protection gaps, and of addressing persistent inequalities, particularly in terms of gender. According to data from the European System of Integrated Social Protection Statistics, in 2020 the total expenditures dedicated to the social protection system in BiH amounted to BAM 7,710 billion (EUR 3,942 billion), consisting of 22.5% of GDP (Agency for Statistics of BiH, 2022). Underlying poor labour market conditions, as well as the slow recovery of labour markets from the COVID-19 pandemic and the war in Ukraine have exacerbated the risk of further cutbacks of social protection benefits. Social insurance schemes in the economy

are struggling with insufficient revenues and an ever-increasing number of beneficiaries. As a result, they are underperforming in terms of benefits level, coverage, and quality of service. Many from the most vulnerable categories, if not formally included in the labour market, are poorly assisted by the social assistance schemes. There are discrepancies in the eligibility criteria, coverage, duration and amount of benefits, level of contributions made by the insured, and the proportion of the public budget allocated to the social protection system. This has rendered the social protection schemes incompatible, fragmented, and ineffective, in addition to resulting in large inequalities among different regions in accessing the benefits of the right to social security.

**Quality and coverage of social services is insufficient.**

This is particularly the case for services targeting certain categories of population, such as preschool education and services for persons with disabilities, which are underdeveloped and unevenly supplied, being sometimes only available in large urban centres. Progress has recently

been recorded in terms of policy development in these areas: social inclusion strategies have been adopted throughout the territory of Bosnia and Herzegovina, along with to the implementation of the Law on Social Services in FBiH, which regulates the provision of various social services in a more systematic manner. Despite these advances, the provision of social services remains deficient, and the burden of the weak system is borne by children and the most vulnerable citizens, affecting their quality of life and social inclusion. The lack of readily available and accessible services is usually substituted by the care work of women in family and/or high out-of-pocket payments.

**BiH does not have a system of long-term care in place.** The capacity of the institutions in Bosnia and Herzegovina to cope with challenges related to LTC is minimal. On top of that, high levels of out-migration result in the elderly population being left behind and without the direct support of their closest relatives. Additionally, different eligibility and entitlement criteria for the provision of care allowance between entities and between cantons in FBiH affect both access to and the affordability of care services. Beyond territorial discrepancies, there are also significant differences between beneficiary categories. For instance, if two people require the same level of care, the amount of care allowance they receive depends on the beneficiary category they fall into.

In comparison with the EU, Bosnia and Herzegovina has the lowest public expenditure on LTC, dedicating 0.1% of its GDP for LTC within healthcare and 0.1% of the GDP on LTC within the social protection system.

**There are many challenges regarding adequate responses to homelessness and exclusion from housing.** The most relevant and significant one is the absence of a basic policy framework on homelessness, consisting of a precondition for addressing the issue in a systematic manner. Besides, an additional challenge to addressing the issue can be found in the lack of a clear definition of homelessness and the delineation of the types of homelessness, which could be used as an underlying basis for policies that would secure access to adequate accommodation. An unclear definition and delineation also hinder the monitoring of the numbers or the profile of the homeless and hamper understanding and addressing the different reasons which led them to this circumstance. This lack of clarity also increases the difficulties of tackling the underlying reasons for homelessness. Beyond legislation, the lack of capacities and resources to provide support for the homeless is an additional issue. In 2020, the share of social protection functions for housing in the total expenditures for social benefits in Bosnia and Herzegovina was 0%.



## II. Introduction





**The complex political and constitutional structure of Bosnia and Herzegovina affects service provision and the coordination of policymaking.**

Bosnia and Herzegovina is comprised of four tiers of governance: the central, entity, canton and municipal levels, and of two entities and one district: Republika Srpska (RS), the Federation of Bosnia and Herzegovina (FBiH), and Brčko District (BD BiH). The complex structure of government functions leads to overlapping services and inefficiencies in many areas, resulting in varied standards in terms of the provision of social policy within the economy. This fragmentation in governance leads to poor coordination and cooperation between the different levels of government at both the policymaking and implementation stages. As a result of these shortcomings, the latest EU Report published in October 2022 discussing the accession of Bosnia and Herzegovina to the European Union clearly states that BiH's "commitment [to EU integration] was not turned into concrete reform actions" (European Commission, 2022, p.3). Furthermore, the same report points out the "deep political polarisation and disagreement among the main parties of the ruling coalition [that] led to a standstill in the work of the democratic institutions and on reforms on the EU path" (European Commission, 2022, p. 3).

The Constitution sets out the division of competences between the central and roof institutions/common institutions at BiH level and the entities. It enumerates a list of attributions that come under the BiH level and that of the entities, in addition to ensuring that the RS and FBiH are provided competence in all fields that are not expressly assigned to the institutions at BiH level. Namely, responsibilities associated with labour relations, social dialogue, health and social protection, pension and invalid protection, education, etc., fall under the exclusive jurisdiction of entities/cantons. The overall picture of the economy can be further portrayed by the existence of a large, inefficient public sector and a complex decentralized system of education and social protection, includ-

ing the health system, which results in inequalities in provision and high administrative costs.

**Furthermore, political divisions in Bosnia and Herzegovina are delaying decisive action to ensure solid diagnoses, socioeconomic responses and long-term reforms of education, labour markets and social policies.**

Under these circumstances, the administration cannot guarantee sufficient outreach and coverage of services related to these fields, such as employment services or active labour market programmes. Taking into consideration the lack of formal jobs and the low levels of income of the employed, Bosnia and Herzegovina still has a long way to go to become a society that provides opportunities for all. These issues are further illustrated by the fact that some specific categories of population such as youth, women, and other minorities are left behind in terms of economic opportunities.

The lack of relevant information does not allow for the assessment of the appropriateness of policy decision and action, and analysing whether existing policies serve their purpose. Thus, in accordance with the EU Report 2022, Bosnia and Herzegovina is still at an early stage of preparation in the area of statistics and requires better support in policy analyses and in the timely provision of data.

**Economic growth in the first half of 2022 was above expectations.**

Private consumption and investment were the key drivers of growth. Rising wages and remittances, together with increasing private credit, have supported private consumption. Investment was particularly strong in Bosnia and Herzegovina. Nevertheless, the war in Ukraine caused additional uncertainties and impacted all aspects of society by slowing down necessary structural reforms in BiH, alongside placing additional burden to the BiH economy, which had just begun to show signs of recovery after the COVID-19 pandemic. This conjuncture highlighted the vulnerability and a lack of resil-

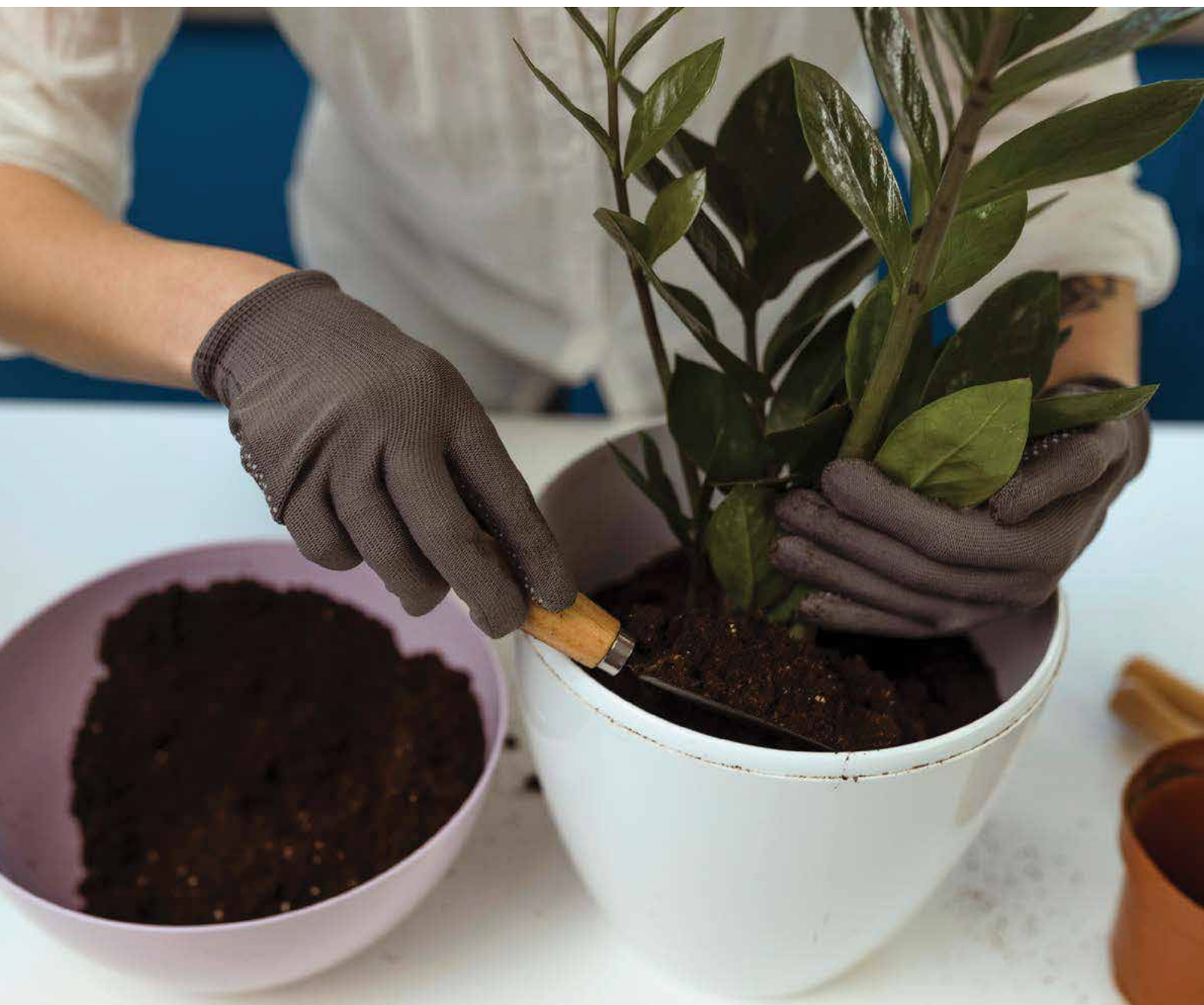
ience to external influences which characterize the BiH society and economy, mainly due to a lack of political will and a complex and bureaucratic structure. After accelerating to 7.5% in 2021, real GDP growth is expected to slow down to 4% in 2022. Meanwhile, inflation surged to 16.7% in July 2022 (y-o-y) driven by hikes in food and energy prices, creating further risks for poverty reduction (WB, 2022). Although the situation on the labour market has improved, especially for women, the unemployment rate remained high.

**Several measures have been taken to address rising inflation, including reforms in public sector wages and pensions.** In the FBiH, these were raised by 5% and 7.5% respectively in March 2022, with an additional increase of 3.5% for pensions made effective in June of the

same year. In the RS, increases for wages were introduced in January 2022, ranging between 5% (for wages below BAM 1,000 or EUR 511) and 3% (for all other wage values), and pensions were incremented by around 4%.

**Building on performance was noted in 2021 and employment levels reached their highest peak by mid-2022.** The employment rate increased and averaged to 40.3%, which constitutes of a 0.7% increase over 2021. All sectors contributed to the job market recovery, with the service industry (including tourism) playing an especially strong role. Further signs of economic recovery are illustrated by the falling unemployment rate in Bosnia and Herzegovina, which declined to 14.8% by Q3 of 2022.

### III. The Bosnia and Herzegovina's performance in the 20 principles of the European Pillar of Social Rights (Pillar) and Action Plan





## A. Equal opportunities and access to the labour market

### I. Education, training, and life-long learning

**Literacy is almost universal in Bosnia and Herzegovina.** According to the UNESCO and the Institute for Statistics (UIS), the education system of Bosnia and Herzegovina in 2021 had achieved a literacy rate of 98.1%. In the school year 2021/2022, there were 28,013 pupils enrolled in the first grade of primary education, which represented a decrease of 1.9% when compared to previous year. Compared to the 2020/2021 school year, the number of newly enrolled children in primary education slightly decreased by 0.98%, the number of students enrolled in secondary education fell by 0.98%, and the number of university degree graduates fell by 0.95%, continuing a declining trend which has existed since 2013.

The share of young people aged 30-34 with completed tertiary education in 2021 amounted to 28.8% and decreased in Q3 of 2022 to 28.5%,

which is far below to the EU average of 40%. In 2021, the rate of early leavers from education in BiH was of 4.7%, following a trend which would indicate a slight decrease to 3.9% in Q3 of 2022, falling below the EU average of 9.9% (Agency for Statistics of BiH, 2021, 2022).

There is a positive trend demonstrating a growth in the number of children enrolled in preschool education in comparison with the past few years, which has increased to 19.9%. The number of employees involved in the teaching process in nurseries and kindergartens (teachers, pedagogical advisers, health care professionals, etc.) increased by 12.3% (Agency for Statistics of BiH, 2022). Out of the total number of children in pre-school upbringing and education, 63% of them attended public institutions, while 37% attended private institutions. The number of children waiting for placement in preschool institutions was 8,955, representing a 34.5% increase compared to the previous school year.

**Table 1. Early leavers from education and training among persons aged 18-24 segregated by gender<sup>2</sup> in 2010 and Q3 2022 (% of 18-24 years old men/women)**

	Year	Male	Female
Bosnia and Herzegovina	Q3/2022	3.6	4.2
	2021	4.9	4.4
	2020	4.0	3.5
	2010	7.7	8.1

Source: Data calculated based on the Labour Force Survey conducted in 2021 and LFS of three quarters of 2022 (Agency for Statistics of BiH, 2021, 2022).

<sup>2</sup> No other segregated data was available.

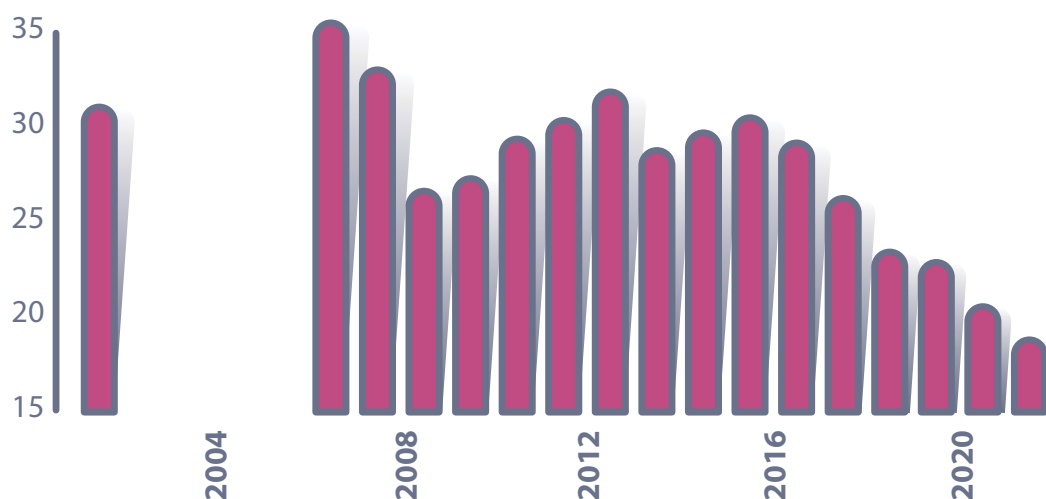
**Although legislation for adult education has been adopted at all levels since 2019, BiH still shows weak results in the participation of adults in lifelong learning.** The latest available data calculated based on the Labour Force Survey (LFS) conducted 2021 and the LFS of Q3 of 2022 shows that the adult participation in learning decreased from 3.3% in 2020 to 2.1% in 2021 and to 1.6% in Q3 of 2022 (Agency for Statistics of BiH, 2021, 2022). As a comparison, the EU average of adult participation in learning is 10.8% (Eurostat, 2022a).

In 2021, 19.8% of the youth population (15-24 years of age) in Bosnia and Herzegovina were employed, while the unemployment rate for this group was 38.3%. The activity rate among youth (15-24) in Q3 of 2022 was 28%, while employment rate stood at 17.9% and unemployment rate was 36.2%. The number of young people (15-24) outside the labour force in Bosnia and Herzegovina in

the Q3 of 2022 amounted to 18.2%. On the same period, 19.2% of the total number of the unemployed came from the 15-24 age group. As a comparison, in 2021 the youth unemployment rate in the EU stood at 16.6%.

In 2021, the rate of young people not in education, employment, or training (NEET) in BiH was 19.9%, with a slight decrease to 19.8% in Q3 of 2022, consisting of the closest ratio in comparison with the EU NEET average of 13.1% since 2015. Since 2015, BiH recorded a significant decreasing trend of youth NEET, reaching the levels of 9.4% of the total population aged 15-24 in 2022. According to the ILO (2021), the total share of youth NEET in the economy was of 19.3%. In terms of gender distribution, the share of young men NEET out of the total male youth population was 18.8%, while young women NEET represented a share of 19.9% of the total female youth population.

*Figure 1. Share of NEET youth, total*



Source: World Bank, 2021.

**Regarding policy initiative, the Government of Republika Srpska adopted several essential strategic documents on education.** The Adult Education Strategy for 2021-2023 was adopted as a strategic document in the con-

text of lifelong learning, consisting of the first strategic document to systematically approach the development and improvement of adult education. On top of that, the new Law on Adult Education in the RS was adopted in December 2021, while a

new Law on Basic Education was adopted in August 2022. Additionally, Republika Srpska adopted the Strategy for The Development of Pre-School, Primary and Secondary Education for the period 2022-2030 in December 2021.

At the BiH level, the Ministry of Civil Affairs initiated activities related to the development of the document 'Improvement of Quality and Relevance of Vocational Education and Training in Bosnia and Herzegovina – in the Light of Riga Conclusions – for the Period 2021-2030'. Based on the Riga conclusions, this strategic document has a mandate for the period of 2021-2030 and is the maximum instance that policymakers have been able to achieve in the current political situation, as it requires the agreement and approval from all institutional levels (entities, cantons, BD BiH). A structured process on the implementation and monitoring of the strategic document does not yet exist.

**The progress of reforms of the education sector in BiH is generally moving at a slow pace.** This is especially evident when taking into consideration issues treated at the BiH level, such as the qualification framework, quality assurance and accreditation, etc. Action is lagging in areas which include, but are not limited to, the planning of enrolment policies in accordance with labour market needs, the development of entrepreneurial and digital competencies in the context of the absence of a strategic framework for the development of human resources, weak financial resources, obsolete equipment especially in VET schools, work-based learning for both teacher training and VET schools, and finetuning the synergies between VET and universities. The development of a BiH qualification framework was halted in 2020 and requires extension, revision, development, and adoption of new action plan, since the previous one was never operational.

