



Economic Impact Assessment of COVID-19 in Bosnia and Herzegovina

Report

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The emergence of coronavirus (COVID-19) was primarily a tragedy for humanity, affecting millions of people. It is also having an increasing impact on the global economy, especially the economies of developing countries, such as Bosnia and Herzegovina.

Executive Summary

With the COVID-19 (Coronavirus disease 2019) pandemic being a global crisis without a modern parallel, countries are racing to respond to this massive and fast-moving challenge. The lack of global precedent for a „black swan“ event is extremely broad in its magnitude and impact across geographic, demographic and economic sectors, and thus emphasizes the importance of the actions companies and policymakers will have to take during the response and recovery period.

During January 2020, the new disease began to attract media and public attention worldwide. Scientists soon discovered that the cause of the disease was a new type of coronavirus, officially named SARS-CoV-2, which first appeared in the Chinese city of Wuhan, and for which an appropriate medical response is yet to be discovered. Bosnia and Herzegovina, as one of the countries affected by the COVID-19 pandemic, had the first case confirmed on March 5, 2020, and the number of infected persons has been rapidly growing since then.

The overall impact of this pandemic on businesses and supply chains is still not completely known, as economic forecasts are not convergent and quickly undergo substantial revisions. The impact takes on multiple channels, affecting both the supply and demand side of the economy, thus making future forecasts difficult due to the number of factors that must be taken into account. The clearer picture should be available after the end (or easing) of the pandemic, while global recovery will depend on the ability of the affected countries to cope with the effects of the virus. However, one thing is for sure: this event will have **global financial consequences** that will be felt in almost every branch of the economy.

The Economic Impact Assessment (EIA) report presents an overview of the current state of the BiH economy, with an emphasis on the economic situation of vulnerable social groups and industry-level consequences of the COVID-19 pandemic. **The objective of this rapid assessment** is to identify the impact of the COVID-19 containment measures such as quarantine, closing of businesses and the disruption of global supply chains on the BiH economy as well as business sector responses to this shock. Finally, the objective is to identify options to address such impact for the private sector. Particular attention is paid to SMEs, export-oriented companies, as well as those in the services sector and agriculture/food production. **The assessment report** is intended to inform relevant stakeholders for the purpose of their response and recovery interventions **to help minimize the negative impacts on companies, institutions, communities and the society.**

The rapid assessment is based on data collected through specialized surveys conducted for the purpose of this analysis, but also on surveys and research by third parties, and focus groups held with company representatives to bridge data gaps. Special focus was on market feedback around:

- **Productivity losses and effects on employment due to demand loss** as well as other reasons,
- **Adjustments of companies to reflect supply and demand disruptions,**
- **Recommendations for immediate actions to be undertaken** as well as short- and long-term support measures to reduce and mitigate the severity of the pandemic on BiH economy.

Key research indicators show that the most directly impacted industries already have been those related to **accommodation, food service, and transport**, while **textiles and fabricated metals sectors experienced the worst hit with regard to the supply chain disruptions.** However, in the upcoming months, indirect impact of the crisis is expected to significantly affect the entire economy. Across all key sectors, majority of surveyed firms believe that their turnover will decrease in the 3-month period. It is also alarming that in one of the two most directly affected sectors – Accommodation and food services, 43% of all firms believe that they will have to cease operations completely in three months. However, some of the industries have used the pandemic situation as an opportunity for success, such as the ICT sector, considering changes that involve technology investment, infrastructure deployment, solution strategy and planning. Overall, majority of the firms in BiH have had their **normal business capacity utilization decline and turnover decrease** as a result of COVID-19 related measures implemented in March and April 2020. With regard to near future perspectives and based on the primary data, majority of firms are planning to take **labour cost cutting actions, such as wage reduction and layoffs in the short-term time horizon**, defined by 3 to 6 months. They nevertheless took the optimistic view that such measures will be temporary as only half of the companies indicated such measures beyond the 6-month period.

Primary data from two surveys is analysed using selected statistical methods. In addition to descriptive statistics, cluster analysis is utilized to identify sectors that are similar in terms of employment of vulnerable groups and other labour market indicators, while the analysis of variance (ANOVA) is performed to test how firm size relates to future

business expectations. The analysis shows that **smaller firms** in key sectors have already been **more exposed to the negative effects** of the COVID-19 pandemic, and are less prepared to deal with the forthcoming indirect impacts. However, **larger firms** will tend to have larger, more developed **supply chains** and will therefore be subject to greater external shocks. Employees working **routine-task jobs** that require little formal education and experience are the vulnerable group **most prone to being negatively affected** as a result of the pandemic-induced economic downturn. Results of the primary data analysis also indicated that COVID-19 would have an adverse impact on the most vulnerable group of workers: **precarious workers**. Explicitly, two specific groups of precarious workers have and will continue to be adversely affected: **young people and unskilled individuals**.

Primary data also shows that both **female workers and female owners** appear to be more adversely affected by containment measures than their male counterparts are. Firms employing a majority female workforce have already experienced larger initial shock. Additionally, despite data showing no difference in operating capabilities under containment, female-owned firms have experienced deeper initial turnover shock than male-owned firms. The percentage of female-owned firms that declared being able to continue regular business activities did not differ from male-owned firms. However, firms owned by females, on average, have declared significantly higher turnover drops from February to March 2020. Both of these trends partially result from a large proportion of females being employed in directly impacted sectors, particularly accommodation and food services.

COVID-19 crisis and economic deceleration have exposed fundamental weaknesses in the global system and are expected to have a far-reaching effect on **SDGs realization** and efforts. It has already shown serious negative effects on **SDG 3 – Good health and wellbeing**, as well as the **SDG 8 – Decent work and economic growth**. Further, negative impact will be reflected on **SDG 1 – No poverty**, **SDG 5 – Gender equality** and **SDG 10 – Reduced inequalities**. With all the goals being highly interconnected, the crisis effects are expected to touch the achievement of all SDGs. However, despite some of the gains on the Goals being eroded, **SDG-based framework needs to be an answer to restoring global prosperity and reaching the sustainable recovery**, defined as building an economy more resilient to pandemics and other global challenges. Change of business models of firms, shifts towards new realities and new market demands, potential opening of BiH companies to new markets, would need investments from the business sector in terms of new production lines, new offerings, etc. Moreover, strengthening of entrepreneurship and start-up culture might be a valuable way for boosting future crisis resilience via sustainable recovery. Furthermore, reimagining business models, in comparison to previous periods, must include strong consideration of environmental policies, standards and best market practices currently in place. However, in order for the business sector to fully advance sustainable development initiatives, national regulatory and policy frameworks would need further improvements.

In the process of taking the right steps and responding to the negative effects of the pandemic and the economic crisis, **accurate, consistent, timely and transparent information** is essential, as well as the cooperation at all levels of government and participants in various spheres – **government, business environment, financial institutions and international organizations**.

When it comes to government response, it would be recommendable **to assess potential VAT relief schemes and stronger support in terms of subsidies for social security contributions, salaries or personal income tax relief** for companies that are facing liquidity issues. However, every support scheme from the government should be designed and communicated as a temporary measure and follow the rules of evidence-based policymaking in order to minimise negative side effects that might emerge in medium- and long-term.

Private sector and government innovation can make a significant contribution to the immediate and short-term response to the pandemic and long-term resilient to a crisis. It is important to use the **achievements of modern technologies**, in order to create a publicly available good in the form of effective real-time insights that help us predict the development of the situation. One of the current key missing links to support digital business is the **digital signature**. Additionally, in the recovery period, business will have to **adapt and innovate their business models** to enable digitalization and online distribution channels, as business realities proved to be more resilient to the crisis.

Part 1 – Assessment Framework

1.1. Introduction

Brief description of the COVID-19 outbreak

On December 31, the government in Wuhan, megacity in the Chinese province of Hubei, confirmed that the authorities had handled dozens of cases of unknown viruses. ¹ At the time, there was no evidence that the virus could easily spread between people. Coronavirus pandemic 2019/20 or the COVID-19 pandemic, is a new airway disease. The disease officially appeared, as reporting to the general public appeared in late December 2019.² The number of people infected by this virus has increased rapidly around the world.