Furthermore, Bosnia and Herzegovina failed to participate in the 2021 Progress in International Reading Literacy Study (PIRLS) or in the 2022

Programme for International Student Assessment (PISA). Coordination of the processes linked with the participation in international assessment studies needs to be significantly improved. No clear measures have been taken by BiH to address the findings of the 2018 PISA and 2019 TIMSS. Due to a lack of a coordinated approach at the BiH level, some cantons have started reforming their curriculum based on students learning outcomes, aiming to improve education quality in line with the 2018 PISA and 2019 TIMSS recommendations.

### **Some achievements on the inclusion of the Roma community have been accomplished.**

After a year of advocacy, the new Action Plan for the Inclusion of Roma Men and Women for the Period of 2021-2025 was adopted by the Council of Ministers (CoM) of Bosnia and Herzegovina. This Action Plan encompasses different antidiscrimination measures meant to combat antigypsyism, including initiatives in housing, employment, education, and health care. According to data made available by the Ministry of Human Rights and Refugees (MHRR), progress has been achieved in the enrolment of Roma children in schools. Even bigger progress has been made in the improving the completion rate and the participation of Roma children in early childhood and compulsory education. Nevertheless, the indicators collected by the MHRR show that the enrolment of Roma children in pre-school institutions and their enrolment rate in primary and secondary schools still remained very low (only 4% and 35%, respectively).

### **Data on public expenditure for education is only partially available.**

The Agency for Statistics of Bosnia and Herzegovina published the data on expenditure for formal education in the economy in the reference year of 2020, obtained through the financial statistics of education survey, while the data on public expenditure for formal education in the reference years 2021 and 2022 is not available. Public expenditure for formal education in BiH in 2020 amounted to BAM 1,476 billion (EUR 754,6 million), which represents 4.3% of GDP. In 2020, total public and private expendi-



ture, in addition to foreign funds for educational institutions, amounted to BAM 1,574 billion (EUR 804,77 million), which represents 4.6% of GDP. Of the total amount of expenditure for educational institutions, 91.4% referred to public expenditure, 8.2% to private expenditure, and 0.4% were foreign funds. In the structure of total expenditure for educational institutions, expenditure for preschool education had a share of 5%, 49.6% was dedicated to primary education, 23.6% to secondary education, and 21.6% to higher education. These shares exceed the ones in the EU: in the same year, general government expenditure on education in the EU amounted to EUR 671 billion, or 5% of GDP. Out of this value, pre-primary and primary education accounted for 1.7% of GDP and secondary education accounted for 1.9% of GDP. Investment for tertiary education reported in the EU stood at 0.8% of GDP. A primary challenge for education developments in BiH is the disjointed process of decision-making, as the financing processes of education are distributed over various administrative bodies, due to decentralised governance arrangements. The complex policy environment provides hurdles for the coordination of education at the central level and impacts overall cost efficiency.

## 2. Gender equality

Bosnia and Herzegovina has ratified or inherited a number of international commitments on gender equality, including the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW, 1980) and its Optional Protocol, which was later reinforced by the Beijing Declaration and Platform for Action (1995), committing participants to take steps towards achieving gender equality.

**Various indicators confirm that gender inequalities in Bosnia and Herzegovina persist, despite certain progress.** The UNDP's Human Development Index (HDI) value for Bosnia and Herzegovina in 2021 was lower for

females than for males (0.754 and 0.802, respectively) (Karađinović, 2022). The activity rate for women was 38.1% as opposed to 61.9% for men (Agency for Statistics of BiH, 2022), and the Gender Development Index<sup>3</sup> is at 0.940, which indicates significant room for improvement. Life expectancy for women in BiH stands at 77.5 years, whereas that of men is of 73.1 years. Expected years of schooling for women are 14.1 years vs. 13.5 years for men, and mean years of schooling for women are at 9.8 years and 11.4 years for men. At the economy level, there is a major gender gap in income. Women have a Gross National Income (GNI) of EUR 10,084 per capita, while the value for men is EUR 18,756, resulting in women earning only 53.7% of the income of men. According to data from the Labour Force Survey conducted in Q3 2022, out of the total number of persons outside labour force, 563,000 (37%) were men, and 959,000 (63%) were women. Out of the total number of employed persons, 744,000 (63.9%) were men, and 420,000 (36.1%) were women, while out of the total number of the unemployed, 102,000 (50.4%) were men and 101,000 (49.6%) were women (Agency for Statistics of BiH, 2022).

**Bosnia and Herzegovina partially calculated the Gender Equality Index (GEI), for the first time in 2022**, in accordance with the methodology developed by the European Institute for Gender Equality (EIGE). The Partial Index of Gender Equality for BiH for 2022 was prepared by the Agency for Statistics of Bosnia and Herzegovina in cooperation with the Agency for Gender Equality of Bosnia and Herzegovina and EIGE, within the framework of the IPA project 'EU Support for Gender Equality', financed by the European Union and implemented by UN Women in BiH.

The Gender Equality Index for Bosnia and Herzegovina in the domain of knowledge is 58.7, which is 4 points lower than the EU average, while in the domain of power, Bosnia and Herzegovina scores 51.2 points, which is 3.8 points lower than the EU

<sup>3</sup> Index developed by the UNDP designed to measure gender gaps in human development achievements by accounting for disparities between women and men in three basic dimensions of human development – health, knowledge, and living standard.

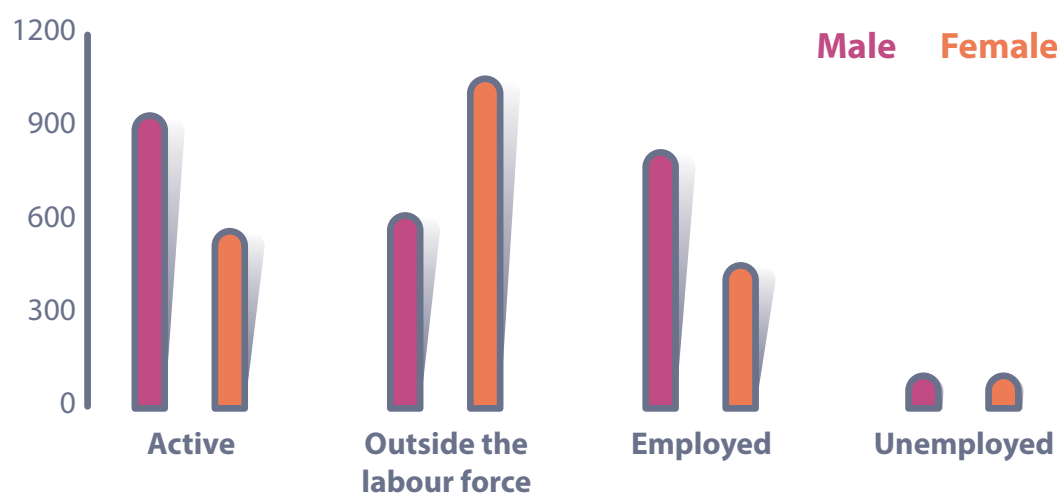
average. In the subdomain of participation within the domain of work, the economy reaches 62.8 points, compared to the EU average of 81.3. In the subdomain health status, BiH achieves 89.8 points, which is a lower score compared to the 92.1 points reached in the EU. Finally, in the subdomain access to health care, it scores 97.7 points against 98.2 in the EU.

Due to the lack of relevant sources of data, primarily research and data classified by gender, it was not possible to calculate scores for all six areas, rendering it impossible to present the overall Gender Equality Index for Bosnia and Herzegovina. This represents a limitation in terms of comparing the Index for Bosnia and Herzegovina with the EU average, individual EU member states, and other Western Balkan economies.

**There were considerable differences in terms of activity and employment rates among women and men.**

In Q3 of 2022, the activity rate for women was 38.1%, as opposed to 61.9% for men. Women constituted 36.1% of the employed workforce and 49.6% of unemployed persons at the BiH level. According to the Labour Force Survey, during Q3 of 2022, the unemployment rate for women was 19.3%, 7.2 percentage points higher than for men. The biggest unemployment rate, 44.2%, was found for women in the age group 15-24, which was 12.4 percentage points higher than the unemployment rate for men of the same age. According to the ILO (2021), the share of informal employment in overall employment was estimated at 20.7 % (17.4% for men and 25.7% for women).

**Figure 2. Working age population by status in activity and sex in BiH as of Q3 2022 (in thousands)**



Source: Agency for Statistics of BiH, 2022.

According to data from the Labour Force Survey in the Q3 of 2022, 61.9% of the total labour force consisted of men and 38.1% of women. In the total number of citizens outside the labour force, 37% were men and 63% were women. Out of the total number of those employed, 63.9% were men and 36.1% were women, while out of the total number of the unemployed, 50.4% persons were men

and 49.6% were women. According to an interview conducted with the Bosnia and Herzegovina Agency for Statistics, when compared with other Western Balkans economies, Bosnia and Herzegovina has the highest number of index points in the domain of power, which measures figures of the gender gap in terms of participation in the structures of economic, political, and social power.

### 3. Equal opportunities

The foundation upon which legislation and public policies in Bosnia and Herzegovina are designed or amended arises from BiH's membership in international and regional organisations, which also guide the standards that should lead to equality and reduce discrimination. These include the Principle of Non-discrimination defined in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the United Nations' International Covenant on Economic, Social and Cultural Rights, as well as the European Court of Human Rights (ECtHR).<sup>4</sup>

The prohibition of discrimination against LGBTQIA+ (Lesbian, Gay, Bisexual, Transgender, Intersex, Queer, Asexual) people is regulated by two systemic laws: the Law on Gender Equality in Bosnia and Herzegovina (LoGE) from 2003, and the Anti-Discrimination Law (ADL) from 2009. In early 2021, the Federation of Bosnia and Herzegovina sought the opinion of the organisation the Gender Centre regarding the 2021-2023 Action Plan for the Promotion of Human Rights and Fundamental Freedoms of LGBTQIA+ people and approved the draft version of the document. The Gender Equality Agency of BiH (GEA), on behalf of the MHRR BiH, was the leading and coordinating body to draft and develop this action plan, which has been adopted in July 2022 by the BiH Council of Ministers.

In 2021 and 2022, the Institution of Human Rights of the BiH's Ombudsman received no complaints of discrimination based on sexual orientation, gender identity, or sex characteristics from citizens. The BiH Anti-Discrimination Law specified the Ombudsman's institutional responsibility in activities to promote anti-discrimination. The process of adopting Gender Action Plans (GAPs), implemented by the GC FBiH in cantons, has led to the adoption of the GAP of Zenica-Doboj Canton and the GAP of Tuzla Canton in 2021. Similar to the

situation at the central level, there is a need for better implementation of the Anti-Discrimination Law in the Republika Srpska, which has been in force since 2009. Activities that directly discriminate the LGBTQIA+ population are still present in the work of certain institutions. An example for these practices is present in the work of the Republika Srpska Institute for Transfusion Medicine, which continues to use a discriminatory questionnaire that restricts blood donation to anyone who has "occasional or constant contact with homosexuals" (Brković et al., 2022).

Criminal and misdemeanour regulations in Republika Srpska have established a normative framework to incriminate and sanction behaviour that has the characteristics of criminal or misdemeanour offences with a specific motive manifesting illegal and violent behaviours towards a certain social group. However, in the legal practice of Republika Srpska there have been no verdicts for hate crime for years. Civil society organisations identified that the problem lies in the inadequate qualification of hate crime by prosecutors, and in the fact that most of those who commit these crimes are prosecuted for violating the entity law on Public Peace and Order.

Brcko District does not have an office or institution for gender equality and/or human rights within its government, but there is a Gender Equality Commission operating in the Assembly of BD BiH. The institutions of the district have not undertaken any measures for the improvement of the human rights of LGBTQIA+ people so far.

The lack of harmonisation of laws regulating freedom of assembly in BiH creates legal uncertainty for organisers of public assemblies, and it is necessary to harmonise the relevant laws of entities and cantons so that all citizens, including LGBTQIA+ people, can equally enjoy the right to free assembly.

<sup>4</sup> According to Article 2, point 2 of the BiH Constitution, the rights and freedoms provided in the European Convention for the Protection of Human Rights and Fundamental Freedoms and its protocols are directly applicable in BiH. These acts have the character of constitutional norms and priority over all other acts.



The novelty in Brcko District in terms of promoting equality for LGBTQIA+ people is related to the adoption of the BD Law on Peaceful Assembly in July 2020, which is largely in line with international standards and creates an adequate framework for respecting and protecting freedom of assembly. This Law can serve as a model for necessary laws on free assembly changes in rest of BiH, especially in Republika Srpska. Other relevant information about the rights of LGBTQIA+ community in Brcko District are not available.

According to Sarajevo Open Center, every third LGBTQIA+ person in BiH has experienced discrimination. However, it is important to emphasize that only a small number of LGBTQIA+ people come out to a wider circle of people. With this in mind, the percentage of 38% of LGBTQIA+ people

who confirmed to have experienced some form of discrimination could be limited and be attributed to the fact that LGBTQIA+ people generally conceal their identity. Table 2 summarises discrimination cases over the past three years. These figures indicate cases monitored by Sarajevo Open Centre (SOC) or reported by LGBTQIA+ people via the internal documenting system for LGBTQIA+ human rights violations. Given the lack of trust that LGBTQIA+ people have in institutions, there has yet to be a single court judgement determining discrimination. As a result, based on this table, it is impossible to respond to the trends and frequency of discrimination over time. However, it is possible to conclude that discrimination exists and is documented in the vast majority of the areas covered by the law.



**Table 2. LGBTQIA+ discrimination cases over the past three years in BiH**

	2019	2020	2021	Total
<b>GROUND</b>				
Sexual orientation	3	4	4	<b>11</b>
Gender identity	1	0	1	<b>2</b>
Sex characteristics	0	1	0	<b>1</b>
<b>AREA</b>				
Education	0	0	0	<b>0</b>
Access to goods and services	0	2	0	<b>2</b>
Employment and labour relations	2	2	1	<b>5</b>
Healthcare	0	1	1	<b>2</b>
Other <sup>5</sup>	2	0	3	<b>5</b>
<b>TOTAL FOR THE YEAR</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>14</b>

Source: Brković et al., 2022, p. 25.

The adoption of the Action Plan for the Promotion of Human Rights and Fundamental Freedoms of LGBTQIA+ People in Bosnia and Herzegovina 2021-2024 by Council of Ministers of Bosnia and Herzegovina represents a significant step forward. By adopting this Action Plan, systematic solution for the challenges experienced by the LGBTQIA+ population will be addressed for the first time through clearly defined public policy measures and activities of competent institutions aiming to improve the position of LGBTQIA+ people in BiH. The Action Plan is an essential strategic document that primarily focuses on combating discrimination in all spheres of society, primarily through the training of judicial officials and of health care professionals on discrimination and conducting capacity development initiatives on relevant institutions, but also through a series of proactive measures aimed at raising awareness of discrimination among the general public and relevant representatives of public authorities. Counting with an analysis of the state of recognition, enjoyment, and exercise of LGBTQIA+ human rights and a review of the relevant international and domestic legal framework, the Action Plan also contains very specific measures that will be implemented by raising awareness, organising education, creat-

ing and publishing manuals, improving collection of data, public advocacy, etc.

**The Roma are the most vulnerable and disadvantaged minority.** Anti-Roma stereotypes and prejudices, discrimination, and antigypsyism still hinder their social inclusion. Roma women in particular face multiple forms of discrimination. They often lack resources, access to services, awareness about their rights, and information on protection mechanisms. Roma women's rights are also violated in cases of domestic violence, early marriages, human trafficking, and labour exploitation of children. The absence of reliable data on ethnicity makes it difficult to monitor and evaluate the impact of active labour market policies on the Roma community. Public employment services do not collect information on the ethnic background of beneficiaries and only invites them to self-declare. Given this limitation, it is almost impossible to assess the benefit that Roma populations derive from participation in these programmes.

Even the two Roma targeted employment programmes do not have actual data on the ethnic composition of the participants. In 2022, programmes for employment of Roma populations

<sup>5</sup> This 'Other' refers to other distinct areas specified by the Law, such as public authorities, housing, social protection, goods and services for the public and public places, and the conduct of economic activities and public services.

were put into place, including the Programme to Support the Employment of Roma in Republika Srpska and Brcko District, which is planned to be implemented by the respective entities, and the Brcko District Public Employment Services (PESs). The Federation of BiH Public Employment Service (PES) implements the same programme in cooperation with 10 cantonal employment services under a different title (Employment of special target groups). Participants are identified as Roma simply by virtue of the fact that the priority target group for the programmes are Roma populations. However, many Roma are reluctant to declare their ethnic identity. Even if this data was available, it seems unlikely that it would provide an accurate picture of Roma participation in the programme.

All three PES have signed a memorandum of understanding with the MHRR of Bosnia and Herzegovina for initiatives targeting the employment and self-employment of Roma populations in the total value of EUR 337,000, financed through the grant secured by the BiH Ministry of Human Rights and Refugees. The activity is planned to be replicated in 2023. All PESs were supposed to conduct an analysis of the qualification structure of the Roma registered at their employment offices by the end of 2021. These analyses were expected to come with recommendations, which were supposed to be reflected in the development of specific employment programmes for Roma people.

To ensure access of Roma populations to jobs with long-term prospects, public employment services are supposed to administer active labour market policies and therefore must be aware what technical skills are in demand. In the case of Bosnia and Herzegovina, PESs lack the human and financial resources needed to remain abreast of the latest market developments or to consult employers regularly about their current and anticipated needs. This means that active labour market policies (ALMP) targeting the Roma community often do not match the needs of the labour market they are supposed to serve. The measures to promote the inclusion of Roma in the labour market through

ALMP fail to consider the fact that Roma populations, in general, have limited access to education. Some of the mainstream ALMPs, including vocational training or retraining among beneficiaries, require a certain level of education and previous work experience, which automatically excludes Roma people who have not enrolled in school or have left school early (Sarajlić, 2020). As such, the design of the ALMPs often fails to respond to the potential, interests, or preferences of Roma communities.

**No progress was made in developing a methodology for data collection nor in developing a policy for the legalisation of informal economy practices concerning the Roma.** Compulsory education enrolment rates have increased, but the number of dropouts is still very high. While classes or schools are not segregated, there is no teaching of the Romani language, and awareness of Roma culture among the rest of the population is very limited. Around two thirds of Roma people have access to health care, but children outside of formal education and the elderly Roma face the biggest hurdles (Civil Rights Defenders, 2018). The process of civil registration is well advanced and a roadmap to end statelessness has been developed. However, no step was taken to remove administrative obstacles, including residence requirements for birth registration and for access to health care and education, and to recognise documents for children born abroad. Furthermore, although authorities acted during the pandemic to support the most vulnerable, grants allocated for the social inclusion of the Roma were halved.

**Despite progress achieved in terms of employment growth, young people, particularly young women, experience high rates of unemployment and inactivity.** The vast majority of the youth holds temporary or atypical jobs or are engaged in the informal economy. The lack of skills, experience, and supporting services available for the unemployed youth, and the lack of access to finance, career guidance, and promotion

of entrepreneurship and self-employment represent major obstacles and reasons for high unemployment rates among youth. Despite the recent decreasing trend of unemployment in Bosnia and Herzegovina, youth remains disproportionately affected by unemployment. Young people who live in rural areas, have low income or are long-term unemployed are particularly affected by unemployment and lack prospects for employment in the near future.

#### 4. Active support to employment

The Agency for Labour and Employment of BiH is one of the main actors in employment issues. The organisational system of employment services follows the principle of BiH organisation, defined by the Constitution of Bosnia and Herzegovina. At the central level, the Agency for Labour and Employment of BiH acts in the field of employment within its competencies, which include cooperation with agencies, institutions, and international organisations, in addition to meeting international obligations undertaken in the field of employment in coordination with the BiH Ministry of Civil Affairs. Moreover, the Agency is responsible for monitoring the application of international standards and policies in the field of employment, and participating in their implementation in cooperation with employment services at the entity-level and the Employment Service of the Brcko District, coordinating activities in domestic and international projects in the field of employment, and cooperating with entity employment services and the Employment Service of the Brcko District of BiH in their implementation. Furthermore, it is accountable for proposing to the Council of Ministers long-term, medium-term, and annual plans for labour market policy guidelines and active employment measures together with entity employment services and the Employment Service of the Brcko District of BiH through the line ministry of BiH.

The competence for the labour and employment segment in the Federation of Bosnia and Herze-

govina is vested with the Federal Ministry of Labour and Social Policy. At the cantonal level, this competence is assigned to the competent cantonal ministries. Active employment policies are implemented in accordance with the Law on Mediation in Employment and Social Security of Unemployed Persons, the Strategy for Strengthening the Mediation Function in Public Employment Services in the Federation of Bosnia and Herzegovina, and the corresponding Work Programme of the Federal Employment Service and cantonal employment services. All activities of the Employment Service are implemented in cooperation with the ten cantonal employment bureaus. The FBiH PES oversees cooperation with cantonal employment services, which are responsible for the development of employment and the implementation of programmes at the cantonal level. PESs at cantonal level are primarily responsible for developing and implementing active employment policy measures and programmes, as well as for announcing a public call for the participation of employers and unemployed persons in their implementation and operating in cooperation with the competent institutions and stakeholders. However, the majority of the labour market programmes are designed at the FBiH level and then implemented by cantonal level services. Although cantonal employment services have the right to design and fund their own measures, that is rarely the case, except in the Sarajevo Canton, which manages to fund its own activities as it is the canton with largest budget.

Labour market and employment policies in Republika Srpska are aligned with the Strategy of Employment of Republika Srpska adopted by the National Assembly of Republika Srpska. The Strategy of Employment is a key document that identifies and defines activities in the labour market. The Government of RS, on the basis of the key tasks defined by the Strategy, establishes the Employment Action Plan on a yearly basis, while the Employment Service adopts the Employment Programme in Republika Srpska (operational plan) that specifies concrete tasks pertaining to active policy measures, projects, resources amounts,



basic goals and objectives, expected results, and timeline of realisation.

Bosnia and Herzegovina is responsible for the implementation of active labour market programmes in Brcko District through the Public Employment Service of Brcko District (PES BD BiH). The Brcko District Development Strategy 2021-2027 and the Law on Employment in Brcko District are relevant for the PES BD BiH's strategic goals. The Employment Service of the BD BiH establishes the Employment Programme of the Employment Service as an integral part of the Employment Service Financial Plan for each year.

**When designing labour market measures, public employment services consider the realisation of the measures accomplished in the previous year, as well as the current movements on the labour market in BiH.**

The sources of financing for the implementation

of labour market measures primarily comes from the approved budgets of the institutions that implement these activities, with additional funds provided through the implementation of projects financed from foreign loans, in addition to donations and funds from the budgets of entity governments and the Brcko District. In BiH, a cooperation project of local municipalities, employment services, employers, education institutions, and NGOs, implemented by the ILO with EU support, has proved to be a successful approach in creating jobs for those in long-term unemployment and other vulnerable categories.

Local partners in Bosnia and Herzegovina have been working with the ILO to develop tailor-made local solutions to the employment challenges faced by municipalities. The results of these endeavours are very convincing. After a local needs' assessment, disadvantaged people, including women, youth, minorities, returnees, internally displaced



persons, and hard-to-employ persons are trained for professions in high demand for the local labour market. Companies carry out on-the-job training and each partner plays a role. Beneficiaries were either immediately hired by companies after completing their courses or found jobs elsewhere, equipped with new skills that made them more competitive in the labour market. These local employment partnerships support decentralization, consisting of a process that divides powers and responsibilities while allowing governments at different levels to be independent but coordinated within an overall framework.

The usual types of measures provided by PESs are related to the financing of employment with a known employer; the employment of trainees, or self-employment through the business start-up, which provides employment subsidies; and public works. The planned active labour market measures in BiH are systematized through the employment programmes of each PES at the entity level, which in the FBiH are conducted in a cooperation with cantonal PESs, while at the Brčko District level these are prepared on a yearly basis.

**The employment programmes in the FBiH encompass different target groups.** For the implementation of labour market measures in 2023, the Federal Employment Agency planned a total allocation of BAM 111,3 million (EUR 56,9), out of which BAM 66,7 million (EUR 34,1) refers to new employment programmes. The amount of BAM 44,6 million (EUR 22,8) is reserved for transferred obligations based on active employment policy measures whose implementation began in 2021 and are due to be finalised in 2023. According to the plan of the Federal Employment Agency, active employment policy programmes will cover 14,300 unemployed persons. These programmes refer to the provision of support for the unemployed who are actively looking for job, training and preparation for work, encouraging employment with employers, and encouraging self-employment (i.e. developing a business start-up and registering businesses).

Within these labour market measures, an allocation of BAM 2,995,774 (EUR 1,531,714.92) to the Fund for Professional Rehabilitation and Employment of Persons with Disabilities is planned for 2023. The Fund will be responsible for the implementation of employment policy programmes in accordance with the Law on Professional Rehabilitation, Training and Employment of Persons with Disabilities of FBiH.

The Action Plan for employment in the Republika Srpska for 2021 defined five employment programmes, including decisions on activity holders, target groups, performance indicators, time frames, and amount of funds and sources of funding required for each measure and activity. The value of the Employment Action Plan in 2022 was BAM 35,7 million (EUR 18,2). Within the employment action plan in 2022, 5,789 persons were planned to be employed.

**The active labour market programmes and measures are designed according to results of the survey on skill needs, carried out by the PES on a regular basis.** The objective of this survey is to provide short-term indicators about the employers' expectations in terms of new employment and the most demanded skill for the following 6 to 12 months. The survey provides direct information from employers, which is its main strength. However, it also suffers from some constraints, namely the fact that employers often do not have detailed information on skill needs, while supervisors who may actually have this information are difficult to reach in a survey. Hence, the ability of employers to answer detailed information on future skills, employment and hiring is limited.

During the interviews conducted with all three PESs, the need for improving services of Job Clubs and counselling in PES was highlighted, since they are facing new challenges in their work, which require them to focus more on clients in need of more support (such as the unemployed youth, long-term unemployed, women, people with

disabilities, Roma, the unemployed with more complex problems, etc.). In this sense, it is necessary to expand the role and tasks of Job Clubs and counselling, with the provision of additional services such as mentoring, skills-based profiling, matching tools related to occupational individual profiling, and training. In addition, more training in IT, digitalisation, languages, and other skills in vogue are needed.

**There is still no wide-encompassing employment strategy at the level of Bosnia and Herzegovina in place** (European Commission, 2022). In analysing the design and implementation of employment policy in Bosnia and Herzegovina, it is important to have some understanding of the governance structure of governmental labour market structures. As in other areas, a BiH level institution with smaller influence is complemented by initiatives and efforts at the entity and district levels. Meanwhile, in the case of the Federation of Bosnia and Herzegovina, canton level decision making bodies are responsible for formulating and implementing policy. The system is fragmented, with functions being assigned to different administrative levels with little coordination either vertically or horizontally, between the two entities and Brcko District. An employment strategy 2021-2027 was adopted in the Republika Srpska entity, including the Youth Guarantee programme. An employment strategy remains to be adopted in the FBiH.

**In December 2022, the Government of Brcko District BiH adopted a new Law on Employment and Rights During Unemployment**, which prescribes in detail the PES' tasks in the field of employment mediation and unemployment insurance, as well as matters of importance for the labour market, such as increasing employment and preventing unemployment in the Brcko District.

**The capacity of the public employment services to provide quality services to job-seekers has been gradually improving but**

**remains weak.** The administration of social benefits further limits the ability of public employment services to assist active jobseekers. Suggestions to discharge the public employment service in the Federation of Bosnia and Herzegovina from administrative duties related to health insurance and other social benefits for the registered unemployed have been made. Thus far, this suggestion has only been implemented in the Republika Srpska entity, while no progress has been made to enable this restructuring in other parts of the economy.

Bosnia and Herzegovina took part in bilateral and regional awareness-raising meetings regarding Youth Guarantee Programmes. In the upcoming period, the society needs to put in place coordination mechanisms involving all relevant actors and take concrete steps to gradually establish and implement the Youth Guarantee scheme by developing the Youth Guarantee Implementation Plan, which should fall under the scope of the Ministry of Civil Affairs, who would be responsible for coordinating action by the entities and Brcko District.

## B. Fair working conditions

### 5. Secure and adaptable employment

Changes made to the market environment and employment relationships in 2016 on the account of the labour regulation reform did not provide an adequate and coherent policy framework regarding flexicurity, as the implementation of reform measures was lacking. The working week (full time working hours) is legally limited to five working days (Monday-Friday) and 40 working hours per week. Overtime work is limited to 8 hours per week. The retirement age stands at 65 years, requiring at least 20 years of contributing period. Given that the contract of employment is the legal basis for conducting a formal employment relationship, the employer may develop a contract on temporary and occasional work for engaging external workers for a period of up to 60 (in the FBiH) or 90 (in the RS and BD BiH) days within one calendar year.

**There are differences between FBiH, RS and BD BiH Labour Laws regarding the status and protection of part-time and full-time workers and employer obligations.**

The RS and BD BiH Labour Laws clearly stipulate the obligation of the employer to ensure equal working conditions for a part-time employee as the ones enjoyed by full-time employee holding the same or similar position. Furthermore, the Law introduced an obligation for employers to take into consideration an employee's request to transition to full-time work and vice versa, as well as to inform employees about the availability of full-time and part-time jobs on a timely basis. The FBiH Labour Law is poorly defined in this aspect and offers significantly less protection to part-time workers.

**In Bosnia and Herzegovina, part-time employment as a share of total employment (for the age group of 15-64 years) is below**

**the Western Balkans' average.** It is important to emphasize that the share of part-time arrangements in total employment figures has increased by 2% when compared to the rates of 2019, thus indicating a possible discontinuation of the mainly declining trend recorded in recent years (ILO, 2020). Labour policy in Bosnia and Herzegovina promotes the transition from temporary to an open-ended employment relationship by limiting the number of successive uses of fixed-term contracts with the same employee, in addition to regulating the specific conditions for its usage. The maximum period allowed for concluding successive fixed-term contracts with an employee is 3 years in the FBiH, which is 12 months longer than in the previous Labour Law in effect until 2016. This period is shorter in RS and BD BiH, where the regulation allows successive fixed-term contracts with the same employee for no longer than 24 months.

**Despite providing transition opportunities from temporary to permanent employment and taking into account the rights of workers on fixed term as well as part-time employment contracts, the policy framework in Bosnia and Herzegovina still fails to adequately address concepts of labour mobility, entrepreneurship, and self-employment.** Moreover, it poorly regulates specific forms of self-employment, such as freelancing, endangering the rights and well-being of those who already occupy vulnerable and uncertain positions. Additionally, factors such as inadequate labour market policies and business climate, high percentage of unemployment, and poor social security strategies contribute to restricted labour mobility and opportunities for entrepreneurship.

**Work in digital platforms is becoming a new labour modality.** Due to the lack of opportunities and flexibility, unemployed people,

especially youth, choose platform work to make quick earnings, despite the fact that they will have neither an adequate level of protection at work, nor health and social insurance. There is an evident and increasing trend of workers considering a career working online and through digital platforms, because of the prevalence of short-term contracts. Local digital platforms are still developing their operations in Bosnia and Herzegovina. The most advanced and popular sector is food delivery.

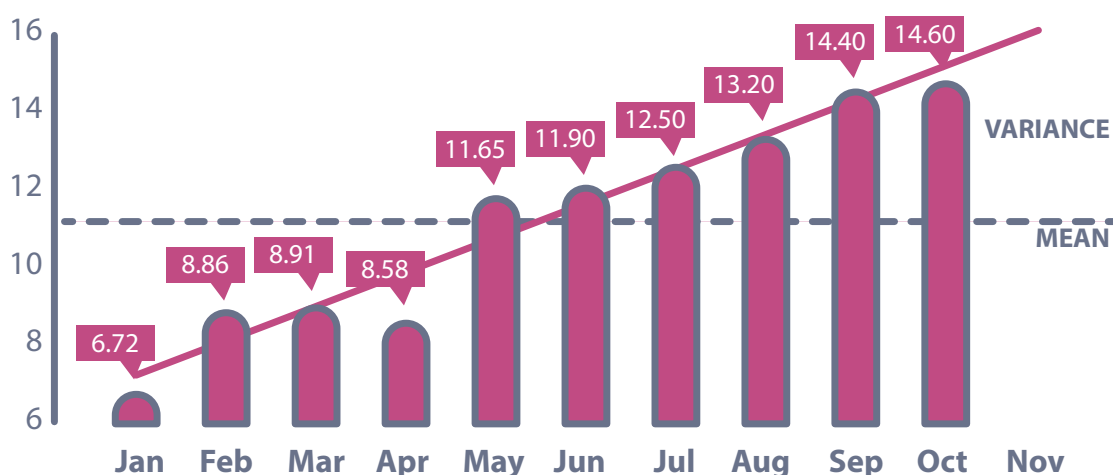
Digital platform workers or freelancers usually base their relationships with clients on service contracts, for which some amount of social security contributions, along with personal income tax, must be paid. In the FBiH, the contribution for health insurance amounts to 4% of a service contract's gross remuneration and to 6% for pension and disability insurance, deducted for the allowed amount of expenses. In the RS, pension and disability insurance contribution, at the rate of 18.5%, has to be paid on service contract honorariums. However, honorarium workers cannot claim any benefits of social insurance, except through solidarity schemes (e.g. minimum old-age pension or health protection for unemployed persons in the FBiH). Such constructs are rather a characteristic of social assistance than of social insurance.

Finally, **a persisting challenge of the labour market is informal employment.** Due to lack of relevant questions by the BiH LFS or of other relevant surveys conducted regularly by the Statistics Office to assess the size and other components of undeclared work, official and comprehensive data is lacking. According to the Labour Force Survey 2021, the share of informal employment in total employment is relatively high and amounts to 20.7% (ILO, 2022).

## 6. Wages

**Wage growth in Bosnia and Herzegovina was steady in the past years, but due to rising inflation, this trend of growth has been halted.** Growth in wages averaged in 4.67% from 2006 until 2022, reaching an all-time high of 19.20% in July 2008 and a record low of -1.80% in January 2015. The growth in nominal gross wages accelerated further, to 10.7% y-o-y in Q2 2022, and to 12.5% y-o-y in July 2022 (Trading Economics, 2022). However, when adjusted for inflation, the increase in real wages has come to a halt. It is important to note that official wage statistics do not include micro enterprises, which represent a large share of employment.

**Figure 3. Wage growth in BiH in 2022**



Source: Institute for Statistics of FBiH, 2022.



**Table 3. Average monthly wages in BiH**

	Last	Previous	Reference period
<b>Wages</b>	BAM 1,831 / EUR 936.17	BAM 1,807 / EUR 923.90	Dec. 2022
<b>Wage growth</b>	14.08 %	14.4 %	Dec. 2022

Source: Agency for Statistics of BiH, 2022.

In comparison to December 2021, the average monthly gross earnings for the December 2022 were nominally 14.1% higher. In December 2022, the average monthly net earnings paid per person in employment in legal entities in BiH amounted to BAM 1,190 (EUR 608.43), which represented the nominal increase of 1.3% compared to November 2022. In comparison to December 2021 the average monthly net earnings paid for December 2022 was nominally 14.2% higher. In Republika Srpska, the average net wage paid in December 2022 was of BAM 1,217 (EUR 623.52), which is 0.5% higher in nominal terms and 0.9% higher in real terms compared to the previous month. Compared to the same month of the previous year, the average net wage was nominally 17.2% higher and 3.2% higher in real terms. The average gross wage paid in December 2022 in RS was BAM 1,843 (EUR 944.24), which was 13.9% nominally higher in comparison with the same month of the previous year.

## 7. Employment conditions and protection in case of dismissals

**Core information on working conditions should be contained in an employment contract.** To this end, the employer is obliged to include information on working conditions in the employment contract, providing at least basic data on the contracting parties, duration of the contract, starting date, place of work, job position (accompanied with a short job description in the FBiH and BD BiH), working time, remuneration, annual leave, and notice period in the case of dismissal. Other conditions and procedural aspects are usually defined and described in more details by the employer's internal policies and rulebooks.

Employers must sign an employment contract with each new employee either the day before (FBiH and RS) or during the first day of the employment (BD BiH), allowing for the employee to become familiarised with working conditions at the start of the employment relationship. Thus, the employer is obliged to provide the worker with a signed employment contract before the employment relationship has started. However, the amendments to the FBiH Law on the unified system of registration, control, and collection of contributions, adopted in 2016, introduced an obligation for employers to register new employees at least one day before starting the employment relationship. 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 must be delivered in written form, containing an explanation as to why the contract is to be terminated. The notice period in case of dismissal cannot be shorter than 14 days in the Federation of Bosnia and Herzegovina, 15 days in Brcko District, and 30 days in Republika Srpska. The employer is not obligated to respect the minimum notice period in case of a serious violation of the employment contract.

The employee has a right to compensation in case of an unjustified dismissal. If such a situation occurs in the FBiH and BD BiH, the competent court can prescribe various legal measures for compensating the worker, including reinstatement, and covering all salaries for the period during which the employee was removed from the post, severance

pay if the worker does not want to continue the employment relationship, and other forms of financial compensation, including a combination of measures. In accordance with the decision of the Constitutional Court of the Federation of BiH from 26 February 2020, it has been determined that Article 9 of the Labour Law is not in accordance with the FBiH Constitution when it comes to the protection of rights from the employment relationship. That provision in the FBiH Labour Law has been changed.

The scope of legal measures is narrower in the RS and includes 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. 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 in the different levels (FBiH, RS and BD BiH) envisage the possibility for the worker to stay at the workplace during the legal dispute in case this is demanded by the worker and accepted by the court.