By May 12, 2020, the total cumulative number of people infected by the Coronavirus worldwide was 4,287,041, with a total death toll of 288,218.³ The total number of people infected in BiH by May 12, was 2,158, while the number of deaths from COVID-19 infection was 117. Regardless of the health aspect, the pandemic sets the global economy and globalization to a test and a challenge that threatens the acute global economic crisis.

The economic crisis has very quickly spread to all countries of the world that are dependent on free trade. Closure of borders presents the biggest blow to globalization, such as the automotive sector, which, regardless of the origin of the manufacturer and its brand, produces cars from parts coming from multiple countries around the world, as well as the production of a mobile phone, its various components are also manufactured in different parts of the world. It also presents a major blow to developing countries, given the ban on the flow of food as well as other export items.

According to direct information from representatives of the private sector companies in BiH, in late 2018 and early 2019, many companies in BiH felt the effects of a mild economic crisis, especially companies directly related to investment projects and the European market. According to the Annual Report of the Central Bank of Bosnia and Herzegovina, published in 2019, the private sector entered with noticeably lower realized profits in 2019, compared to 2017 and 2018. ⁴

The development of the economic situation in BiH is determined by the local specificities and trends of the global economy. In addition to the causes of the COVID-19 demand decline, continued disruptions in the value chains and decline in BH firms' production, aggregate demand and supply are aligned at a much lower level, which means a fall in employment and job losses. Consequently, the economy went into recession.

Important note: Bearing in mind that scientific community does not yet have a clear understanding of the virus's behaviour, transmission rate, and the full extent of the contagion, as well as the duration of the uncertainty, it is worth noting that the capture of the state of the market and economy may quickly change post this analysis. This report, reflecting a point in time and recommendations, will continue to develop after the 'cut off' date of this report. Moreover, scenarios discussed within this report could be and are likely to be different from an actual outcome. This report is a reflection of a "rapid assessment" from open resources and there could be other recovery options not included, which could be relevant. The outcome

of any of the options is unknown as of now and extrapolations are just that and are not likely to be the exact outcome.

THE FIRST DEATH IN EUROPE

A Chinese tourist has died in France as a result of the coronavirus, which was the first death in Europe, on February 14.

On April 1, UN chief Antonio Guterres warned the Coronavirus pandemic presents the world with its "worst crisis" since World War II as the global total of confirmed COVID-19 cases reached one million and the worldwide death toll topped 50,000.

¹ D.C. Policy Center, [A timeline of the D.C. region's COVID-19 pandemic](#)

² Ibid

³ [Worldometer](#)

⁴ Central Bank of Bosnia and Herzegovina, [Annual Report, 2018](#)

Overview of the National and International Response

The COVID-19 has undoubtedly shown that neither national governments, business sector nor international organizations were prepared for an immediate and effective response in the face of the deadly global pandemic. At the outset of the pandemic, governments around the world were occupied with measures to combat the virus, in terms of restricted population movement, shutdown of public transport, closure of schools, kindergartens, colleges, shopping centres and all service facilities, suspension of flights and travel, etc. With virus outbreak, the focus was on suppression. It was unthinkable to talk about the real consequences for the economy, because the scale of the virus in terms of severity and duration was unknown. According to the ILO data, pandemic of COVID-19 could caused around 195 million job losses⁵.

While developed countries are investing additional separate funding for assistance packages for target groups, most notably for companies representing the private sector and the population as a whole, developing countries are redistributing existing budgetary resources for economic crisis relief measures caused by the virus.

The emergence of virus initiated government response to combat the spread through reduced movement, shutdowns and suspension of public transport initially. Such measures were soon followed by promulgation of economic assistance measures.

For an overview of the response measures undertaken in the selected countries of EU, Western Balkans and BiH until May 5th, 2020 please refer to tables in [Appendix 1](#).

1.2. Assessment Objective

Objectives of the Economic Impact Assessment of COVID-19:

- Establishment of baseline situation within two months of the COVID-19 outbreak in the country;
- Identification of key impact and negative effects the private sector faces due to the COVID-19 outbreak;
- Identification of key problems and key solutions from the perspective of the employers/company owners;
- Identification of key problems and key solutions from the perspective of employees of the companies surveyed;
- Initial assessment of immediate needs, required solutions and implementation of recommendations with greatest impact from the perspective of the employers/companies that can be translated into large-scale and gender-responsive policy measures;
- Insights into different needs of services sector, tourism, agri-food sector and export-oriented sectors (textile, metal, wood, ICT, etc.);
- Information of further needs for assessments and analysis for greater understanding of the socio-economic effects of COVID-19.

⁵ UN News, [COVID-19: impact could cause equivalent of 195 million job losses](#)

Part 2 – Survey and Data Collection of COVID-19 Economic Impact

2.1. Target Groups and Audience

Following the identified gaps in existing studies and data sources, the analysis encompasses sectors defined in accordance with ISIC, Rev4. All sectors are analysed at the section level, except for manufacturing, which is further broken down by division due to the necessity to capture the nuances across different industries that fall within manufacturing. In order to ensure involvement of all impacted sectors within the analysis, a preselection of target industries is summarized below. Aiming to maximize the response rate and sample size, firms within these industries are of a primary focus of analysis, hence the industry selection criteria process is presented below in the Table 1.

Key sectors in BiH	Sectors that are identified as key to the economy of Bosnia and Herzegovina
Directly impacted	Sectors that are universally understood to be directly impacted due to restrictions making their business activity impossible or very difficult to carry out
Earlier identified sectors	Vulnerable sectors identified in earlier studies conducted in Bosnia and Herzegovina

Table 1: Industries selection criteria

The identification of key sectors is two-fold. Firstly, the typical strategic industries identified for Bosnia and Herzegovina are selected, including fabricated metal products, mining, textiles, chemicals, agriculture, and tourism.⁶ Secondly, other sectors are also identified which are responsible for a significant portion of the country's gross value added, as well as those that are growing, such as the ICT sector, which has been selected due to its rapid growth.⁷ Certain sectors with significant value added are not considered as key sectors for the sake of the analysis, as the impact of COVID-19 on their business activity is not expected to be significant. These include, specifically among others, financial and insurance activities, real estate, utilities and public administration. For a complete list of Gross value added per sector please refer to [Appendix 2](#).

Directly impacted sectors

Restrictive measures, posed to ensure that people remain in their home and do not travel, directly left a major impact on sectors related to travel and hospitality. Throughout the world, accommodation and food service activities, transportation, retail, as well as arts, entertainment and recreation are experiencing direct negative impact of closures and restrictions caused by the COVID-19 pandemic.⁸

Earlier identified sectors

While most research regarding the impact of the COVID-19 pandemic on the economy of Bosnia and Herzegovina is still in its early stages, certain analyses have already been carried out that allow for an identification of the adverse impacts of the virus on business operations. For example, a survey-based analysis of the tourism sector in Sarajevo identifies that a great majority of businesses in the sector expect a reduction in business volume between 61% and 100%.⁹ A survey-based analysis conducted by the Foreign Trade Chamber of Bosnia and Herzegovina identified transportation, storage, and logistics sectors as being the most adversely affected by the COVID-19 pandemic.¹⁰

Furthermore, an analysis of the initial first quarter sectoral data by the Foreign Trade Chamber, identified certain import and export dependent sectors that have already shown decreases in demand or supply due to the pandemic, or are expected to experience in the coming months. Namely, wood industry exports decreased by 15% in the first

⁶ China-CEE institution, [Bosnia-Herzegovina economy briefing](#)

⁷ Emerging Europe, [ICT Growth Continues to Boost Bosnian Economy](#)

⁸ ILO, ILO Monitor: [COVID-19 and the world of work. Second edition Updated estimates and analysis](#)

⁹ Tourism Association of Canton Sarajevo. [The Effects of the Coronavirus pandemic on the Tourism Industry in Bosnia and Herzegovina](#)