## 8. Social dialogue and involvement of workers

**Social dialogue remains weak at all levels and no significant improvements have been made.** The involvement of social partners in the implementation of policies is limited and their internal capacities require improvements. In November 2021, the Federation entity adopted a Law further regulating the representativeness of social partners, which should facilitate collective agreements. The number of concluded branches and sectoral collective agreements, however, remains low. Economic and Social Councils operate at the entity level, employing different approaches and reaching different levels of effectiveness. The BiH-level Economic and Social Council has not been established. There are no general collective

agreements in the two entities, but numerous branch agreements are in place, limited mainly to the public sector and some government-owned enterprises. The collective bargaining coverage rate was 50% in Bosnia and Herzegovina as of 2012 (the single year for which the data is currently available).

A lack of trust between social partners in both entities seems to affect the process of negotiations and their outcome. In the Federation of BiH, the Labour Law and structures for consultations still have room for improvement, while a number of collective agreements have been signed and are in place. In Republika Srpska tripartite dialogue is in place, while bipartite dialogue is weak. Since November 2008, the Law on Economic and Social Council of Republika Srpska regulates exclusive jurisdiction at the entity level. Social Dialogue at the entity still faces issues with the representativeness criteria for trade unions and employers' associations, which makes these processes less efficient.

## 9. Work-life balance

The minimum paid annual leave for adult workers in BiH is of 20 working days, as in the EU. The Labour Laws in both entities and BD BiH grant a minimum annual leave of 20 working days. In this sense, this right is now harmonised in all three administrative units of BiH. Furthermore, the Labour Laws in RS and BD BiH provide a minimum annual leave of 30 days if an employee performs tasks or is exposed to work-related factors that negatively affect their health or bring health-related risks. If a worker is employed for the first time or has had more than 15 days (FBiH and BD BiH) or 30 days (RS) of break between two jobs, they are entitled to annual leave after six months of work. Workers must be paid at the same rate of pay for days of annual leave as for working days. However, in practice, employers sometimes prevent workers to use the full duration of their annual leave at once. In addition to annual leave, workers are granted several days of paid leave in cases of family-related



events. Similar provisions exist in RS and BD BiH, but paid leave is limited to a maximum of 5 days during one calendar year. In the case of death of a close family member, paid leave can be extended to up to 7 days in FBiH.

If agreed upon by both parents, the labour regulation guarantees equal access to maternity leave to fathers (male workers) but does not define it as a non-transferable right. Maternity leave lasts 12 months and starts 28 days before the expected date of delivery in all entities and BD BiH. In RS and BD BiH, maternity leave is extended to 18 months in case of twins, and for the third child and every other child born subsequently. Women can decide to use fewer days of maternity leave, but not less than 42 in FBiH and BD BiH or 60 days in RS after giving birth.

**The lack of accessible and affordable childcare services and weak long-term care**

**policies are posing a challenge for balancing private and professional lives**, resulting in dropouts from the labour market and long career breaks, the latter especially affecting women. Inadequate access to childcare services is one of the reasons for women's low participation in the labour market, especially in rural areas. This circumstance is further enhanced when considering that preschool education institutions lack the capacity to absorb all children.

**Similarly, the institutional and policy framework for long-term care is weak** and "caring for persons in need of long-term care is mostly borne by informal carers" (Malkić & Numanović, 2016, p. 8). In such an environment, close family members, predominately women, are usually preoccupied with providing care and cannot enter full-time employment. Keeping in mind the lack of formal part-time employment, people made responsible for the provision of long-term

care often leave the labour market or work informally.

## **10. Healthy, safe, and well-adapted work environment and data protection**

**Laws on occupational safety and health (OSH) at work are in place in both entities and Brcko District.** All laws on occupational safety and health introduce a more detailed set of rules in respect to existing provisions, as well as some new elements. On a positive note, for employers, there is a relatively long transition period to harmonize their relevant bylaws, which enables a methodical, systematic, and multidisciplinary adaptation. This allows the employers to create a comprehensive and efficient health and safety system. Official data on reported accidents and fatalities, along with most affected sectors, was not published for 2021.

In December 2021, the Republika Srpska entity adopted its 2021-2024 strategy on occupational

health and safety. The Occupational Safety and Health Act, effective in the FBiH, was adopted in 2020.<sup>6</sup> It is in compliance with international conventions and EU directives, and as such adopts a higher level of occupational protection (reducing work injuries, occupational or any other work-related disease); ensures the implementation of obligations in terms of occupational safety (which will consequently unburden the economy); and increases the level of inspection, prevention and competitiveness of the domestic economy.

**Employees' personal data is well-protected by the existing legislative framework.** Employers are not allowed to gather data not related to work or to share employees' data with third parties, except in the specific cases prescribed by the law, when necessary for exercising rights, or when performing duties related to labour regulations.

6 Official Gazette of the Federation of Bosnia and Herzegovina, 2020-10-30, No. 79/2020.



## C. Social protection and inclusion

### II. Childcare and support to children

**The process of ensuring childcare and support to children's rights in Bosnia and Herzegovina remains challenging.** Special attention needs to be paid to the most vulnerable children and their deprivations related to age, gender, disability, and place of residence (urban or rural areas). Although in recent years some progress has been recorded regarding several areas of child rights, significant disparities persist, particularly for children from the Roma community, children with disabilities, children on the move, and other vulnerable children. Overall, there is a lack of systemic monitoring of indicators on children's rights in Bosnia and Herzegovina. One of the limitations for better understanding the situation of children in the economy is the lack of up-to-date representative data at central level in various sectors, which is a common shortcoming for almost all relevant indicators of European Pillar of Social Rights (EPSR), considering that the last Multiple Indicator Cluster Survey (MICS) at central level was conducted in 2011-2012.

**Early childhood development services, including the early detection of developmental delays and subsequent early intervention systems to attend to these issues have not yet been fully institutionalised.** Bosnia and Herzegovina has made steady progress towards achieving universal access to primary education (98.1%) and secondary education (85%). Nevertheless, equal access to truly inclusive quality education for all children remains a challenge, due to geographical disparities in the provision of education services.

Early childhood education is not available to all children, especially those from vulnerable families. The preschool enrolment rate for children aged 3 to 6 years is the lowest in Europe (25%) with clear

gaps between urban and rural areas, and between employed and unemployed parents. Out of the total number of children in pre-school upbringing and education, 63% of them attended public institutions, while 37% of children attended private institutions. The number of children waiting for placement in a preschool institutions was 8,955, which represents an increase of 34.5% unattended children compared to the previous school year. In the school year 2021/2022, 7,799 children were in nursery, which represented an increase of 37.1% compared to the previous school year. The largest group among them was the one of the children aged from 2 to 3 years (58.2%). The standards of quality and access to education are still inadequate, and there are serious learning and equity gaps in the education systems. Further efforts are also needed to increase the inclusion of children with disabilities as well as Roma children in schools.

**The social exclusion of families from rural areas, Roma families and families with children with disabilities is multi-dimensional.** While social and child protection legislative reforms improving the adequacy and coverage of child cash benefits have advanced in Republika Srpska, the Law on Financial Support to Families with Children in the Federation of BiH was only approved in February 2020. The child allowance programme in the Brcko District is a child protection benefit governed by the BD BiH Law on Child Protection. Brcko District offers a positive example in the inclusion of children, particularly in the period of 2018-2019, with the adoption of the Law on Amendments to the Law on Child Protection, especially in the section related to the maternity benefit. The new provisions expanded the earlier 3-month entitlement to maternity benefits, rendering it valid for 12 months for every new-born child in the family, and for 18 months in case of twins. Additionally, while the previous amount for the benefits was set at 15% of the average wage

in the BD BiH, its value was increased to 50% of the average net wage in the BD BiH, according to the most recent published data by the BD BiH Finance Directorate. The BiH Council of Ministers adopted the Platform for the Development of Preschool Upbringing and Education in BiH for the period 2017-2022, which sets the ambitious goal of increasing the coverage of children in pre-school education. Namely, the document defines five key packages within the Platform. However, little has been achieved in reaching this goal<sup>7</sup>. More targeted interventions are needed in the protection of Roma children, children with disabilities and children on the move. The total share of social assistance benefits allocated for the inclusion of children account for approximately 4% of GDP, of which about three quarters are paid to war veterans and their families.

**The Council for Children of Bosnia and Herzegovina was established and chaired by the Ministry of Human Rights and Refugees.** The coordination mechanism for child rights is still very fragile. Gaps in coordination across all levels of public administration impede the fulfilment of children's rights. Horizontal and vertical levels of coordination do not function very well. Obstacles in the coordination between government authorities at different levels persist, especially regarding the obligations for monitoring the Convention on the Rights of the Child (CRC). In FBiH, a Council for Children has never been created, while the Council for Children of RS has been inactive for several years.

In 2018, revised standards and norms for health-care services were adopted in FBiH to include integrated Early Childhood Development (ECD) in the primary health care package, promoting universal coverage and mainstreaming early childhood intervention within the health sector. The free access to ECD and early childhood intervention (ECI) services for all children in FBiH is ensured and funded through 10 Cantonal Health Insurance

Funds. In September 2022, RS adopted the multisectoral Programme for ECD 2022-2028, which defined programmes and included a commitment to jointly advance ECD with a special focus on marginalized groups. The programme will be implemented at all levels, with a focus on a healthy pregnancy, a healthy start to life, good health, safe family and community, and strengthening and improvement of early childhood services.

**Access to primary and secondary education is considerably lower among certain vulnerable groups.** The last available data on school attendance among Roma children is dated from 2011-2012. In accordance with that report, 69% Roma children attend primary education and 23% secondary education, with a higher enrolment percentage for boys (the attendance of girls is 67% in primary and 18% in secondary education) (Ministry for Human Rights and Refugees of BiH, Agency for Statistics of BiH, 2013). As with primary school, Roma children and children with disabilities are at higher risk of dropping out of secondary school. Children on the move in certain parts of Bosnia and Herzegovina experience significant challenges in accessing primary education and even more so in secondary education.

**In terms of the right to protection, the three administrations of FBiH, RS and BD BiH each have a justice and social welfare system with similar structures.** Structurally, the child protection systems deliver services that are mainly responsive, with challenges to promoting preventive services and initiatives. Child protection issues are covered by different laws and strategies at entity/cantonal level. BiH has no overarching normative framework for child protection that outlines a strategic vision for strengthening the protective environment of children in BiH as a whole, nor at the entity, district, or canton levels. Implementation of the existing laws and strategies related to child protection is inadequate, and not enough attention is paid to all budgetary, staffing,

<sup>7</sup> A UNICEF study on multi-dimensional poverty in BiH found that 74% of children 5 to 15 years of age are deprived in at least one dimension, while 23% are deprived in three or more dimensions. One third of children 0-4 years of age are deprived in four or more dimensions.

and institutional frameworks nor to the monitoring requirements for translating policy into action. Comprehensive information on budget allocation and utilization for child protection is scarce and requires further analysis. It is, however, evident that budget allocations are often insufficient, and that budget utilization is regularly inefficient in ensuring adequate quality and coverage of child protection services.

## 12. Social protection

According to the ESSPROS system, the total expenditures of the social protection system in BiH amounted to BAM 7,711 billion (EUR 3,94 billion) in 2020, which consists of 22.5% of the GDP. Social protection in Bosnia and Herzegovina is two fold-ed, counting with both contributory and non-contributory aspects, and is a key financial mechanism that ensures everyone access to health care and income security throughout their lifecycle and in times of crisis. The necessity of building a comprehensive and resilient social protection system was underlined by the COVID-19 pandemic. The social protection system in Bosnia and Herzegovina is characterized by insufficient investment in closing the social protection gaps, inefficient resource allocation, and persistent inequalities, particularly in terms of gender. Moreover, the system is burdened by a divided organisational structure lacking effective coordination mechanisms, which results in considerable inefficiencies in administration, coverage gaps, and various inequalities based on the place of residence. The underlying poor labour market conditions, as well as the slow recovery of labour markets from the COVID-19 pandemic and the war in Ukraine, have exacerbated the risk of further de facto cutbacks of social protection benefits.

**There are still no systematic measures at the BiH level to improve the situation of the older population.** A strategy for improving the situation of the elderly 2019-2028 was adopted in the Republika Srpska entity, but systematic measures to improve the situation of older persons still need to be taken at the central level.

The Federation entity amended the legislation to extend the right to a survivor's pension to family members of fallen soldiers who did not have insurance at the time of death. In April 2022, the Federation entity Parliament increased the social protection and allowances for war veterans and their families. In November 2021 and January 2022 respectively, the Republika Srpska and Brcko District adopted legislation to support employment opportunities for disadvantaged groups, social enterprises, and cooperatives.

In December 2021, the Republika Srpska amended legislation on children protection, increased financial allocations, and expanded the scope of the right to children's allowances. The amendments also extended the right to wage compensation for parents or guardians who work part-time due to child's needs for enhanced care and increased the amount of monthly allowances allocated for parent caregivers. In November 2021, the Federation BiH adopted legislation regulating the status of parents who are caregivers to their disabled children and entitled them with the right to a monthly allowance with the corresponding social security contributions paid.

The right to social security to workers and their dependents, including the self-employed, needs to be ensured through the existence of a social security system established by law which is functional in practice. Health insurance should extend beyond the employment relationship and must cover a significant percentage of the population. There are some provisions in place concerning the health-care coverage of unemployed persons, as noted by the fact that in the Brcko District around 58% of unemployed persons were covered by healthcare in 2019.

When it comes to the unemployment insurance system, unemployed individuals are entitled to unemployment benefits if the person, at the time of termination of employment, had at least eight months of uninterrupted work or eight months with interruptions in the last 18 months. When determining the right to financial compensation,

a period of 12 months is considered as a year of work and work shorter than full working time is recalculated to full working time. The value of the cash benefits amounts to 40% of the average net salary paid in Bosnia and Herzegovina in the last three months before the termination of employment. The duration in which the cash benefit is paid to an unemployed person depends on the amount of time spent at work, according to the following structure:

- a) 3 months of unemployment benefits for 8 months to 5 years spent at work;
- b) 6 months of unemployment benefits for 5 to 10 years spent at work;
- c) 9 months of unemployment benefits for 10 to 15 years spent at work;
- d) 12 months of unemployment benefits for 15 to 25 years spent at work;
- e) 15 months of unemployment benefits for 25 to 30 years spent at work;
- f) 18 months of unemployment benefits for 30 to 35 years spent at work; and
- g) 24 months of unemployment benefits for more than 35 years spent at work.

An unemployed person who is entitled to cash benefits may, at their request, be paid a lump sum depending on the determined duration of the right to benefits for self-employment or with another person forming a company, business, or another form of self-employment. Furthermore, the level of sickness benefit is lower than the minimum wage in FBiH. In the Republika Srpska, according to Article 131 of the Labour Law, the salary compensation during temporary incapacity for work due to an injury at work or an occupational disease equals to 100% of the average salary earned by the employee in the previous period, or the salary that the employee would earn if he/she would be at work.





Both in contributory and non-contributory schemes, there are significant discrepancies in the overall aspects of the social protection system among the entities, Brčko District and cantons in the Federation of Bosnia and Herzegovina. These include discrepancies in eligibility criteria, coverage, the duration and the amount of benefits, the level of contributions made by the insured and the level of the public budget allocated to the social protection system. This has rendered the social protection schemes incompatible, fragmented, and ineffective and resulted in large inequalities among different regions in the enjoyment of the right to social security. An additional concern is that social security benefits are not sufficiently large to provide the beneficiaries and their families with a decent living. Furthermore, despite the measures taken by the BiH governments, a large number of workers cannot access social security benefits, including health insurance, due to the failure of their employers to register them in the social protection system or to pay their contributions to the funds.

**Centres for social work (CSWs) are not an integral component in the delivery of integrated social services, and they lack capacities to deliver broader services.** These centres in Bosnia and Herzegovina generally employ a small number of professional workers and a disproportionate number of technical staff. Besides, the centres are burdened by the increased demands of beneficiaries, and most centres for social work have very limited funding. Consequently, limited capacities affect also the cooperation of social services with other partners, such as NGOs and the private sector. There are localities where social services are provided by NGOs on a project basis, being financed by foreign donors. Most of these projects are not supported by local governments, which negatively impacts their sustainability. One of the examples is a project called 'My Work – Economic Opportunities for People with Disabilities (PWD) (2020-2022)', whose goal was to improve the status of PWDs and ensure their rights in BiH society. The project provided

support to PWD employment services, improved entrepreneurship and income generation schemes for PWDs and strengthened efforts to advocate for the inclusion of PWDs in employment and society. The project was funded by the Czech Development Agency and implemented by local partners – Nešto Više and ProReha.

Another example of initiatives aiming to improve the inclusion of PWDs in the BiH society is the project 'Practical Working Experience for Youth and Youth with Disabilities (2019)', financed by the United States Embassy in Bosnia and Herzegovina. The project, implemented in the framework of the Fund for Economic Support, aimed to strengthen and update the training and theoretical knowledge of young people and persons with disabilities (from 18 to 30 years of age) without prior work experience, in the profession for which they acquired a title, through practical work experience to increase their employability and strengthen their position on the labour market. As a result of the project, a total of 48 people got a chance to acquire or improve certain skills related to the preparation for interviews, and to work for 2 months in one of the companies in BiH, gaining practical experience and getting paid for their work.

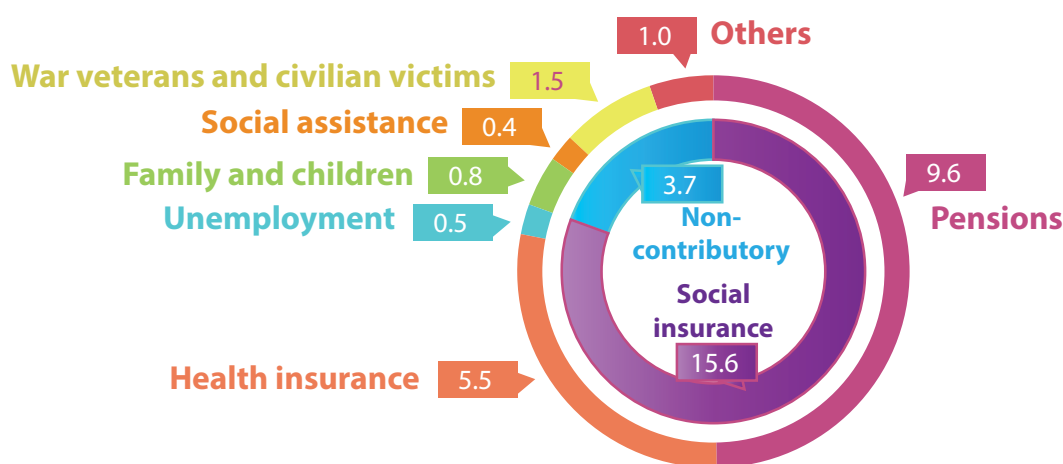
**The Eurostat at-risk-of-poverty indicator is not available for Bosnia and Herzegovina.** It uses the monetary value of the poverty line to assess the adequacy of benefits, and considers that the situation is in conformity with the Charter if the minimum level of income-replacement benefits (old-age, sickness and unemployment) does not fall below the poverty line indicator.