¹⁰ The Foreign Trade Chamber of BiH, [Business Difficulties Due to Coronavirus](#)

three months of 2020 compared to the same period in the year prior.¹¹ In the same timeframe, imports in the sector decreased by 16%. Furthermore, the metals and electrical equipment industries experienced a 9.6% decrease in exports and a 10% decrease in imports in the first quarter of 2020 compared to the same quarter last year.¹² Last, the pharmaceutical industry is also identified in the analysis by the Foreign Trade Chamber is, which experienced a 10% decrease in exports and a 0.76% increase in imports.¹³ The primary concern cited with regard to this sector is the restrictions the European Union has placed on importing the product into the union.¹⁴

Section	Divisions	Description	Key sectors	Directly impacted	Earlier identified
A	01-03	Agriculture, forestry, and fishing	X		
B	05-09	Mining and quarrying	X		
C	10	Manufacture of food products	X		
	13	Manufacture of textiles	X		
	16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials			X
	20	Manufacture of chemicals and chemical products	X		
	21	Manufacture of pharmaceuticals, medicinal chemical and botanical products			X
	25	Manufacture of fabricated metal products, except machinery and equipment	X		X
	27	Manufacture of electrical equipment			X
G	45-47	Wholesale and retail trade; repair of motor vehicles and motorcycles	X		
H	49-53	Transportation and storage		X	
I	55-56	Accommodation and food service activities		X	
J	58-63	Information and communication	X		
R	90-93	Arts, entertainment and recreation		X	

Table 2: Criteria and overview of sector selection

2.2. Methodology

For a comprehensive overview of the methodology, please refer to [Appendix 3](#).

¹¹ The Foreign Trade Chamber of BiH, [Analysis of the impact of the pandemic on foreign trade in certain sectors of the economy](#)

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

Part 3 – Assessment Findings

3.1. Baseline Situation – Prior to the outbreak situation

Until the mid-20th century, the economy in Bosnia and Herzegovina was primarily agricultural, relying on small and private holdings, with food being mainly imported as the national production failed to meet the internal demand. In the 1950s, the Yugoslav federal government opted for the development of heavy metal and military industry (in centrally located BiH), catalysing a significant industrial transformation. During the same period, agriculture, forestry, and livestock farming also boosted, making BiH a net exporter of food (and especially meat, dairy products, fruits, and vegetables, etc).¹⁵ In the years that followed, however, a number of unfortunate circumstances and events led to the devastation of Bosnia and Herzegovina’s economy, reflecting on insufficient horizontal diversification of the industry and lack of market coordination. Production fell by 80% and illegal economic activities (such as smuggling and the black market) were thriving. Since then, the country’s economy has managed to somewhat recover – particularly during the last ten years, with industrial growth resulting from recovery of pre-war industrial infrastructure in metallurgy, metal and wood-processing industry, and the expansion of its output into machinery and auto-parts industry, as well as introduction of market reforms towards a more liberal economy.

Production volume

According to BHAS preliminary data,¹⁶ the volume of industrial production in BiH rose 2.5% year-on-year in January 2020, rebounding from the 5.1% fall in the previous month, accompanying the subsequent increase in the number of employed persons (see Chart 1). It was the first gain in industrial activity since the last year, boosted by faster production of Electricity, gas, steam and air conditioning supply (11.8% vs 4.4% in December 2019) and Mining and Quarrying (13.7% vs 2.0% in December 2019).¹⁷ However, for Manufacturing sector, BiH recorded a 2.8% decrease in industrial production, which, along with the decrease of 9.8% from December 2019, indicates the consequence of unfavourable structure within the Manufacturing industry. As emphasized within Economic Reform Program for BiH for 2020-2022¹⁸, such structure is characterized by generally low levels of production, mainly of low technological intensity products that mostly depend on the market developments in the main trading partners. Overall, although production activity in BiH has shown signs of the improvement at the very beginning of 2020, the following period that was hit by the crisis will most likely encounter major problems and eventual slowdown of industrial activity that will reflect in most of the sectors. For additional information on the production volume prior to the crisis, please refer to [Appendix 4](#).

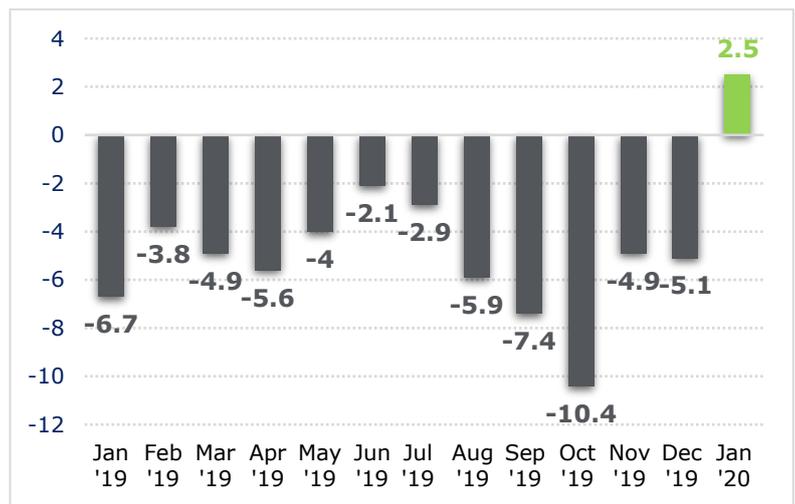


Chart 1: % change of BiH Industrial Output between January 2019 and January 2020

Source: Agency for Statistics of Bosnia and Herzegovina

Supply of raw materials

When it comes to the supply and production of raw materials in BiH, according to the data of BHAS, the production of raw materials recorded a decrease of 8.3% at the end of 2019 compared to December 2018.¹⁹ However, in January

¹⁵ Ivica Bakota, [Bosnia-Herzegovina economy briefing: Industry in BiH and contribution to growth, exports and employment – overview](#), China-CEE Institute, vol 9 no 2, 2019

¹⁶ Agency for Statistics of Bosnia and Herzegovina, BHAS: [Volume Index of Industrial Production in Bosnia and Herzegovina December 2019 - Preliminary Results](#)

¹⁷ Ibid

¹⁸ BiH Directorate for Economic Planning, [Economic Reform Program of Bosnia and Herzegovina 2020 – 2022 \(2020\)](#)

¹⁹ BHAS, [Volume Index of Industrial Production in Bosnia and Herzegovina December 2019 - Preliminary Results](#)

2020, the production of raw materials rebounded with an increase of 7.7% compared to December 2019, recording an overall increase of 5.0% compared to the same period last year.²⁰ Although the minor slow-down by the end of 2019 could have been understood as an early sign of the upcoming crisis, the beginning of 2020 rebounded with an increase in the production of raw materials, promising a very uncertain period to follow. Similar trend continued with an external trade, indicating a substantial increase in both exports and imports of raw materials from 2015 until 2019. However, 2019 recorded a slight decrease in both imports and exports of raw materials that subsequently reflected at the very beginning of 2020, indicating an inkling of significant fluctuation to follow throughout the year. For additional information on the state of the supply of raw materials prior to crisis, please refer [Appendix 5](#).

The growth of the sectors

Over the last decade, BiH saw a steady growth of Gross Value Added across most sectors. The sectors with the highest Gross Value Added annual growth rate (CAGR – Compound Annual Growth Rate) are presented in the Table 3 below.