**In 2019, Bosnia and Herzegovina spent 19.2% of GDP on social protection,** which is only two-thirds of the EU average of 28% and generally lower than the expenditure of other Western Balkans economies. More than 80% of the total social protection expenditure pertains to contributory social insurance, including pensions, health insurance and unemployment insurance. Non-contributory benefits, which are financed by

the government budget, account for less than 20% of the total social protection expenditure. The largest share of non-contributory benefits is allocated to war related benefits, followed by benefits

for families and children (including maternity benefits), and means-tested social assistance. There is no available data on the spending on social protection in 2021–2022 in terms of the GDP.

**Figure 4. Percentage of GDP spending on social protection in BiH in 2019**



Source: International Labour Organisation, 2022.

### **The social protection system in Bosnia and Herzegovina partially mitigated the negative impact of the COVID-19 pandemic.**

However, a large number of unregistered workers and workers in non-standard forms of employment were excluded from the scope of the employment protection measures. As such, the COVID-19 pandemic highlighted the need to extend the social protection system.

### **13. Unemployment benefits**

Bosnia and Herzegovina made progress in improving employment and with realised fiscal surpluses, created a considerable fiscal space for financing social protection. The challenge that the economy is still facing refers to the administrative set up and divided competences. This leads to poor coordination among BiH governments and the lack of an inclusive and fair social security system that includes a combination of policies that simultaneously encourage people to participate in formal employment and bring the unemployed back to

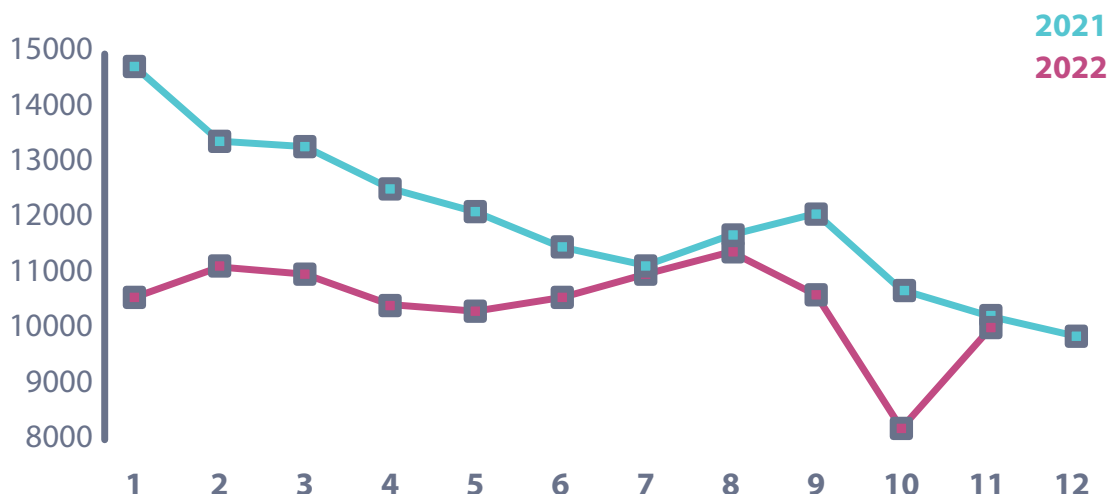
work. Unemployment benefits in BiH do not act as a safety net for previously employed people, as only 5.3% of the registered unemployed received unemployment benefits in 2021–2022 (OECD, 2022).

With high social security contributions in total labour taxes, Bosnia and Herzegovina is one of the economies with the highest labour tax wedges in the region. High tax wedges might be a discouraging factor for employers in formalizing employment relationships with workers. Recently, following up on a proposal which has been in the Parliament of the Federation of Bosnia and Herzegovina since 2018, the Government of the Federation decided to reduce the tax burden on labour and simplify the entire system, as well as to increase the wages of workers and their future pensions. According to that proposal, the contribution rate will be reduced by one index point, made possible due to the increased rate of public revenues of collected VAT, which will allow a reduction of the income tax rate or the pension insurance rate from current

41.5% to 31.5%. In addition, the personal income tax deduction will be increased to BAM 500 (EUR 255.64) from the current one amounting to BAM

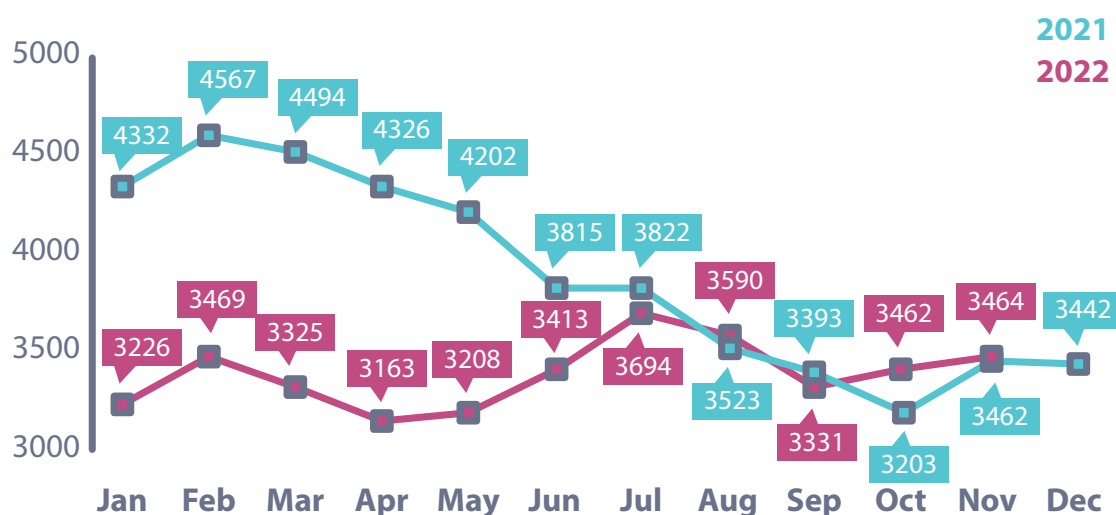
300 (EUR 153.38). Any additional income above that amount would be taxed at a rate of 13%.

**Figure 5. Unemployment benefits in FBiH in 2021-2022**



Source: BiH Agency for Statistics, 2022.

**Figure 6. Unemployment benefits in Republika Srpska in period 2021-2022**



Source: Public Employment Service of Republika Srpska, 2022.

Structural labour market challenges, such as long-term unemployment, youth unemployment, and low labour market participation of women and other vulnerable groups, mean that many people either do not contribute to unemployment insur-

ance long enough to qualify for unemployment benefits or have exhausted their unemployment benefits. The size of Bosnia and Herzegovina's informal economy is estimated to account for roughly 20.7% of the economy, which represents

approximately USD 17 billion (EUR 16 billion) at the Gross Domestic Product based on Purchasing Power Parity (GDP PPP) levels. According to data from the Labour Force Survey, in Q3 2022 the structure of employed persons by status in employment shows that 86.3% of them worked as employees, 12% were self-employed, and 1.7% worked as unpaid family workers. Among self-employed workers (24.9% of total employment), about 53.1% were estimated to be working informally in 2020 (ILO, 2021). As social security contributions finance significantly more than 75% of social protection spending, low contributory coverage resulting from structural market challenges such as informality is jeopardising the financial sustainability of the system.

#### **The unemployment benefits consist of cash unemployment benefits and the payment**

**of pensions and health insurance contributions.** For most of the unemployed, the unemployment benefits do not adequately bridge the income gap until they are able to find a new source of employment. In the FBiH, the unemployment benefit stands at a flat rate of 40% of the average wage in the FBiH, whereas in the RS, the level of benefits depends on previous earnings and the insurance period, but it cannot be lower than 80% of the minimum salary. Unemployed persons registered with public employment services can also receive active labour market measures including employment mediation, reskilling and upskilling, and employment subsidies. However, the duration of the unemployment benefit made available by the unemployment insurance system of 3 months for a period of contributions of 5 years is still inadequate.

**Table 4. Contribution rates for unemployment benefits in the entities, 2009–2022**

	FBiH		Republika Srpska					
	2009- till today	Suggested changes	2009/10	2011/12	2016/17	2018/19	2020/21	Since 2022
Unemployment insurance	2%	1%	0.7%	1%	1%	0.8%	0.6%	0.6%

Source: BiH Agency for Statistics, 2022.

## **14. Minimum income**

**In October 2022, the Draft Law on the Minimum Wage in the FBiH was adopted.** In Article 4 of the Draft Law, the calculation of the minimum wage is defined in a way in which the basis for determining the minimum wage is the average gross wage in the Federation of Bosnia and Herzegovina for the month of December 2020, according to the official data of the Federal Bureau of Statistics, in the gross amount of BAM 1,532 (EUR 783) and a net amount of BAM 993 (EUR 507). The minimum wage has been increased from BAM 543 (EUR 267.33) to BAM 596 (EUR 304.72) per month as of January 2023. The minimum wage in Republika Srpska has been increased from BAM 590 (EUR 301.66) to BAM 700 (EUR 357.90) for

the same period. In Republika Srpska, the minimum wage is regulated by the Labour Law. Accordingly, the RS Economic and Social Council proposes a new amount of minimum wage to the Government of RS annually.

## **15. Old age income and pensions**

Bosnia and Herzegovina has two statutory pension funds organised at the level of the two entities, both functioning on pay-as-you-go and defined-rights principles. Pensions constitute the largest social protection expenditure in the economy, amounting to 9.75% of GDP in 2017 (Agency for Statistics of BiH, 2020). Almost half of the budget for social protection in BiH is spent on the pension fund scheme (45.1%), and around



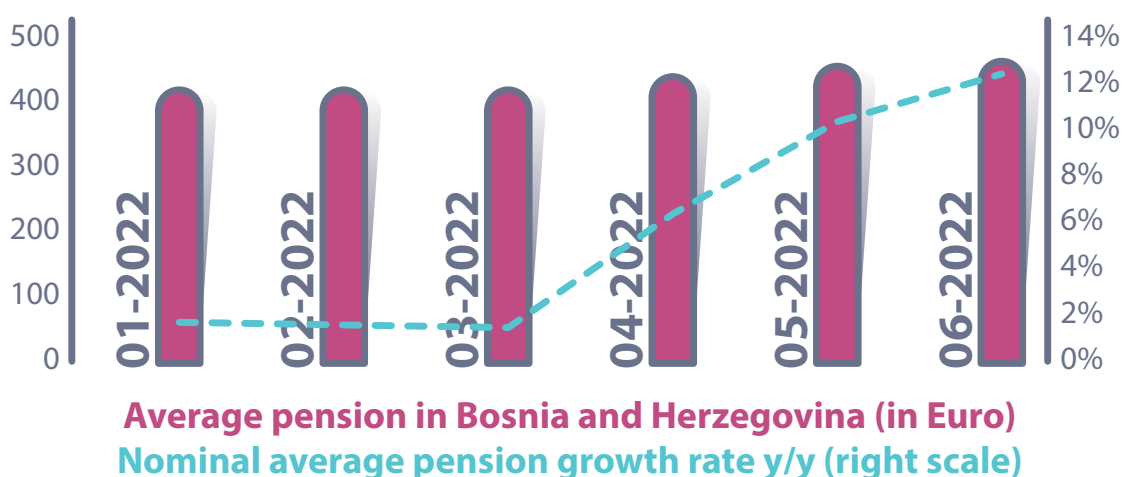
one third is spent on the health insurance scheme. Other schemes comprise a smaller share of the total social protection benefits. The total number of pension beneficiaries in BiH is 687,573.

According to the LFS conducted in 2021, only 52.5% of the working age population aged 20-64 contributed to social insurance schemes, which includes pensions and unemployment insurance. The low contributory coverage reflects the small proportion of employees and self-employed individuals working in the formal economy. Non-compliance with social insurance legislation is a consequence of high levels of informality and widespread undeclared economic activity, which are also related to other legal, financial, and administrative barriers. The substantial number of privileged pension rights acquired without contributory payments constitute considerable implicit liabilities, which place a heavy burden on the financing of the pension systems. As a result, the pension systems in both entities suffer from unfavourable dependency rates. The pension system dependency rate was 1.22 for the FBiH and 1.17 for the RS, indicating that one pensioner is supported by 1.2 contributors. This leads to several adverse consequences. Despite continued increases in pension funds revenue, a rise in the number of pensioners has been exerting downward pressure on the level

of pensions. To avoid a reduction in pension entitlements, the pension funds often had to resort to borrowing. The transfer of the pension funds to the entity budgets prepared the statutory pension schemes for increased budget financing in the future. At the same time, the entities are taking steps to strengthen the personal (funded) pension schemes, albeit slowly and with uncertain results.

**The processes of population ageing and depopulation** caused by emigration and low birth rates, as well as the economy's labour market weaknesses (such as the low employment level, the underreporting of wages and the problem of delayed or unpaid contributions), **poses a serious challenge to the functioning of the pension funds.** In June 2022, the average pension in Bosnia and Herzegovina amounted to roughly BAM 475.14 (EUR 242.93) and was increased by 13% compared to June 2021. The lowest pension in the observed month in the Federation of Bosnia and Herzegovina was BAM 424.4 (EUR 217), while in the Republika Srpska the lowest pension was BAM 242.6 (EUR 124) for pensionable service of up to 15 years. The number of pensioners in Bosnia and Herzegovina in June 2022 stood at around 702,100 individuals, representing an increase of 0.8% compared to June 2021.

Figure 7: Average pension in BiH in 2022



Source: Federal Institute for Pension and Disability Insurance, Republika Srpska Pension and Disability Insurance Fund, DEP calculations

Some issues in terms of the financing of pensions in the economy must be highlighted. First, under the pay-as-you-go financing, the unfavourable dependency rates result in high statutory contribution rates. The current total social insurance contribution is 41.5% for the FBiH and 31.0% for the RS, plus a flat income tax of 10% for each entity. The high tax wedge is regressive especially for workers earning low wages and could lead to more informality and evasion in the absence of an effective enforcement of labour, tax, and social security legislations. Second, the financial constraints do not allow for significant improvement of pension levels. In both entities, the average pension is marginally above 40% of the average net salary,<sup>8</sup> which is considered the minimal value according to the ILO Social Security Minimum Standards Convention No. 102. It should also be noted that a significant number of pensioners receive minimum pensions. Third, failing to secure sufficient contribution revenue under the current contribution rates and compliance level, both pension funds have been increasingly dependent on the entity government budgets.

## 16. Health care

Health insurance has a wider coverage than pension or unemployment insurance because it covers the population with low or no contributory capacity. Nevertheless, the fragmented and decentralized health insurance system in the FBiH results in considerable inefficiencies in administration, limited risk pooling, and multiple inequalities among beneficiaries. The composition of the insured is not favourable to the long-term sustainability of the health sector. Unemployed insured individuals and pensioners account for around half of the total coverage of the health insurance system, but either do not contribute or contribute to around 6% of average costs, respectively. Only employees and insured foreigners contribute enough to cover their costs, however, they jointly represent less than half of all insured individuals.

The benefits packages are relatively comprehensive, but coverage is not universal and entitlements are not harmonised across health systems. The mandatory health insurance systems cover employed persons and specific population groups such as children, dependents of the employed, pensioners, farmers, persons insured on the grounds of occupational diseases and work-related injuries, persons with disabilities as a result of the war, refugees and displaced persons, persons receiving social benefits, unemployed individuals and students registered with the Employment Bureau, and foreign citizens insured on the grounds of bilateral agreements. In the Republika Srpska about a quarter of the population registered with a primary care provider (which is a mandatory prerequisite to obtain access to services) were not covered by mandatory health insurance in 2020, although all uninsured persons can apply for health insurance coverage paid by the Republika Srpska. Uninsured people are only ones entitled to emergency care but those with specific health conditions (e.g. cancer, diabetes, epilepsy, etc.) are eligible for all health care benefits (Voncina et al., 2022).

Coverage rates in the Federation of Bosnia and Herzegovina were considerably higher than the rest of the economy, reaching 87% of the population. However, coverage rates vary across cantons, from 84% of the population in the Herzegovina-Neretva Canton to about 100% of the population in the Sarajevo Canton. In May 2020, health insurance coverage was extended in both entities to all uninsured residents for the duration of the COVID-19 pandemic (Voncina et al., 2022).

According to the report 'Health insurance for all in Bosnia and Herzegovina' conducted by the Consortium of Associations in January 2021, about 12% of the population in BiH still does not have the right to free health insurance. People who are not permanently employed and do not have the ability to pay contributions themselves, have limited

<sup>8</sup> In the FBiH, the average pension in January 2021 was BAM 427.77, which was 43.0% of the net average salary. In the RS, the average pension in January 2021 was BAM 405.81, which was 42.5% of the average net salary.

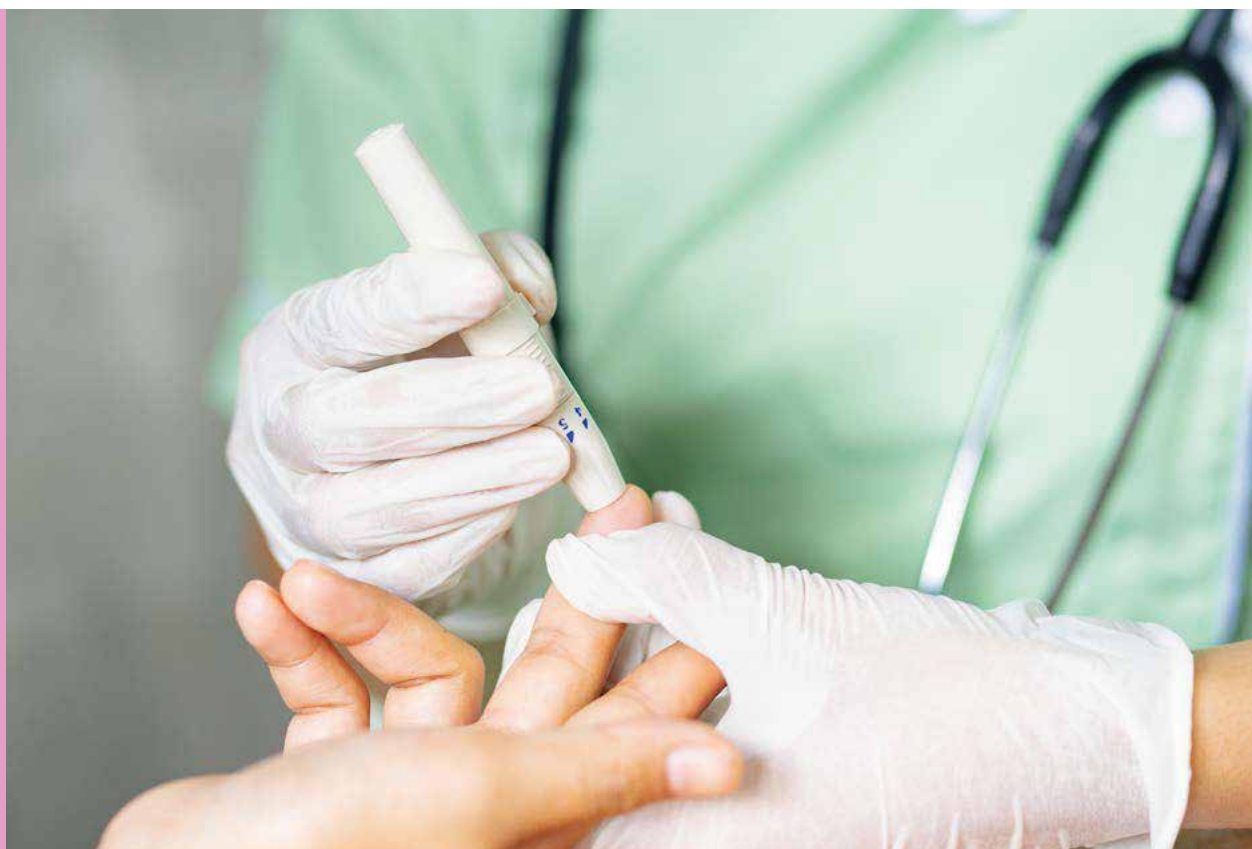
access to health care. The legislative framework in Bosnia and Herzegovina in the field of health insurance is still not harmonized with internationally ratified treaties. Consequently, in the area of BiH, and especially in the Federation of BiH, there is an uneven legal regulation regarding access to the right to compulsory health insurance for the most vulnerable categories of society.