Sector	CAGR	2018	2017	2016	2015	2014	2013
Manufacture of other transport equipment	43%	11,754	12,857	1,269	1,563	1,717	1,962
Other manufacturing	17%	60,934	52,069	35,374	30,404	27,005	28,389
Manufacture of paper and paper products	16%	153,019	128,773	97,467	108,236	94,363	72,411
Manufacture of furniture	15%	229,591	209,999	172,857	144,048	132,216	116,352
Arts, entertainment and recreation	13%	469,373	468,381	403,149	326,098	292,532	254,251
Manufacture of fabricated metal products, except machinery and equipment	13%	730,851	655,493	527,020	443,899	390,102	400,297
Manufacture of rubber and plastic products	11%	206,955	189,981	168,562	148,379	132,575	120,276
Manufacture of basic pharmaceutical products and pharmaceutical preparations	11%	116,963	100,761	84,218	84,656	84,820	69,192
Manufacture of motor vehicles, trailers, semi-trailers	11%	142,668	125,988	122,144	100,814	90,979	84,593
Manufacture of chemicals and chemical products	10%	189,242	195,263	190,455	157,388	129,951	117,532

Table 3: Compound Annual Growth Rate for major sectors in BiH

Source: Agency for Statistics of Bosnia and Herzegovina²¹

As seen from the above sectors, the industry that has experienced a major growth is the Manufacturing, however other industries including Metal and Automotive, ICT, Tourism/Travel, Agriculture and Food Processing have been noted by governmental bodies and private-sector groups to have experienced a significant growth (or growth potential). For more information on these particular industries, please refer to [Appendix 6](#).

²⁰ Ibid

²¹ Agency for Statistics of Bosnia and Herzegovina

Markets - Export and Import

Export values are a good indicator of overall industrial capacity of BiH. Despite the increase that followed the growth from 2015 onwards, BiH export is still inadequate compared to developed economies as well as below the levels of CEE countries where production meets a good share of domestic consumption. BiH export is limited to low value added products (coke, semi coke, unwrought aluminum, semi-processed wood) which are mainly marketed in the EU and intermediary industrial products (electric current) to neighboring Serbia and Croatia. Such observation seems interesting, as these products might be more vulnerable to business cycles than products purchased by households, with the final demand from households being more stable than demand for inputs from business (production) sector. Additionally, Manufacturing (90% of total exports) largely dominates the flow of exports, with main exports encompassing machinery and transport equipment (17% of total exports), chemical products (8%), inedible raw materials except fuels (8%), mineral fuels, lubricants and similar products (7%) and food and live animals (6%).²²

BiH main export partners in 2019:

Germany, Italy, Croatia, Slovenia, Serbia, Turkey and Austria

BiH main import partners in 2019:

Germany, Italy, Croatia, Slovenia, Serbia, Turkey and Austria, China, Poland, USA

Bosnia and Herzegovina is an import-dependent economy with BAM 19.5 billion spent on imports in 2019.²³ The negative trade balance has been persistent in BiH for many years and although the export to import ratio increased between 2016 and 2018, it dropped again in 2019 to 59.72%²⁴. The trade deficit has however only occurred in relation to merchandise – the services sector has seen a positive balance for many years now. Despite year-to-year fluctuation, tourism remains a key service export,²⁵ accounting for 44.8% of service exports in 2018.²⁶ Export of transport services has also grown (as a proportion of total service exports by main category), accounting for 11.2% of service exports in 2005, and nearly double that in 2018, at 20.9%.²⁷ While still import-dependent, the economy of BiH has steadily become less reliant on imports. This upward trend appears sustainable and stable over time. As of the beginning of 2019, the current account balance is -3.7% of GDP.²⁸ This still implies that the country spends more than it earns and continues to operate under a deficit. However, this is the lowest deficit in the country’s history. If the trend continues, one could expect the country to continue to lower its trade deficit. Another positive signal that goes hand in hand with the current account balance is the decreasing external debt in the country. Since 2014, external private debt has considerably decreased,

with latest available data from December 2018 reporting it at 41%. Meanwhile, external public debt was around 24.5% in the same year, and is projected to continue to decrease.²⁹ Overall, below Chart 2 captures the overview of export flow for the period of last year, indicating a significant rebound of exports at very beginning of 2020 after its fall in previous month, whereas Chart 3 shows the overall decline of imports for BiH since October 2019. For detailed elaboration of export and import of specific sectors, including chart explanations, please refer to [Appendix 7](#).

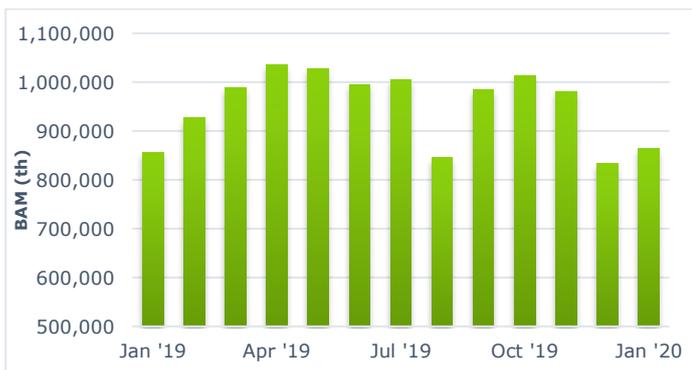


Chart 2: BiH Exports January 2019-January 2020

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

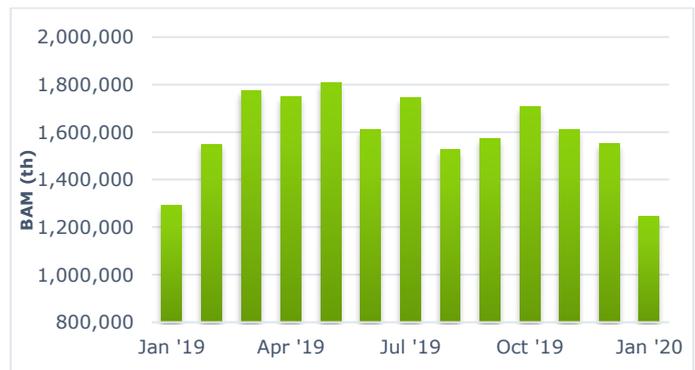


Chart 3: BiH Imports January 2019-January 2020

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

²² BHAS, [BiH International Trade in Goods Statistics – January – March 2020](#)

²³ BHAS, [BiH Foreign Trade in goods statistics, January-December 2019](#)

²⁴ For graphical representation of Export/Import ratio, see [Appendix 7](#)

²⁵ Tourism involves the buying and selling of services and goods, with compensation paid by a buyer (the visitor) to a seller. Tourism is considered an export sector as it is a source of foreign exchange earnings.

²⁶ United Nations Conference on Trade Development, [General Profile: Bosnia and Herzegovina](#), online factsheet, 2018.

²⁷ Ibid

²⁸ IMF, Bosnia and Herzegovina, [IMF Country Report No.20/126](#), April 2020.

²⁹ Ibid

Business Levies

Bosnia and Herzegovina has a very complex political and administrative system with several levels of government (state, entity, cantonal, city, municipality), each having a certain degree of authority to impose fiscal and para-fiscal charges. Customs Duties, Value Added Tax and Excise duties are levied on state level and applied equally throughout Bosnia and Herzegovina, independently of the fact where the business is located. Other taxes are levied by lower administrative levels – for example Corporate Income Tax, Personal Income Tax, Social Security Contributions are on entity level, Real Estate Transfer Tax on Cantonal level, Communal Taxes on municipality level, etc. Each government level can impose para-fiscal charges. The outcome, as per publicly available registries, is more than 3,000 different charges levied on taxpayers. The adoption and implementation of fiscal and para-fiscal charges below state level government is rarely harmonized and coordinated, which has been the case during the COVID-19 pandemic as well.

Number and structure of active companies

SMEs

Small and medium enterprises (SMEs)³⁰ represent a majority of businesses globally, as they account for around 90% of them and employ around 60% of OECD workers, which is likely to be even more in middle income countries. In BiH itself, SMEs represented around 99% of all enterprises (with 90% employing less than 10 people) in the non-financial sector in 2015³¹. Therefore, they are crucial to the economy of every country. At the same time, they are amongst the most vulnerable victims of the global COVID-19 pandemic. For many reasons, such as their limited access to financing, heavy credit dependency or their small cash reserves, they are far more susceptible to such crises than large enterprises. In the case of Bosnia and Herzegovina, it will most definitely not be different. According to OECD, businesses are being afflicted both on the supply side, due to labour shortages and supply chain disruptions, as well as demand side, due to a lack of clients and a decrease in revenues³². The pandemic also affects businesses very disproportionately, as most businesses are hurt, but some are affected far more than others are, with tourism and transportation likely suffering the most. In general, it is apparent that micro and SMEs are far more susceptible to the widespread social distancing than larger companies. Loss of a consistent stream of clients, combined with lower productivity and inherent limited liquidity of those enterprises may result in a rapid depletion of their resources. However, due to their often local nature, they remain largely unaffected by global supply chain disruptions. Thanks to their size and simple structure, SMEs are also able to adjust more swiftly to arising challenges than bigger companies. The current crisis is often being compared to the 2008 global recession, due to similar scale and effect on businesses, which in turn means that there are lessons to be learned from those previous events. The reduced demand in 2008 quickly drained the capital in many small enterprises. As a result, the world reported an increase in the occurrence of insolvencies and bankruptcies, as well as a surge of unemployment. In the US, October 2009 marked an unemployment peak of around 10%; in April 2020, the unemployment rate is already at 14.7% (with a record 3.5% just two months before, in February 2020). Due to the reasons mentioned above, SMEs were particularly impacted by the global financial crisis. For example, in Belgium 43% of SMEs in 2009 experienced extended delays in receiving payment and in the Netherlands 50% of SMEs had to deal with longer payment terms from their customers. In Sweden, bankruptcies soared over 50% in the first two months of 2009 compared to the same period in 2008. In Germany 25% in Q4 2008 enterprises marked falling sales as their main concern, while another 25% pointed to financial difficulties as being the primary threat. Denmark, Italy, Ireland, Norway and Spain also faced an increase in corporate insolvencies higher than 25%.³³ In 2008 and 2009, SMEs also found it far more difficult to acquire loans. Slovenia and Romania reported an increase in bank commission charges and more restrictive guarantee requirements.

³⁰ The following classification criteria has been used: small enterprises are those that employ up to 9 persons, medium enterprises employ from 10 to 49 persons.

³¹ Eurostat

³² OECD, [SME Policy Responses](#), 20 April 2020.

³³ OECD, [The Impact of the Global Crisis on SME and Entrepreneurship Financing and Policy Responses](#), 2009.

Wages and salaries

When it comes to the overview of wages and salaries of people employed in different sectors across BiH, it is evident that changes in wages over the period of last year have been fluctuating, reaching its peak at the end of 2019 with an average monthly gross and net wage of BAM 1,470 and BAM 951, respectively in December 2019.³⁴ This represents the nominal increase of 5.2% compared to November 2019 when the average monthly gross wage amounted to BAM 1,433 (see below Chart 4) and the average monthly net wage amounted to BAM 928 (see below Chart 5).

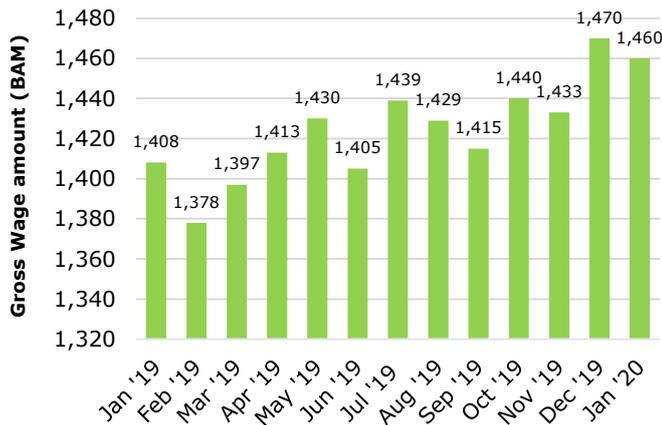


Chart 4: Average monthly gross wages in Bosnia and Herzegovina for the period between January 2019 and January 2020

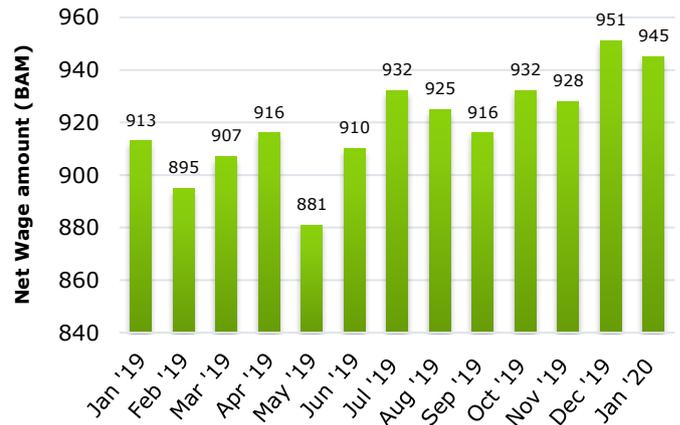


Chart 5: Average monthly net wages in Bosnia and Herzegovina for the period between January 2019 and January 2020

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

When observing the very beginning of 2020, in January, the average monthly *gross wage* in employment in legal entities in BiH amounted to BAM 1,460, recording a nominal decrease of 0.7% when compared to January 2019.³⁵ Additionally, as indicated in the Chart 5 above, the average monthly *net wage* in January 2020 amounted to BAM 945, recording a nominal increase by 3.7%.³⁶ Such growth of average net wage is stimulated by the *net wage* in both entities, excluding Brčko District due to unavailability of the most recent data. In FBiH, the average *net wage* in January 2020 amounted to BAM 958, which indicates a nominal increase by 2.57% when compared to January 2019.³⁷ Similarly, in Republika Srpska the average *net wage* in January 2020 amounted to BAM 914, nominally increasing by 3.04%.³⁸ Additionally, in FBiH the average *gross wage* in January 2020 amounted to BAM 1,477, which indicates a nominal increase by 2.87% compared to January 2019.³⁹ Similarly, in Republika Srpska the average *gross wage* in January 2020 amounted to BAM 1,421, which indicates a nominal increase by 3.20%. Furthermore, when considering changes in average wages according to the classified sectors for the period of last 5 years, the nominal growth is evident in almost all of the sectors.⁴⁰ The greatest nominal growth rates of average wages in BiH are recorded in the Manufacturing, Construction, Wholesale & Retail trade and Professional, Scientific & Technical sectors, amounting to nominal increases of 3.80%, 3.77%, 3.65% and 3.39% respectively.⁴¹

For further elaboration of the wages and salaries over the period of 2 and 5 years, including wages within particular sectors, please refer to [Appendix 8](#).

³⁴ BHAS, [Average Monthly Gross Earnings Of Persons in Employment December 2019](#)

³⁵ BHAS, [Average Monthly Gross Earnings of Persons in Employment January 2020](#)

³⁶ BHAS, [Average monthly paid off Net Earnings of Persons in Employment January 2020](#)

³⁷ Institute for Statistics of FBiH, [Average monthly paid off Net And Gross Wage of Persons in Paid Employment by KD BiH 2010, January 2020](#)

³⁸ Republika Srpska Institute of Statistics, [Average Wages of Employees](#)

³⁹ Institute for Statistics of FBiH, [Average monthly paid off Net And Gross Wage of Persons in Paid Employment by KD BiH 2010, January 2020](#)

⁴⁰ For additional information and graphical representations of annual wages in the period of last 5 years, please see [Appendix 8](#)

⁴¹ Calculated by author, from the computed data from Agency for Statistics of Bosnia and Herzegovina, BHAS

Employment

Trends in the labour market indicators show a continuous decrease in the number of unemployed people, following the annual growth in the number of employees in BiH. As such, in January 2020, the number of employed people (paid employment) in BiH amounted to 833,909, which increased by 0.4% compared to December 2019 (830,383).⁴² Similarly, the number of women employed in BiH in January 2020 also increased by 0.5% compared to the December 2019, amounting to 361,352. Accordingly, when looking at the employment situation prior to 2020, the employment rate (% ratio of number of employed people over the number of working age population) of BiH was 35.5% in 2019, with the rate for women and men encompassing 26.7% and 44.6% respectively.⁴³

Below Chart 6 captures the overview of changes in the number of employed people in BiH throughout the period of one year, whereas Chart 7 shows the representation of employed women for the same period.