Furthermore, as developed by the EU Report on Health Inequalities, accessibility for all citizens remains a key challenge for the economy's health-care system, despite the legislation stipulating that equal access to health should be in place. Ensuring good quality and accessible public health care for all, including marginalised groups, remains an issue and it is a key reform priority for Bosnia and Herzegovina. Roma people only have access to healthcare services if they are registered at the employment or education administrations, and as this is often not the case, many Roma lack health insurance (European Commission, 2022). People without income living in poverty are not able to pay contributions for voluntary health insurance.

If this population segment does not have health insurance, it prevents or significantly limits their access to health care. In this sense, they cannot exercise their human rights, which are guaranteed to them by international prescribed acts. As socially vulnerable categories, these people have the right to free health insurance, whereby the competent public institutions should take over the payment of contributions.

**The health sector is financed by social security contributions, government transfers, and healthcare institutions' own income.**

Contributions are made by employees, voluntarily insured persons, farmers, pensioners (through the pension fund), foreigners who are insured, and unemployed persons (through the unemployment fund, only in the case of the FBiH). Budget transfers help cover the cost of insuring those who do not contribute to the system, such as unemployed persons (only in the Republika Srpska), disabled war veterans, and refugees. Healthcare institutions also generate their own income through donations and participation fees. Donations are



mostly in kind, in the form of equipment, while participation fees are paid by patients in cash when receiving services. In 2020, contributions amounted to 7.4% of FBiH GDP and 5.1% of RS GDP, whereas budget transfers, donations, and participation fees amounted to 2.5% of FBiH GDP and 1.0% of RS GDP. Health spending in terms of GDP is high, but per capita spending is low. Bosnia and Herzegovina spent 10% of its GDP on health in 2020, which exceeds the average among EU member states (8%) in 2020. Spending on health per capita amounted to USD 1,378 (EUR 1,298) Purchasing Power Parity (PPP) in 2020.

**The economy faces important challenges in health workforce management.** The latest available data related to human resources in the health sector in 2018 indicate that the number of medical doctors in Bosnia and Herzegovina (22 medical doctors per 10,000 individuals) is lower than in the neighbouring economies. The only European economies with lower ratios are Albania (12 medical doctors per 10,000 individuals), Turkey (18 medical doctors per 10,000 individuals) and Cyprus (20 medical doctors per 10,000 individuals). In Bosnia and Herzegovina, there are almost 62 nurses per 10,000 individuals, which is similar to Serbia and higher than Montenegro but lower than in European Member States in which nurses from Bosnia and Herzegovina are most often employed: Austria, Croatia, Germany and Slovenia (Eurostat, 2018).

The consequences of the emigration of health professionals are mostly reflected in the loss of human resources in quantitative and qualitative terms, which further implies a reduction in the availability, accessibility, and quality of health care. Unfortunately, accurate records of physicians who left BiH do not exist.

## 17. Inclusion of people with disabilities

**BiH has struggled with a persistently high level of unemployment among persons with disabilities.** The poor implementation and

effectiveness of quotas for the employment of persons with disabilities is an area of concern that should be tackled to enable the inclusion of PWDs in the economy. The shortcomings in the practical application of the established quotas include the different application of the quotas between the entities; the reportedly high non-compliance of employers, particularly government institutions; the absence of mechanisms for the collection of special contributions by employers who fail to comply with the quotas; and the absence of data on their implementation. There is no single, overarching legislative definition of a 'person with disability' which is applicable at all levels and in all regulatory contexts across the central level, its entities and the cantons. Instead, definitions differ from sector to sector and the legislation in place. No official data is kept on persons with disabilities. There is no statistical data on the total number of persons with disabilities, nor any data discriminated by gender or age to serve as indicators of respect for their rights, or on the number of children with disabilities attending mainstream education or specialised institutions. The real number of persons with disabilities can be indirectly determined through the number of beneficiaries of certain rights and allowances that they receive in different systems of social action.

**BiH signed and ratified all the international human rights treaties targeting people with disabilities, including the Convention on the Rights of Persons with Disabilities (CRPD).** Hence, the BiH has the obligation to ensure equal protection of rights for all citizens without discrimination. Nevertheless, these frameworks are not effectively implemented. According to the Final Evaluation of the United Nations Development Assistance Framework (UNDAF, 2020, p. 18), "little progress has been made on the rights of persons with disabilities, which are not effectively protected."

**In BiH, different types of financial assistance and in-kind benefits are available,** which are stipulated by the entities' laws on health insurance



and the respective by-laws. Most health insurance funds procure the orthopaedic and other aids from suppliers based on a contract. This means that if the real cost of an aid exceeds the amount of funding stipulated by the relevant by-law, the difference is covered by PWDs themselves. One of the exceptions to this rule is the case of war veterans with disabilities in the Republika Srpska, who are exempt from these costs and are given the possibility of obtaining funds to purchase aids of their own choice. In 2019, the Republika Srpska introduced a disability benefit for people with disabilities under the social assistance legislation. This benefit is granted to people with at least a 70% disability rating, assessed on the basis of the by-law legislation for pension and disability insurance, and as long as the PWD is already receiving carer's assistance. To be eligible for financial compensation for physical disability in the Federation of BiH, the person needs to have been assessed as having at least a 30% disability rating, caused by work injury or occupational illness.

One of the main obstacles to accessing disability benefits that are not war related in the Federation of Bosnia and Herzegovina entity is the cost of a disability assessment, which is paid by PWDs themselves. The assessment cost ranges from BAM 84.41 (EUR 43) to BAM 128.12 (EUR 66) in cases in which the medical commission needs to make a home visit. It should be noted that some cantons refund the cost of disability assessments for beneficiaries found to have at least a 90% disability rating. Compensation for 'invalids' of war in Bosnia and Herzegovina, including both former soldiers and civilians, are not subject to any conditions regarding other contributory social transfers or labour market income. According to the European Social Policy Network (ESPN), Bosnia and Herzegovina pays compensations for both civilian and non-civilian 'invalids' of war, and currently provides some of the highest benefits to these segments compared to other disability programmes. The level of these benefits can even surpass the average wage. In Bosnia and Herzegovina, the provision of cash benefits for people with disabilities

aimed at covering disability-related health care expenses for a war veterans consists of a benefit granted as a one-off financial assistance which can be used for medical treatments, purchase of sanitary materials and medicines, expenses incurred during medical treatments that are not included in the health care package, or treatments only partially funded by the health insurance fund. There is no available data about people at risk of poverty or social exclusion of PWDs in the economy.

**The social inclusion strategies for the Federation of BiH, Republika Srpska and the Brcko District of BiH for the period 2021-2027 were prepared by experts and with the broad participation of members of the Coalition of Marginalised Groups in BiH 'KOMa' /COMA.** All three strategies, namely those of the Federation of BiH, the Republika Srpska and the Brcko District of BiH, are harmonised and aimed at addressing the following key issues of social inclusion:

- a) Social position of children and youth, especially in the context of the demographic decline;
- b) Poverty and the necessity for reducing it through social inclusion policies;
- c) People with disabilities and the fight for a society of equal opportunities;
- d) Gendered causes of social exclusion;
- e) Elderly people and the return to a dignified life without poverty;
- f) Ethnic causes of social exclusion and the importance of full equality.

In 2019, the RS entity introduced a disability benefit for people with disabilities as part of the social assistance legislation. The major development in the FBiH was the adoption of a new List of Disabilities and a new Rulebook for the Assessment of Disability under the Law on Social Assistance, which were adopted in the second half of 2021. Another novelty in the FBiH is the adoption of the Law on Social Services, which more systematically regulates the provision of various social services in

the entity. The law was adopted in July 2021 and provides for a range of services to support PWDs, and includes, among others, at-home support to be provided by service providers who are legal entities.

## 18. Long-term care (LTC)

**Bosnia and Herzegovina faces challenges in providing adequate care for its ageing population.** According to the United Nations Department of Economic and Social Affairs, in 2060, persons aged 65 years and older will represent more than 30% of the overall population in BiH, compared to 17% in 2017. By 2050, BiH will be ranked 4<sup>th</sup> on the projected list of the oldest economies in the world. According to the Agency for Statistics of Bosnia and Herzegovina, taking into account the effects of international emigration, the share of the elderly population aged 65 and over is expected to increase from 16.5% in 2018 to 23.0% in 2030, 26.7% in 2040, and 30.6% in 2050. The capacity of the BiH institutions to cope with challenges related with an ageing population for the social and health systems is minimal, while a high level of economic out-migration results in the elderly being left alone and without the direct support of their closest relatives. Homecare assistance is not systematic, mostly unavailable, and limited to isolated locations in the economy, often lacking standardisation and sustainability.

**Different eligibility and entitlement criteria for the provision of a care allowance between entities and between cantons in FBiH have implications for both access to, and the affordability of, care services.** Beyond territorial discrepancies, there are also significant differences between beneficiary categories: two people may be in need of the same level of care, but the amount of the care allowance they receive depends on the beneficiary category they fall into. War veterans and other war-related categories of beneficiaries are entitled to a higher allowance than other people in need of care. Moreover, for war-related categories, requirements are

less rigorous regarding the level of disability one must experience to attain the right to an allowance.

The affordability of in-home long-term care services on the basis of out-of-pocket spending for different levels of needs based on the severity of cases is difficult to assess due to a lack of available data on the cost of in-home services. Numerous challenges also exist to access the types of care services. Beyond legislation, not all localities have been able to establish such services, usually due to a lack of funds. Generally speaking, community-based services remain underdeveloped in the society, as there are wide territorial disparities in terms of their provision, and their delivery often depends on non-governmental organisations that provide them on a project basis, frequently with the support of international donors rather than governments.

The most commonly provided service in the realm of LTC is institutional care, which is provided in specialised residential institutions for the elderly and the frail. According to the RS Strategy for Improving the Situation of Older People, in 2018 the vast majority of residential institutions in both the private and public sector reached their capacity (Ministry of Health and Social Welfare of the RS, 2019). As mentioned earlier, available data suggest that the demand for residential care among the elderly has been rising. The affordability of residential care services is unsatisfactory considering the average pensions and average income in the economy, as such services are generally paid out-of-pocket. The prices depend on a person's degree of dependence and range from EUR 333 to EUR 650 (Obradović, Jusić, 2019). Prices in privately owned institutions are, on average, 50% higher than in publicly owned facilities. Considering that the average pension in FBiH was EUR 215.10 and EUR 201.10 in RS in February 2020, such prices can be considered steep (RS Pension Insurance Fund, 2020). Centres for Social Welfare (CSWs) covered the cost of an older person's placement only after determining that a person has no means



or income, and that there are no family members who are legally responsible to care for them. As a result, in 2018 only 8.9% of adults placed in institutions had their stay fully covered by public budgets, 18.7% received partial coverage of their costs, and 72.3% had to cover their stay in full (Agency for Statistics of BiH, 2019a, p. 64).

In comparison with EU Member States, BiH has lowest public expenditure on LTC as a percentage of GDP, which amounts to 0.1% of its GDP on LTC within health care and 0.1% of its GDP on LTC within the system of social protection. As an illustration, the percentage of public expenditure on LTC within the EU also varies widely. Nordic and Continental countries are among the leaders in expenditure on LTC of their GDP (e.g., Sweden 2.90%, Netherlands 2.62%, Belgium 2.55%, Denmark 2.53%).

Some rural areas do not have a health centre in their vicinity, nor available public transport that would enable them to reach one of these facilities, as opposed to those living in urban areas who have access to primary health care and may also have

access to specialised institutions catering to the elderly that organise home visits. Older people in need of care living in rural areas rarely have access to such services (see, for instance, RS Ministry of Health and Social Welfare, 2019a, p. 14). Community nursing, usually delivered by non-governmental service providers, is only available in a few vicinities, while some municipalities may organise patronage services to reach out to people living in remote areas. Another problem in terms of access and affordability is that health insurance coverage in BiH is not universal. Older people who are not covered by pension insurance or social benefits are usually without health insurance. Although the social protection legislation in both entities envisages health insurance coverage for people aged 65 or older, health insurance is not an unconditional service (Institution of Human Rights Ombudsman of Bosnia and Herzegovina, 2019).

**The legal framework in BiH is still in the early phases of development with respect to ensuring quality service standards in different realms of care.** There are no specific decisions that regulate the realm of informal care in

BiH: this area of care has, thus far, been completely outside the purview of policymakers.

**The quality of social services is governed by various social protection laws at entity and cantonal level, as well as by-laws.** Such rules stipulate the minimum standards and criteria a service provider has to meet in order to be licensed as a social welfare institution or, in the case of RS, to be able to deliver social services. Licensing approval mainly depends on meeting formal requirements, such as adequate premises, necessary equipment, and the number and training of staff, in line with the service provided. On the basis of such by-laws, FBiH, cantonal and entity (in RS) inspectorates oversee providers' work – in some instances, residential homes for the elderly have been closed for not meeting required standards.

In terms of home-based care, RS has also adopted the rulebook on realising the right to in-home assistance and care (RS Official Gazette 2/14), which – beyond eligibility criteria – also details what such services entail, who is allowed to provide them, and the manner in which they are to be provided. For instance, in-home assistance and care services are to be performed in line with an individual plan, tasks need to be clearly defined, services cannot be provided for less than five hours a week or more than 20 hours a week and have to be delivered at least three times a week, and services have to be delivered by qualified staff and should be delivered by the same employee.

Specific decisions setting standards for the provision of these types of services have not been adopted by governments in FBiH. However, individual services, such as in-home care and assistance by institutions of social welfare, are addressed by the general rulebook on the standards for work and service delivery in social welfare institutions in FBiH, which specifies conditions mainly in relation to the necessary facilities, equipment, and the number and profile of staff per hours-of-service delivery.

In FBiH, measures of health protection for people who are in need of LTC in social welfare institutions, including homes for the elderly – such as facilities, equipment, and staff – were supposed to be regulated, under the FBiH Law on Health Protection (Official Gazette 46/10 and 75/13, Article 94), by decisions of cantonal ministries of health. However, such decisions have not been adopted, which has implications for the capacity of social welfare institutions to deliver health care services.

## 19. Housing and assistance for the homeless

Under both entity laws on social protection, persons in social need who are without shelter or housing may be entitled to temporary accommodation or placement in an institution of social care. The RS Law also stipulates placement in a foster family and the right to housing for those living in poverty under the extended rights that may be granted by local communities. In both entities, the provision of these services is the responsibility of local communities, falling under the administrative scope of the Centres for Social Work. BiH has 118 CSWs in total, of which 72 are in FBiH and 46 in the RS. Municipalities that do not have CSWs (22 municipalities in FBiH and 10 in RS) rely solely on municipal services responsible for social welfare. The approach of CSWs to dealing with social issues on their territories is reactive, rather than active: they respond only if people walk in and seek help, if they are summoned to intervene, or if centres receive referred cases from other public service providers (i.e. police, schools or health institutions).

The CSW capacities to provide assistance vary substantially in terms of employed personnel, financial resources at their disposal and accommodation facilities. They depend mainly on the financial support that a CSW receives from its funder (i.e. the municipality) and the available facilities. In both entities, each municipality is free to provide and finance additional rights apart from those guaranteed by the entity and, in FBiH, apart from those



provided by the cantonal legislation. Although not clearly defined as a category of persons in need, there is no legal obstacle to CSWs providing assistance to a homeless person in practice. However, this entails in satisfying the complex and lengthy administrative procedures for both the CSW and the potential beneficiary. Because a CSW's territorial responsibility is limited to the municipality, it will provide assistance only to persons with identification documents proving residence in that municipality. This means that CSWs will refer beneficiaries with ID documents from other municipalities to centres where the person has a registered residence.

Since the changes conducted to the Law on Residence (Official Gazette No. 58/15), which came into force in 2015, a person needs to submit proof of residence at a given address (i.e. proof of ownership or tenancy, renting agreement, or similar documents) in order to obtain an ID document. This represents a serious obstacle for a homeless person, and it can be assumed that most homeless persons could not have been issued ID documents since 2015. This further aggravates their position, since a person without an ID document cannot be assisted by a CSW. Furthermore, it complicates access to health care, as someone without an ID and a health booklet (which cannot be obtained without an ID document) most likely will not be admitted to a health institution.

In the case of BiH, a myriad of challenges exists when it comes to implementing adequate responses to homelessness and tackling exclusion from housing. A very significant one is the absence of a basic policy framework on homelessness as a precondition for the issue to be addressed in a systematic manner. BiH ratified the Revised European Social Charter in 2008, but not Article 31 related to housing rights. Nevertheless, under the International Covenant on Economic, Social and Cultural Rights and the Universal Declaration of Human Rights, a fundamental right to housing and shelter in the event of emergency is recognised,

which consequently obliges BiH authorities to act upon the issue. Moreover, the Sustainable Development Goal 11.1 and principle 19 of the European Pillar of Social Rights urges economies to provide the right to adequate housing. In 2019, the Minister for Human Rights and Refugees of Bosnia and Herzegovina adopted the Basic Principles on the Method of Disposal, Management, Maintenance and Use of the Housing Fund for Non-profit Social Housing in Bosnia and Herzegovina, defining sources of funding, principles of non-profit institutions, definitions of social housing, eligibility of users of housing units, processes of subsidizing social housing, etc.<sup>9</sup> The Government of Republika Srpska on 30 July 2020 adopted the Strategy on Social Housing of Republika Srpska for the period of 2020–2030 as well as the Law on Social Housing on 30 June 2019. Following the entity strategy on social housing, a few cities and municipalities in Republika Srpska (Bijeljina, Prijedor, Doboj, Zvornik) adopted the Municipal Strategy on Social Housing 2021–2030. Social housing is part of the housing policy of the Republika Srpska, which intends to provide the conditions for solving the housing issue to all individuals who are unable to do it on their own due to various reasons, primarily caused by economic, social and health circumstances.