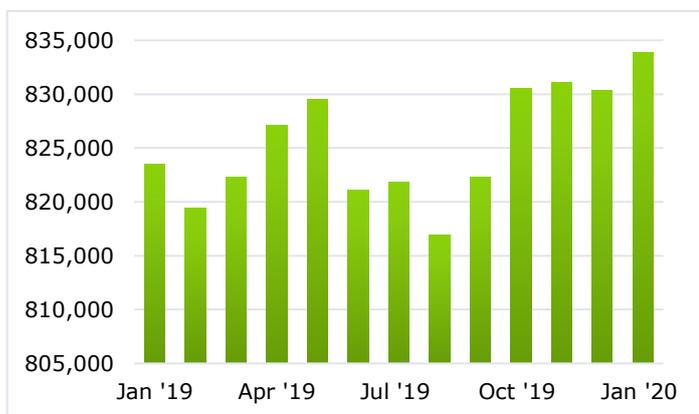


Chart 6: The number of people employed in BiH, January 2019 – January 2020

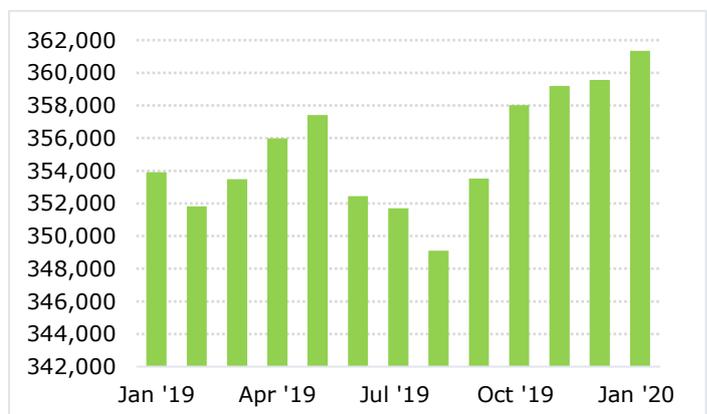


Chart 7: The number of women employed in BiH, January 2019 – January 2020

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

Although the strong decrease in unemployment can be partly understood by the growing number of retirees and increasingly negative demographic changes, the number of registered unemployed people in January 2020 increased by 1.1%, compared to December 2019. Along with 0.1% increase of number of unemployed women for the same period, in January 2020, the number of registered unemployed people in BiH amounted to 406,167.⁴⁴ In particular, unemployment decreased in the Brčko District by 0.5%, whereas it increased in the Federation of BiH and in Republika Srpska by 0.63% and 2.76% respectively.⁴⁵ When compared to the same period last year, the unemployment in BiH was lower by 6.29% with the unemployment rate being 15.7% in 2019, with the rates for men and women amounting 17.2% and 18.8% respectively.⁴⁶ For more information on the employment within different sectors over the period of last 5 years, please refer to [Appendix 9](#).

Labour force structure

Women in the labour market

Women face extra challenges and obstacles in the labour market of Bosnia and Herzegovina. According to World Bank data, women constituted 39.22% of the total labour force in 2019. The labour participation rate for women is far smaller than it is for men. ILO estimates suggest that only 45% of the female population (aged 15-64) was economically active in 2019, a figure significantly lower than the 69% for male counterparts. Participation rates are particularly low for younger women (aged 15-24), of whom only 24% are economically active (compared with 42% for males of the same age category).⁴⁷ The gap in participation exists despite the fact that a greater proportion of

⁴² BHAS, [Demography and Social Statistics - Persons in Paid Employment by Activity January 2020](#)

⁴³ BHAS, Labour Force Survey 2019, 2019 Thematic Bulletin 10, ISSN 1840-104X

⁴⁴ BHAS, [Demography and Social Statistics - Registered Unemployment January 2020](#)

⁴⁵ Labour and Employment Agency of Bosnia and Herzegovina, [Labour market overview, situation as of 31 January 2020](#)

⁴⁶ BHAS, [Registered Unemployment January 2020](#)

⁴⁷ ILO

working women have attained tertiary education; Work Bank data suggests that 77% of the female work force (in 2019) had attended university – whereas for males this number was 72%. An important statistic is also the proportion of workers in part-time employment, which is typically less secure and lower paid.⁴⁸ World Bank data indicates that as of 2019, 14% of total female employment is part-time – compared to 10% for male. An explanation for this gap in participation is cultural barriers and pressures.⁴⁹

The top 5 sectors in which women are employed in 2020, in order of magnitude include:

Wholesale & Retail Trade; Repair of Motor-vehicles

Manufacturing

Education

Human health & Social work

Public Administration & Defence

The pandemic is a particular threat to women, as their situation was already somewhat precarious, making them additionally vulnerable to negative consequences. Women “experience more difficulties in finding new opportunities and securing private sector jobs and cannot capitalize on these reforms because they have limited access to asset/collateral, credit and networks compared with men”.⁵⁰ The European Commission has identified the low availability of childcare and elderly-care as *particularly* obstructive to female employment in Bosnia and Herzegovina.⁵¹ Women in Bosnia and Herzegovina have access to one of the longest mandatory paid maternity leaves, at 365 days in 2017 (according to UNDP Human Development Report 2019). However, in practice it seems that the discrimination women face undermines this support. Labour reforms aiming to reduce the public sector are also placing further burden on women in an environment with limited support services (such as for childcare), and a cultural expectation to fill the gap with respect to care-work. This is significant considering that the public sector is one of the top 5 sectors where women work (by head count), accounting for 8.3% of all employed women (World Bank Data, 2020).

Looking at female representation in different sectors, it is apparent that the sectors where women constitute 50%+ of the workforce are (using 2020 figures):

What is immediately apparent, is that these are very much sectors which have seen sincere disruption from the COVID-19 pandemic.

Youth

Youth in Bosnia and Herzegovina consider unemployment to be the greatest challenge they face (according to survey data). Respondents perceive little institutional support for young people, and in the face of the high unemployment rate, they face risks related to drug abuse. Large numbers of respondents report attempts to enter the workplace after graduating from secondary education – to no avail.⁵² According to the ILO, a quarter of Bosnian youth has no education, employment, or training. World Bank data for 2019 states that 33.79% of total youth (aged 15-24) in Bosnia and Herzegovina is currently unemployed. This is markedly higher than the EU average, where youth unemployment sits just above 15% (for youth aged below 25). Job outlooks for youth are bleak, requiring job searches outside Bosnia and Herzegovina’s borders. A significant risk affecting youth is participation in the informal sector. The Employment Programme of the Sub-regional Office for Central and Eastern Europe (in 2009) estimated that half of working youth are employed informally, performing jobs under poor conditions and without social security or pension benefits. The nature of this work also provides stunted medium- and long-term job security, increasing the likelihood of falling into poverty.

- **Human, health & social activities** (71%);
- **Education** (69%);
- **Arts, entertainment & recreation** (66%);
- **Financial and insurance activities** (63%);
- **Other service activities** (58%);
- **Wholesale & retail trade, and repair of motor vehicles** (50%);
- **Accommodation and food service activities** (50%).

The disabled

The Committee on the Rights of Persons with Disabilities (of the United Nations Human Rights Office of the High Commissioner) considered a report from Bosnia and Herzegovina in 2017, which was engaged by committee

⁴⁸ Andrea Garner, [Are part-time workers less productive and underpaid?](#), 2016, IZA World of Labor

⁴⁹ For an elaboration on the gender differences in employment, please see [Appendix 10](#)

⁵⁰ Women Organizing for Change in Bosnia and Herzegovina of the Women’s International League for Peace and Freedom, [A feminist perspective on post-conflict restructuring and recovery: the case of Bosnia and Herzegovina](#), 2017.