In relation to a policy framework on housing and homelessness, a major weakness of the current strategies or laws is the lack of a clear definition of homelessness and the delineation of the types of homelessness as an underlying basis for policies that would secure access to adequate accommodation. An unclear definition and delineation also hinder the processes of monitoring the numbers or the profile of the homeless, which further constraints addressing the underlying reasons for homelessness. BiH authorities at different levels of government would need to align their existing definitions of homelessness with definitions contained in the European Typology of Homelessness and Housing Exclusion (ETHOS), so as to be able to categorise persons in line with their living situation and cater to the needs of the different

9 Official gazette BiH, No. 86/19.

types of persons without accommodation. Most importantly, the current legislation would need to be changed. Homelessness should not be defined as vagrancy or idleness, and should cease to be penalised. The lack of legislation on this matter also hampers people's access to adequate housing. Beyond legislation, the lack of capacity and resources to provide support for the homeless is an issue which should be addressed. In 2020, the share of social protection functions in total social benefits expenditures in BiH for housing was 0%.

**The issue of homelessness in Bosnia-Herzegovina is aggravated by a lack of data that would enable the measurement and monitoring of homelessness in the society,** and which would allow for evidence-based policy responses in this realm. To develop an effective strategy for the prevention of homelessness, the entities should have more information at their disposal than what is currently available. The governments need to allocate resources towards systematic data collection and monitoring efforts, in order to be able to develop adequate responses to homelessness in the society.

## 20. Access to essential services

According to Principle 20 of the European Pillar of Social Rights (EPSR), everyone should have “the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications” (European Commission, Secretariat-General, 2018, p. 22). The only document at the BiH level that provides a definition of an essential service is the Law on Protection of Consumers in BiH (Official Gazette of Bosnia and Herzegovina, No. 25/06), which in Article 33 stipulates ‘economic services of public interest’ as services that fulfil the basic needs of consumers in the market. According to the Law, these include the supply of energy (electricity, gas and heating), water, telecommunications services and public transport. In its report on ‘Flat rates’, the Office of the Ombudsman for

the Protection of Consumers in Bosnia and Herzegovina emphasises the importance of economic services of public interest for the everyday life of citizens, comparing them to basic human rights. In parallel, according to entity and cantonal laws on local self-governance and communal affairs, water and sanitation services fall into the category of public communal services. In the Republika Srpska entity specifically, water and sanitation services are classified as communal services of special public interest in accordance with the Law on Communal Affairs in the Republika Srpska.

**Bosnia and Herzegovina has no definitions of low-income people in the context of the delivery of the six essential services delimited by the EPSR.** The Ombudsman for the Protection of Consumers in BiH has indicated that the responsible levels of Government should legally define socially vulnerable categories as a prerequisite for the implementation of provisions aimed at the protection of socially vulnerable categories of consumers within laws on communal services and other relevant laws. As the services are under scrutiny within the competence of lower levels of government, some categories of citizens, depending on the region and service, receive assistance.

**As water and sanitation services are organised at the local or cantonal level, examples of a definition of low-income people in the framework of these services are found only at the local level.** Fourteen local authorities in BiH have introduced measures to improve access to water and sanitation services for specific low-income categories of the population. These measures have been introduced over the past two years, with support from the Municipal Environmental and Economic Governance Project (MEG), funded by the Swiss Agency for Development and Cooperation and implemented by UNDP.

Accessibility to water services is characterised by significant differences between urban and rural areas. Approximately 60% of the population in the

Federation of BiH and 48% in Republika Srpska are connected to either a public or municipal water supply network, commonly operated by public utility companies. The rest of the population in rural areas – where most of the population lives and often where the poorest segments of society reside – relies either on locally managed water supply systems or on self-supply solutions, like wells and boreholes (World Bank, 2018a, 2018b). Almost all (96%) urban households in BiH obtain their primary drinking water from a piped system, typically one that delivers water straight into their dwellings (91%). In rural areas, the numbers are slightly lower, 88% and 81%, respectively. A larger proportion of households in rural areas (11%) than in urban areas (4%) relies on protected wells and springs as their primary source of drinking water. Due to the weak operation and maintenance practices of water supply operators, especially in rural areas, there is scope for contamination during conveyance. This reduces the figure for access to drinking water defined by a legal standard and poses a risk to public health.

**The urban-rural divide in Bosnia and Herzegovina is significant in terms of access to sanitation services.** According to the Multiple Indicator Cluster Survey (MICS), in 2012 99.1% of the urban population and 93.8% of the rural population had access to a flush toilet in the household (Agency for Statistics of BiH, 2012). In urban areas, 83.3% were connected to a sewerage system and 15.3% to a septic tank. In rural areas, sewerage systems are less common, and only 29.9% of flush toilets were connected to a sewer, while the majority (58%) were connected to septic tanks or other kinds of soak pits. Inequalities in access to sanitation at the central level are found both across the rural and urban spectrum and across the consumption quintiles (Agency for Statistics of BiH, 2013).

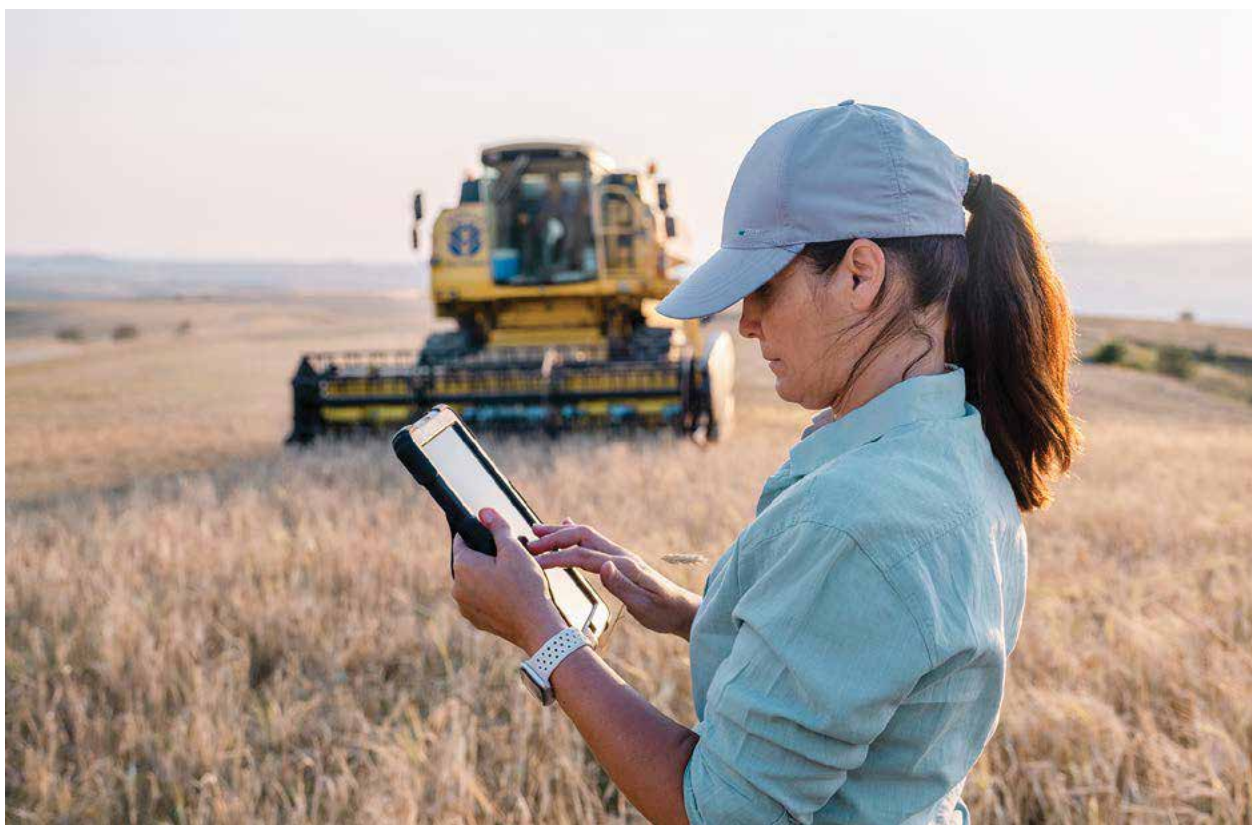
**Regarding access to energy, the BiH level Social Action Plan 2010 provides a framework for the development of measures for the assistance and protection of socially**

**vulnerable consumers of electricity.** The document suggests that beneficiaries of social assistance benefits should be eligible for electricity at reduced rates, up to a certain level of consumption. However, the implementation of these provisions falls within the jurisdiction of the entities and entity electricity companies. The FBiH Law on Electricity stipulates measures for the protection of vulnerable consumers, but it does not contain definitions of low-income or vulnerable consumers with regard to energy consumption.

One of the measures employed by the Government of FBiH to assist citizens to mitigate the consequences of inflation is the provision of subsidies for electricity bills in the amount of EUR 14 per month. This financial assistance is related to pensioners who receive the lowest values of pensions, and socially vulnerable people benefiting from permanent financial assistance from competent services or CSWs in FBiH.

In the Republika Srpska, the new Law on Electricity entered into force on 1 January 2021, whose provisions foresee the protection of socially vulnerable customers. According to the Law, an energy protected customer is a socially vulnerable customer from households categorised under the state of social need. According to the Law, the Government of Republika Srpska, at the proposal of the Ministry of Health and Social Protection, was supposed to authorise a decree prescribing the conditions, procedures, and criteria for acquiring the status of an energy protected customer. Financial resources for subsidies were supposed to be provided in the RS budget. However, after two years since the Law has been adopted, this area has not yet been regulated.

Brcko District BiH has a broader selection of beneficiaries, including pensioners on a minimum pension, war veterans with a disability, households with children with disabilities, unemployed women and men registered as such at the Public Employment Service who are over 55 and 60 years of age, respectively, beneficiaries of means-tested social



assistance, children and adults in foster care, and persons with a disability whose benefits do not exceed BAM 350.99 (EUR 180).

**Given the difficulty people living in rural areas face in accessing important services, the most common subsidised public transport measure – transport of school pupils and students – is either fully covered or subsidised,** either by entity, cantonal or local governments, depending on the part of BiH, and caters primarily to pupils and students living far from the school. Subsidies are generally provided either directly to a private bus company (based on a public call), to schools or to beneficiaries. Depending on the vicinity, pupils or students from socially disadvantaged households may have their cost of travel covered in part or in full. The Republika Srpska provides transport subsidies for elementary school pupils whose transport is not already subsidised by the relevant entity-level ministry and secondary school students who reside at a given distance from school. Subsidies are offered at different levels according to the circumstance

of students: a 50% subsidy for school transport is available to children of parents who claim social assistance benefits or care benefit and for children missing one parent; a 100% subsidy is available to children without parental care or without both parents and to children with special needs; while the children of disabled war veterans get a 50% concession. Other subsidised categories also include, inter alia, households with four or more minor children, those with three or more school-children, where at least one parent is unemployed, and secondary school students who perform well in school.

Similar measures exist in the FBiH entity. For instance, the FBiH municipality of Velika Kladuša in the Una-Sana Canton subsidises 90% of the cost of travel for secondary school students in a state of social need, meaning those who are without parents or parental care, disabled students, or those living in a household where three or more students attend secondary school. Furthermore, the municipality offers a subsidy of 60% for students with at least one parent who has minimum



of an 80% disability score; students from households that receive permanent social assistance from the Centre for Social Work; students from households that have no income; students from households where two students attend secondary school; and students with only one parent. A 50% subsidy is provided for students who live in a household that receives one minimum pension and for students whose monthly household income is less than BAM 150 (EUR 77) per capita (Municipality of Velika Kladuša, 2019).

Transport subsidies for other categories of users exist in some parts of BiH on the basis of income. Given that measures in the realm of transport services are predominantly provided by the local (and cantonal) levels of government, each exercises its own definition in relation to a given measure.

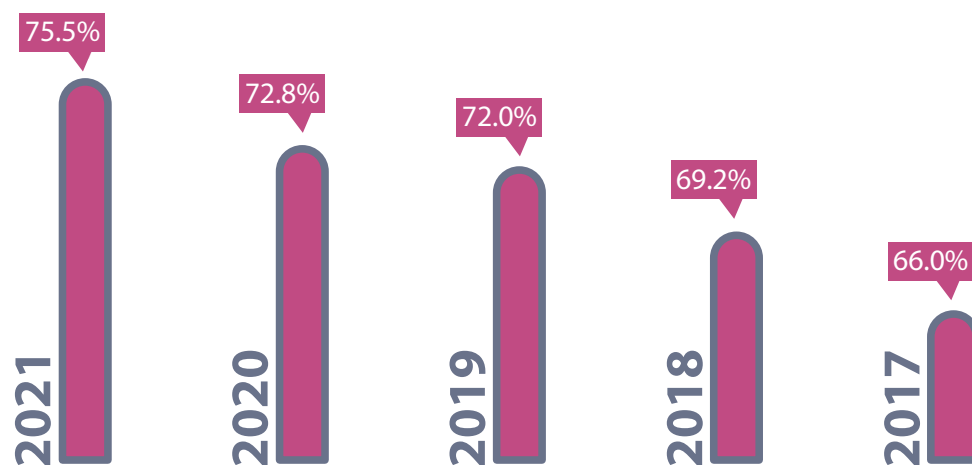
**In BiH, there is a significant disparity in the proportion of persons who have an Internet connection at home, depending on their level of income:** households with lower levels of income – and especially those whose monthly net income is below BAM 500 (EUR 256) – are substantially more likely to have reduced Internet access. Digital public services are at an early stage of development in BiH. While there are no measures in place to facilitate access to digital services for low-income persons, a current act of the Communications Regulatory Agency (CRA) stipulates the provision of special price options (social packages) for users of fixed-line telephone services who are among the most vulnerable categories of the population by operators with a significant market position. Such beneficiaries are to be defined in the price list of the Bosnia and Herzegovina operator for access to essential services for low-income people, in line with relevant rules and laws (Article 5 of the Communications Regulatory Agency's Rule 67/2012 on the Tariff Rebalance Model of Voice Telephone Services). The three largest operators in BiH providing these services have introduced such social packages for different types of beneficiaries.

In the past five years, the Agency for Statistics of Bosnia and Herzegovina, together with the entity statistical institutions, has been conducting research on the use of information and communication technologies. Two researches investigating the themes were conducted in 2021, the first of which referred to households and individuals, and the second covered companies. According to data acquired in these investigations, in 2021 62.8% of households in Bosnia and Herzegovina had access to a computer, while 35.2% of households did not. The latest survey from 2022 showed that 61.3% of households had access to the computer, while 38.7% of households did not have computer access (Agency for Statistics of BiH, 2023). The presence of computers in households also varied depending on the type of settlement. In 2021, 65.6% of households in urban areas had access to a computer, while 60.6% of rural households had such access. In 2022, 65.7% of households in Bosnia and Herzegovina in urban areas had access to computer, in comparison with 57.7% in the households in rural areas. In the same period, 34.3% households in urban areas did not have access to the computer, while 42.3% of households in rural areas had no access to this technology.

The gap in household access to computers is also visible when data is discriminated according to the monthly income of households. Access to computers mostly occurs in households with a monthly income of over BAM 1,500 (EUR 750), of which 92.9% had access to a computer and of over BAM 2,500 (EUR 1,278), of which 98.8% had access to a computer, while the share of households with access to computers with incomes up to BAM 900 (EUR 450) is only 47.1%.

In terms of access to internet, the results of the Survey on the Use of Information and Communication Technologies in Households and Individually (ICT-HH) in Bosnia and Herzegovina have shown that 75.5% of households in the economy have access to the internet, while 24.2% of households do not. The growth in access to internet connection is further illustrated by Figure 8.

**Figure 8. Percentage of households with internet connection, BiH**



Source: FAgency for Statistics of BiH, 2023.

## IV. Conclusion

**The provision of social assistance in Bosnia and Herzegovina is still not adequate, covers only part of the vulnerable, and is poorly targeted.** Under light of the consequences of the COVID-19 pandemic and the effects of the war in Ukraine, the authorities are mainly focusing their social assistance efforts to wage and pension increases in hopes of mitigating the impact of high prices. Reforms in the sector should focus on enhancing social safety nets, starting with building up a social registry. Although these reforms will take time, they should be undertaken without delay to better prepare the economy for future shocks.

**The existing strategic and development planning systems at the central level require additional capacities in the fields of social security and education,** and further efforts in developing labour market policies programming and implementation, including cross-sectoral integration, establishing new service delivery methods, and facilitating the integration of programme-based budgeting.

**Despite the noted economic growth, the lack of sustained investment in key sectors and failure to conduct institutional reforms has resulted in the economy lagging behind the EU.** These shortcomings also contributed to an increasing inequality within the population, particularly impacting women, Roma, youth and other socially sensitive groups which remains highly vulnerable to external and internal shocks. After the COVID-19 recovery, trends towards economic deterioration were recorded again. The most visible result of this circumstance is the remarkable levels of emigration from BiH, with more young, talented, and increasingly middle-class citizens choosing to pursue their aspirations outside of BiH. To address this situation, Bosnia and Herzegovina urgently needs to set up functional

coordination mechanisms and address the existing financial gap to ensure a cohesive and effective approach targeting this issue at the central level.

**One of the most serious challenges to policy dialogue in Bosnia and Herzegovina is the lack of official data in key areas,** including the conduction of an updated census to address the delay in collecting data on poverty. In many other areas relevant to the construction of social policies, data is not disaggregated. This lack of reliable and updated data is related to a combination of factors, such as fragmented statistical systems, the complex governance system, a lack of agreement on data standards and collection methodologies, and lack of capacity in the institutions responsible for statistical data collection.

As a result of the shortcomings in data collection, the current practice of public policy makers rarely leads to decision making processes based on evidence. Presently, the BiH governments neither demand this information nor provide funds for research. In the current conjuncture, allocated funds to Statistical offices in the economy are often not sufficient even for the conduction of regular surveys.

**The Survey on Income and Living Conditions (SILC) has been conducted in BiH in May-July 2022 but has not yet been made public.** Once published, its credibility and timeliness may be questionable, as its data collection was conducted at a time when inflation was significantly lower. An alternative to SILC, the Household Budget Survey (HBS), is conducted once in every four years or less, however, its last rendition was completed in 2015. As a result, social research analysing important issues in BiH such as poverty and inequality has to rely on data collected in 2015, a situation that may persist for future research, as

it is not yet known when the next rounds of the HBS will be implemented.