⁵¹ EU Commission, [Staff working document on the Economic Reform Programme of Bosnia and Herzegovina \(2019-2021\)](#), Commission Assessment

⁵² World Bank, [Bosnia & Herzegovina: Economic Mobility, Jobs and Gender](#), 2016.

experts.⁵³ These experts found that Bosnia and Herzegovina faced two key challenges. One was the limited financial resources available for the support of disabled persons. The second was the implementation of positive discrimination measures, of which consultation with disabled persons ought to be a primary step. The committee experts “noted with concern that the policy on disability was discriminatory as it prioritized persons with war-related disabilities” over others.⁵⁴ As of 2016, the Ministry of Human Rights and Refugees of Bosnia and Herzegovina began allocating resources for “organisations of persons with disabilities”, to support their various activities. A new anti-discrimination law recognized persons with disabilities as a separate group, and also recognised the denial of reasonable accountability as a ground for disability-based discrimination.⁵⁵ This law also provided standing for collective legal action for systemic discrimination on the grounds of disability. A new law on legal aid ostensibly ensures access to legal aid for persons with disabilities on an equal basis as to any other citizen. For differences in the employment situation of disabled individuals by region, please refer to [Appendix 10](#).

SDG indicators

The Sustainable Development Goals (SDGs) or Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.⁵⁶ Along with 192 UN member states, Bosnia and Herzegovina committed to the implementation of the 2030 Agenda for Sustainable Development that consists of 17 SDGs and 169 targets. This 15-year plan presents the most comprehensive global sustainable and transformational development agreement that seeks to help countries commit, align and measure their respective contribution towards such an ambitious yet enormously crucial endeavour.⁵⁷

In 2016, Bosnia and Herzegovina officially embarked on its participatory Agenda 2030 journey, recognizing Agenda’s fundamental connective and collaborative process as a crucial help to progress further with its development.⁵⁸ The progress of BiH in reporting on SDG activities globally so far was achieved by developing the first BiH Voluntary Review in July 2019⁵⁹, which is a requirement of all UN Member States to submit at least twice by 2030. In 2018, BHAS published its first review of the selected indicators to measure progress in BiH⁶⁰ that served as an initial baseline towards creating a uniformed system of measurement. In the [Appendix 11](#), Table 18 is a representative summary of corresponding targets and subsequent indicators compiled from BHAS data release and Global Indicator Framework, used to produce the Voluntary National Review that informed on the process undertaken in the country and succeeded to engage thousands of people. Additionally, the information regarding BiH SDG performance and ranking in 2018 and 2019 in comparison to the other Eastern European countries, along with specific measurement indicators is elaborated within [Appendix 11](#).

⁵³ OHCHR. (2017), [Committee on the Rights of Persons with Disabilities considers initial report of Bosnia and Herzegovina](#)

⁵⁴ Ibid

⁵⁵ Ibid

⁵⁶ [UNDP](#)

⁵⁷ UN, [Sustainable Development Goals Knowledge Platform](#)

⁵⁸ UN, [Sustainable Development Goals Knowledge Platform](#)

⁵⁹ [Voluntary Review: Implementation of Agenda 2030 and the Sustainable Development Goals in Bosnia and Herzegovina](#), 2019.

⁶⁰ BHAS, [Multi domain statistics, UN Sustainable Development Goals: Selected indicators to measure progress in Bosnia and Herzegovina](#), XIII, 13, 2018.

3.2. Early Findings Phase

Globally, the economic impact of COVID-19 is currently being felt, among others, in the following ways:⁶¹

- Disruptions in global supply chains, with significant supply shortages and consequent price hikes
- Slowdown in investments and remittances and resulting job losses
- Volatility and collapse of stock markets due to uncertainties
- Decline in oil demand leading to decrease in oil prices and cut in revenue for oil exporting countries
- Decline in tourism and international travel and resulting job losses
- Unanticipated increase in health expenditure and resulting upsurge in public debt burden.
- Tighter global financing conditions despite interventions through monetary policy to cut interest rates

The pandemic is set to become one of the most economically costly pandemics in recent history.⁶² As discussed in the IMF's April 2020 World Economic Outlook⁶³, the world will be facing a deep global recession this year, while global output is likely to shrink by 3%. Global growth is projected to rebound to 5.8% in 2021, assuming the pandemic fades in the second half of 2020 and that policy actions taken around the world are effective. During the following two years, aggregated output loss from the massive crisis could reach 9 trillion dollars.⁶⁴ The International Labour Organization⁶⁵ predicts that COVID-19 will eradicate 6.7% of working hours globally in the second quarter of 2020, which corresponds to 195 million full-time workers.

It is unquestionable that the economic and health crises are both global, but their impacts are deeply local.⁶⁶

Macroeconomic overview

As stated in the previous chapter, the economic situation in BiH showed a slowdown and negative macroeconomic trends in BiH even before the pandemic period. However, the virus outbreak in Europe, primarily in Italy, triggered economic crisis in BiH as well, that was additionally impacted by the spread of the virus in BiH and consequential measures implemented by the authorities.

Decline of aggregated demand and supply

Declines in the demand and production, together with supply chain and international trade and transport disruptions contributed to the simultaneous fall of aggravated demand and supply in Bosnia and Herzegovina, which had a significant impact on unemployment rise, especially in the service sectors.

According to the several existing research papers⁶⁷, companies in BiH have experienced the outbreak effects at the beginning of 2020 caused by the supply chains disruptions. However, the real issues started in March in line with the downturn in foreign trade activity with Italy that is, together with China, among the five largest export markets for Bosnia and Herzegovina. In addition, Italy and China together make around 20% of BiH imports and their decline had a significant impact on the processing industries and companies that were dependent on the raw materials and semi-finished products from these countries. Accordingly, there was a decline of exports to Italian market of 18.26%, while imports decreased 6% compared to the same period last year.⁶⁸

When Governments in the Federation of BiH and in the Republika Srpska declared a state of disaster and emergency on 16th of March and later on enforced lockdowns, it was clear that BiH was facing a challenging economic period. Various restrictions, implemented by the state, entities' and local governments, drastically slowed the economy down, forcing many of the small and mid-size businesses and much of the hospitality, retail, and in-person

service sector to close their business operations.⁶⁹ As estimated by the World Bank⁷⁰, services, in particular those that require physical interaction, are likely to suffer the most, while indirect effects of the pandemic will be felt by almost every sector. Restrictions on travel have harshly disrupted transportation, which naturally caused the tourism collapse in the entire Western Balkans. This report also emphasizes the impact on manufacturing industries as social distancing measures disrupt production, which led to collapses in orders, and supply chain issues. Relatively more robust are essential sectors like healthcare, the food supply chain, the public sector, and sectors that can more easily

⁶¹ Deloitte, [Economic Impact of The Covid-19 Pandemic On The Economy Of Ghana review](#), 2020.

⁶² Frederic Boissay and Phurichai Rungcharoenkitkul, [Macroeconomic effects of Covid-19: an early review BIS](#), 2020.

⁶³ IMF, [World Economic Outlook, April 2020: The Great Lockdown](#), 2020.

⁶⁴ Ibid

⁶⁵ ILO, [COVID-19: Stimulating the economy and employment](#), 2020.

⁶⁶ UNDP, [The Social and Economic Impact of Covid-19 in the Asia-Pacific Region](#), 2020.

⁶⁷ Admir Čavalić, Faruk Hadžić and Damir Bećirović, [Economic Consequences for Bosnia and Herzegovina, Measures and Solutions](#), 2020.

⁶⁸ Foreign Trade Chamber of Bosnia and Herzegovina

⁶⁹ China-CEE Institute, [Bosnia-Herzegovina economy briefing: Saving the economy amidst the coronavirus epidemics](#), 2020.