The issue of weak data collection is further undermined when considering that many international surveys were not conducted in Bosnia and Herzegovina. One of these surveys is the Programme for International Student Assessment, which was supposed to be held in 2021, and was postponed to 2022 due to the pandemic, counting with the participation of 85 economies. The reason for not conducting this survey in Bosnia and Herzegovina is political disagreements, i.e. non-signing of the contract by the BiH Presidency, which was supposed to approve this testing. Even though the results from the last PISA conducted amongst students of the economy in 2018 and the results from the Trends in International Mathematics and Science Study (TIMSS) assessment conducted in 2019 have shown disappointing results with regards to the education system in BiH, the Government decided to discontinue their participation in

the survey. Finally, although the last Census was completed in 2013, two years after other economies in Europe, it seems that the new Census will not be conducted in 2023.

**In line with the previous ESAP Report and its findings, one of the most pressing priorities of BiH Governments is to invest in human capital by enabling people to achieve their potential.** This goal could be achieved by numerous interventions including:

- a) Establishing a better education system built on tight connections with labour market, leading to better employment prospects for graduates and the unemployed;
- b) Advancing and promoting work-based learning programmes and committing to the further development of recognition of prior learning for vocational education and training and higher education;





- c) Ensuring further development of the qualification framework in restructuring the vocational education system for the benefit of employers and employees through the delegation of the regulation of the system to businesses and industries;
- d) Improving the quality and inclusiveness of pre-school education and ensuring a better coverage of children enrolled in primary and secondary education to enable a nurturing environment for child development and ensuring inclusive education for all;
- e) Further developing the functional educational system for adults and life-long learning through the increased investment and capacity building of the responsible education agencies;
- f) Building the capacities of educational institutions to provide a higher level of knowledge and practice particularly in the area of information and communication technology; and
- g) Increasing the economy's participation in international benchmarking initiatives.

Beyond policy development, the implementation of existing strategic documents remains a challenge. Therefore, greater efforts need to be directed towards better coordination among social partners and private and public stakeholders in charge of education and training provision. Moreover, more substantial financial resources need to be allocated to the development of modern educational training programmes and teacher training in various educational fields.

**Additional efforts and investment in designing better active labour market measures to combat unemployment especially long-term unemployment are needed.**

Efforts to improve the dynamics of the labour market must reduce their fragmentation and improve social mobility through further enforcement of capacity building initiatives for labour and employment institutions, enabling them to work as counsellors for active job seekers. Moreover, additional policy attention is needed to increase the

mobility of the labour force, harmonise labour legislation, increase active labour market measures versus passive measures, and improve social dialogue. To reach these goals, employment services should have a critical role to play in addressing unemployment, through measures such as career counselling, vocational training and job-matching services. Therefore, it is necessary to adopt wide employment priorities at the BiH level and agree upon a common package of active employment and skills development measures to be included within a Youth Guarantee Implementation Plan. Moreover, labour market initiatives should be focused on building coherence and synergies across institutions responsible for the provision of education, scaling up training and employment policies and practices to reduce high unemployment rate, especially among youth, addressing skills mismatches, and in facilitating the creation of good job opportunities that could address the significant emigration and the subsequent brain drain in the economy.

**Employment subsidies make up a predominant part of active labour market policies.**

It is necessary that policymakers reconsider the currently existing ALMP programmes, transforming them into subsidising self-employment initiatives that will generate new jobs. This adaptation of the ALMPs should be accompanied by the introduction of robust monitoring and evaluation measures that will assess their relevance, efficiency, efficacy, impact, and sustainability, in addition to bringing with them additional value, such as data to inform the learning process. To reduce in-work poverty, BiH governments and employment agencies responsible for ALMPs should focus on targeting those most at risk of engaging in precarious work, along with a more substantial development of training programmes.

**BiH Governments need to consider reducing labour taxation and simplify the entire system, as well as to increase the wages of workers and their future pensions.** In addition, amendments to the set of laws are key to cre-

ating new jobs, international competitiveness, and increasing exports.

**The current labour regulations do not tackle platform work directly.** Platform workers do not formally exist as a legal category, nor do they have legally regulated status. Thus, there is an urgent need for policy dialogue on the topic. Public discussion in Bosnia and Herzegovina regarding the employment protections of platform workers is still at an early stage and there is a lack of evidence to facilitate understanding of the challenges that platform workers face. Therefore, it is necessary to conduct research into the problems that platform workers and freelancers are facing and understand the extent to which platforms themselves guarantee labour rights. To do so, the working conditions provided by platforms should be evaluated against the five fair work principles: fair pay, fair conditions, fair contracts, fair management, and fair representation. This can then serve as a basis for advocating for the protection of worker's rights to relevant decision makers.

**Continued efforts are needed to improve the capacities of the healthcare system to ensure a more effective response to health crises and challenges.** Action areas to enable a more efficient healthcare system include focusing on providing inclusive and universal health care, improving access to health services, and establishing better and efficient monitoring systems with a specific focus on improving the access and outcomes of the healthcare system, reducing inequalities in the provision of health services, and strengthening its financial sustainability.

**The social protection system in BiH serves as the main provider of income and health security.** BiH Governments need to work on policies that will increase overall labour force participation and employment rates, particularly for youth and women. Additionally, to increase the budgets for social protection, governments improve labour market governance through the formalization of informal enterprises and reducing

undeclared work. After this process is conducted, social insurance coverage may be extended to workers in all types of employment contracts, including workers under temporary and service contracts, those working on digital platforms, as well as self-employed workers.

**Responsible authorities and statistical offices in Bosnia and Herzegovina must pay closer attention to data in key areas,** including ensuring the existence of an updated census poverty data, and education statistics, while also allowing for the disaggregation of data in other areas relevant to social policies.

**To improve social dialogue, it is recommended to work on further capacity building of social partners.** An example of positive developments in this field is the continuation of the Employment and Social Affairs Platform 2 (ESAP 2) initiative conducted by the RCC and ILO for the development of a regional performance benchmarking tool and the guidelines to be implemented from regional to local level in both entities of BiH. The Economic and Social Councils' status and functioning could be further enhanced by the establishment of an advocacy and communication strategy focused on awareness raising on the role of social dialogue, strengthening institutional effectiveness, setting strategic planning and changes to management and development of their organisational capacity, especially in the area of ESC technical capacities to formulate advice, and through increased contributions of the Economic and Social Council to drafting legislation and policies.

**Digital Media and Literacy (DML) can be better integrated in the schools through the awareness raising about DML.** This can be done through the campaigns at the different levels of BiH and local interventions with key stakeholders in the education field. Besides, there is a need to produce free teaching resources available in different formats with enough diverse content to attract different age groups with different socio-economic backgrounds or to be integrated

into the curriculum of specific subjects. Finally, the training of teachers is of vital interest. Teaching material per se is not sufficient to equip teachers with the knowledge and skills they need to address DML in the classroom. Therefore, the provision of training is very important to teach the basic con-

cepts of DML and instruct teachers on how they can make the most of these resources in the classroom. One way of securing the sustainability of teacher training is through their incorporation in their pre-service training.

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# Annex Fiche on Social Entrepreneurship in BiH

## Public Policies Regulating Social Entrepreneurship in BiH

Bosnia and Herzegovina has no specific policy regulating social entrepreneurship. In general, social entrepreneurship is not sufficiently supported in the economy. Although it is represented in several entity public documents in the field of employment and entrepreneurship, there are no specific public policies, strategies and actions plans dedicated to the development of social entrepreneurship as of yet. Social entrepreneurship is recognised in entity policy documents and then reflected in the entity and Brcko District Social Inclusion Strategies, which stipulates that social entrepreneurship can play an important role in the employment and social integration of socially marginalized groups.

Following significant results of social entrepreneurship initiatives in the economy, social entrepreneurship was included in different legal frameworks for the development of the sector in Bosnia and Herzegovina, as illustrated by the adoption of the Law on Social Entrepreneurship in Republika Srpska; the Law on Social Entrepreneurship of Brcko District, and the Draft Law on Social Entrepreneurship in the Federation of Bosnia and Herzegovina. With the support of these legal frameworks, the capacities of existing social enterprises were strengthened, and two associations of social enterprises were registered in the Republika Srpska and the FBiH, whose role is to lead a dialogue with the authorities in efforts to implement the abovementioned laws. These efforts pushing for the implementation of the legal frameworks are of particular importance when considering that, unlike Republika Srpska and Brcko District BiH, the Federation of BiH drafted its law on social entrepreneurship in 2022 but has not yet adopted it, and there are currently no prospects as to when its adoption will occur.

The adopted Laws on social entrepreneurship regulate the maintenance of the registry of social enterprises, the tasks and working methods of the Council for the Development of Social Entrepreneurship (for the Law in place in the RS), supervision, and other issues of importance for social entrepreneurship. Moreover, the Laws define the maximum profit of social enterprises can attain in the form of companies. For social enterprises that operate in the form of business companies or agricultural cooperatives, the portion of profits paid to the owners cannot exceed 51% of the realized profit in Republika Srpska, while in Brcko District BiH the proportion of the profit paid to owners is 49%.

The strategic framework for social entrepreneurship in Republika Srpska consists of all strategic documents that recognise social entrepreneurship as a way to improve the position of people who have been tacitly enumerated by the law, but also as an opportunity for the growth and development of social entrepreneurship, innovation, and entrepreneurial skills. Both RS and BD BiH Laws stipulate that social enterprises can exercise the right to special tax and customs deductions, but do not prescribe which ones specifically. Rather, they specify that social enterprises can exercise the right to special tax and customs deductions and exemptions in the manner prescribed by special regulations on tax, customs, and contributions.



Social entrepreneurship in FBiH is recognized within the Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027, which was adopted by the Government of FBiH and the House of Representatives of the Federation of BiH. As part of the project 'Contribution of civil society organisations to the development of social entrepreneurship in BiH', the Draft Law on Social Entrepreneurship in FBiH was prepared and public consultations were held in Sarajevo and Mostar in March and June 2022. The FBiH Ministry of Development, Entrepreneurship, and Crafts have sent the Draft Law to the Government of the FBiH with a proposal for starting the procedures for its adoption.

Social entrepreneurship in BiH is in its early stages of development. In practice, private organisations in various legal forms and sectors operate with the primary goal to create social value. The realized profit of such business entities is completely or mostly reinvested in achieving the established social goal. At the moment, Bosnia and Herzegovina has no precise record on social enterprises and their scale yet. Available information is mostly based on the support organisations' databases of beneficiaries and estimates of experts.

Existing social enterprises are engaged in multiple activities, from graphic design, agriculture, textiles, and information technology, to the delivery of services to marginalised groups, preservation of traditional crafts, and manufacturing. Especially in the rural areas, agriculture is seen as a suitable sector for social integration of vulnerable groups and is explored by many social business initiatives.

The most common forms of organisation in which these social enterprises were registered could be classified as:

- a) Associations of citizens that perform economic activities in accordance with the statute;
- b) Companies founded by citizens' associations with the aim of solving a certain social problem (e.g., youth unemployment);
- c) Cooperatives (primarily agricultural);
- d) Companies for the employment of persons with disabilities; and
- e) Protective workshops.

According to the data published on the website of the Federal Fund for Vocational Rehabilitation and Employment of Persons with Disabilities from August 2022, there were 110 active companies focused on the employment of persons with disabilities and sheltered workshops in the Federation of Bosnia and Herzegovina. This represents a slight decrease in the number of these initiatives as compared to 2021, which amounted to 115 active companies focused on the employment of persons with disabilities and sheltered workshops as reported by the same website. This is the only available official data related to social enterprises, specifically for endeavours that refer to the employment of persons with disabilities.

The Draft Law on Social Entrepreneurship of the FBiH, which is still on hold, is supposed to function as a general framework that regulates this field. The Draft Law precisely defines the conditions under which the status of a social enterprise can be acquired, the key actors in the implementation of the law, the roles and responsibilities of various ministries and other institutional actors responsible for certain issues of social entrepreneurship, as well as appropriate measures to support social enterprises. Besides the adoption of the law, numerous other legal regulations need to be harmonized to nurture a functional and conducive environment of social entrepreneurship. The presently existing legal frameworks in BiH tackling social entrepreneurship include:

- a) Federation of Bosnia and Herzegovina Development Strategy 2021-2027
- b) Federation of Bosnia and Herzegovina Social Inclusion Strategy for 2021-2027
- c) Republika Srpska Social Inclusion Strategy for 2021-2027
- d) Brcko District BiH Social Inclusion Strategy for 2021-2027
- e) Development Strategy for SMEs in Republika Srpska 2021-2027
- f) Republika Srpska Employment strategy 2021-2027
- g) Republika Srpska Law on social entrepreneurship November 25, 2021 (Official Gazette, 2021-12-14, No. 111/21)
- h) Brcko District BiH Law on social entrepreneurship January 26, 2022 (Official Gazette of Brcko District BiH, No. 2/10)
- i) Law on Associations and Foundations ("Official Gazette of RS", No. 52/01 and 42/05)
- j) Law on Social Protection ("Official Gazette of RS", No. 37/12, 90/16, 94/19, 42/20 and 36/22)
- k) Law on Agricultural Cooperatives ("Official Gazette of RS", No. 73/08, 106/09 and 78/11)
- l) Laws on professional rehabilitation, training, and employment of persons with disabilities (PWD), which regulate the concept and criteria for the establishment and operation of specific companies for the employment of PWDs. The Laws also defines sheltered workshops as a part of the companies for employment of PWDs.
- m) Rulebook on the content and the way of keeping the register of social enterprises of Republika Srpska
- n) Rulebook on the content and form of the application for acquiring the status of a social enterprise of Republika Srpska.

In addition to these provisions, in 2020 the Canton of Sarajevo, under its Strategy of Development, has started preparations for the drafting of the Law on Social Entrepreneurship. The aim of the law is to encourage the employment of hardly employable categories of the population, including persons with disabilities, persons over 50 who have been registered at employment offices for a long time, women, young people, and war veterans. The law foresees a clear definition of a social enterprise, as well as the establishment of a registry of social entrepreneurs in the area of Canton Sarajevo, as a base for the development of support programmes and financial measures for these enterprises, in accordance with their specific needs. The current status of the law is unknown.

Although laws on social entrepreneurship have been adopted, it is possible to affirm that they do not provide an adequate response to the needs of the sector in contributing to the creation of an adequate support system to social enterprises and their implementation. The shortcomings of the laws are related to the restrictive definition of social entrepreneurship and the weak harmonisation of the laws with other related legal regulations. The potential of social entrepreneurship is not sufficiently recognised in Republika Srpska as one of the possible ways to solve social and economic problems. Namely, a large number of elements that make up the essence of social entrepreneurship are in use and partially regulated by legal regulations from different areas. Additionally, there are other relevant issues which are particularly important for the implementation of the laws on social entrepreneurship, such as ensuring the existence of an ecosystem that will secure the necessary supportive instruments for the development of the sector, and a comprehensive policy framework facilitating financial and educational support for social enterprises, amongst other measures.

The status of a social enterprise in Republika Srpska can be acquired upon submitting a request to the Ministry of Economy and Entrepreneurship. After having conducted the necessary procedures and fulfilling

the criteria prescribed in the Law on Social Entrepreneurship, the Minister issues a decision on acquiring the status of a social enterprise. On 25 August 2022, Republika Srpska issued its first decision granting the status of social enterprise to the company 'Humanitas'. This company is currently engaged in commercial activity, and established as its goal the production of healthy food in the future.

In Bosnia and Herzegovina, there are several civil society organisations which are active in advocating for and promoting social entrepreneurship and fighting to build a more favourable environment for the development of the sector. To motivate the development of social enterprises in the economy, the Social Impact Award has been carried out in Bosnia and Herzegovina on an annual basis since 2017. This programme serves as both an educational initiative and a competition, whose goal is to support youth-led entrepreneurial ideas that have potential to be developed and implemented as innovative solutions to global problems. The mission of the Social Impact Award is to increase the interest for social entrepreneurship among youth as a way for exploring the opportunities for future career development. This project consists of three parts: education, competition, and award, as well as an incubator for the awarded ideas to be developed as sustainable businesses.

With the support of the European Union and other donors, a significant number of social entrepreneurship projects have been implemented in the economy. These projects aim at establishing an infrastructural basis for supporting the development of social entrepreneurship in BiH, raising awareness and informing about the importance and opportunities offered by social entrepreneurship, building the capacity of non-governmental organisations for the development and implementation of concrete ideas of social business, and strengthening cooperation between the private, public and civil sectors on the implementation of social entrepreneurship programmes or projects.

Some good practical examples of social entrepreneurship in the economy can be seen in the experience of the social enterprise Funky Guerrilla, which designs and sells clothes, having established by a grassroots organisation 'Most' from Gradiska. This civil society organisation is focused on promoting sustainable community development through three key action areas: protection of children and youth at risk, through its daily centre programme, environment protection, and social entrepreneurship. The social enterprise was founded in 2014 and ever since has been designing, creating and distributing Funky Guerrilla products both in Bosnia and Herzegovina and abroad. Significant support for the development of the initiative was received through the Youth Employment Project (YEP) programme and the Impakt foundation.

The experience of the Mozaik Foundation can also illustrate good practices in social entrepreneurship in the economy. It aims to identify, empower, and invest in young social entrepreneurs. Currently, the Foundation is building the lonac.pro community as a backbone of the social entrepreneurship ecosystem, providing all ingredients for the success of a young entrepreneur: capital, mentorship, information, knowledge, and partners. The lonac.pro community has gathered over 35,000 members, supported 84 social businesses and 107 prototypes to encourage a new generation of young entrepreneurs to provide for themselves and give back to community thus becoming role models to others in their generation.

Further examples of initiatives promoting a nurturing environment for social enterprises can be found in the project 'Contribution of civil society organisations to the development of social entrepreneurship', financed by the European Union, and implemented by the organisations 'Local Democracy Foundation' from Sarajevo and 'Lara' from Bijeljina. Through this project, 24 grants were distributed with the aim of supporting the economic viability of social enterprises and social cooperatives. The social enterprise 'Stitch

22' is a part of the network of social enterprises that emerged from the project, having received a grant from the EU in the amount of EUR 487,000. Being implemented by the Lara and the Local Democracy Foundation, the social enterprise 'Stitch 22' is based in Sarajevo and engages 350 women knitters whose handmade products are put in the market in Europe, America, and Asia. The initiative has been successful in its endeavours and managed to generate EUR 460,000 in income. The successful operation of this social enterprise in the foreign market is an indicator that social enterprises may win their place in the market by offering quality products which are also produced in a socially conscious manner. What distinguished this enterprise from the others is the fact that they give a portion of their profit to resolve social issues. In the case of 'Stitch 22', the issues targeted were the employment of persons who would otherwise not have a chance to get hired, and whose traditional skills, as shown in practice, are more appreciated abroad than locally. Nevertheless, social enterprises still need a legal framework which will recognize this form of entrepreneurship and acknowledge them as a driver of economic growth.

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