⁷⁰ Edith Kikoni and Mark Tobias Schiffbauer, [The Economic and Social Impact of COVID-19: Setting the Stage](#), World Bank Group, 2020.

shift to telework, such as professional services related to the digital economy. Declines in the demand and production, together with supply chain and international trade and transport disruptions contributed to the simultaneous fall of aggravated demand and supply in Bosnia and Herzegovina, which had a significant impact on the rise in unemployment.⁷¹

On March 28th, the IMF announced a global recession, which additionally aggravated negative economic trends in BiH and caused declines in economic activity, employment, investment, exports and public revenues, which is expected to negatively affect the GDP for this year. Remittances that make around 11% of GDP are expected to decline, which will have a negative effect on consumption, a major growth driver before the epidemic.⁷² According to the updated IMF forecasts for BiH of 14th April 2020, due to the outbreak of the COVID-19, GDP growth is expected to fall to -5% in 2020 and pick up to 3.5% in 2021, subject to the post-pandemic global economic recovery. In a similar manner, CEE-Russia Business Group in their Economic and Business Outlook forecasts that it is expected that the BiH economy will shrink by 9% in the base case scenario. In addition, they predict the economy recovering only gradually by 3.5% in 2021.⁷³

As shown in the World Bank’s baseline scenario below, predictions are that BiH will confront a deep recession this year with annual growth decreasing by 3.2%, if the measures implemented by the authorities are lifted by the end of June. Q1 is expected to be slightly positive, followed by a steep decline in Q2 and a slightly negative Q3 as economic activity will start to increase. This scenario depends on the duration of the pandemic and the magnitude of the state programs aimed at stabilizing the economy. Hence, the estimates are made based on two scenarios (Table 4).

Indicators	Pre COVID-19	Baseline scenario	Downside scenario
Real GDP growth	3.4	-3.2	-4.2
• Consumption	3.3	-2.7	-3.8
• Investment	1.0	-6.2	-7.1
• Export	3.0	-8.8	-10.0
• Imports	5.0	-6.5	-7.5

Table 4: World Bank Scenarios

Source: World Bank

More detailed forecasts from this report will be highlighted in the following paragraphs. As foreign trade represents 81.3% of the GDP, it is expected that the pandemic effects on BiH’s open economy will affect almost every sector. Disturbance in supply chains and lower demand from the EU will cause slumps in both manufacturing and exports of goods and services. Compared to 2018 exports are projected to decline by 8.8% and imports by 6.5% as demand drops in both the EU and Western Balkan countries. Baseline scenario also predicts a decline of 6.2% in investment. Severe downturn in industry and export-oriented manufacturing, as the second largest individual sector has occurred in 2019 and an additional decline is anticipated in 2020, but with a less notable effect on production of food, beverages, and hygienic products. Sectors that are focused on domestic market or have the possibility of offering online services will have a less direct pandemic impact. Some examples are agriculture, information and communication, and health and social services. Concerning the expenditure segment of GDP, the only steady factor is public consumption, which is expected to grow by 0.8%. The downside scenario estimates a longer pandemic and a need for containment extending into Q3 2020, which would result in GDP contracting by 4.2%. This report also indicates the expectations about an increase of already high unemployment, especially in the service sectors. The labour market in BiH poses a significant challenge during the crisis, with over 28,876 jobs lost in Federation of BiH from the start of the

Predictions indicate that Bosnia and Herzegovina is facing a deep recession

Different analyses and scenarios of GDP decline have been conducted, one of them being the World Bank projection with baseline scenario anticipating annual growth decreasing by 3.2%, whilst downside scenario forecasts the 4.2% drop. Another scenario by the IMF predicts a fall by 5% in 2020. The actual scenario depends on the duration of the pandemic and the magnitude of the state programs aimed at stabilizing the economy.

⁷¹ China-CEE Institute, [Bosnia-Herzegovina economy briefing: Saving the economy amidst the coronavirus epidemics](#), 2020.

⁷² EBRD, [Responding to the Coronavirus Crisis: Update on Bosnia and Herzegovina](#), 2020.

⁷³ Nenad Pacek, Bosnia Economic and Business Outlook CEE-Russia Business Group, 2020, p.2

pandemic until May 5th, according to the FBiH Tax Administration⁷⁴. In Republika Srpska, authorities estimate that about 2,500 jobs have been lost in the period from 1st of March until 10th of April.⁷⁵ Additional forecasts presented in the World Bank report for the end of 2020 and 2021 are presented in the Table 20 in the [Appendix 12](#).

As for the early effects of COVID-10 estimated in April, according to the Agency for statistics of BiH⁷⁶, in the period January-March 2020 export amounted to BAM 2.63 billion, which is 5.2% lower than in the same period of 2019, and import amounted to BAM 4.28 billion, which is 7.2% lower than in the same period of last year. Export to EU countries amounted to BAM 1.93 billion, which is 7.8% lower than in the same period of 2019, while import amounted to BAM 2.62 billion, which is 6.2% lower than in the same period of last year. Export and import according to Nace Rev.2 - Production industry classification is given in the Table 21 in the [Appendix 13](#) in thousands of BAM.

Čavalić, Hadžić and Bećirović (2020) have created macroeconomic simulations and projections of GDP in 2020, based on the three different scenarios: realistic scenario, pessimistic scenario and interventions scenario. Macroeconomic simulations in the analysis show that BiH, ceteris paribus, will face a GDP decline in 2020 ranging from 3.97% to 9.53%. Realistic case scenario foresees the decline of Gross Value Added (GVA), employment and employee net compensation by 15% in second quarter (Q2), by 13% in third quarter (Q3) and by 10% in fourth quarter (Q4). Second, pessimistic scenario predicts a slightly larger decline in the activities compared to the first scenario, namely 20% in the second quarter (Q2), 18% in the third quarter (Q3) and 15% in the fourth quarter (Q4). Consequently, the expected drop of GDP in 2020 is by 9.53% and the expected rise in number of unemployed to 96,767. Third scenario based on intervention assistance envisages the implementation of certain economic measures aimed at mitigating the consequences for BiH economy. It is estimated that a package of economic measures covering direct financial expenditures to companies and workers and indirect measures such as tax reliefs in the minimum total amount of two billion BAM would result in the smaller decline of GDP in comparison to other two scenarios. This scenario projects a decline of economic activities by 10% in Q3, by 8% in Q3 and by 5% in Q4. Following these projections, GDP would experience 3.97% drop. In addition, by applying measures indicated in the analysis in a timely manner, it would be possible to reduce the number of unemployed to 33,284. These projections, together with projected GDP rates decline and quarter-to-quarter employment movements are presented in the [Appendix 14](#).

Overview of available surveys

Many public and private organizations have already implemented different analyses and surveys regarding the current impact and implications of the COVID-19 for companies in BiH.

According to the preliminary analysis from the BiH Foreign Trade Chamber⁷⁷ on the impact of the coronavirus on business from April 2020, 92% of respondents indicated that they were experiencing negative effects, while 71% of companies stated they are encountering difficulties in both, their imports and exports. The analysis is performed on the sample of 410 companies, of whom 86% was coming from micro, small and medium enterprises (SMEs). The highest numbers of respondents are operating in the following industries: manufacturing (38.3%), Transport and storage (18%), and Retail and Wholesale (12.2%), Construction (10%). The financial damage caused by COVID-19 until April 2020 is estimated by the largest number of companies at the amount rising up to BAM 50,000. Additional research of BiH Foreign Trade Chamber⁷⁸ states that according to preliminary indicators it is certain that specific industries, such as tourism, transport and manufacturing, will experience a significant decline of their business results in comparison to the same period last year.

This statement has been also confirmed in the recent research project "The influence of the coronavirus pandemic on the tourism industry in the Sarajevo Canton" which is a joint initiative of the Tourism Association of Canton Sarajevo and prof. dr. Almir Peštek⁷⁹ from the School of Economics and Business Sarajevo. The research sample consisted of travel agencies, apartment renters, hotels, transportation companies, tour guide, and rent-a-car companies. Based on their information received by March 2020, 79.4% of respondents expect a reduction in business volume between 61% and 100%, while a total of 81.1% of respondents reported cancellations ranging from 61% to 100%. About half of the respondents have sufficient resources for the normal functioning of the company for less than one month, while 91.8% of firms have the resources to operate only for a period of less than three months. The results also demonstrate that 42.1% of respondents do not intend to reduce the number of employees in the next three to six months, while 18.9% of respondents intend to reduce the number of employees by more than 80%. There is a statistically significant difference in the estimates of the need to reduce the number of employees between

⁷⁴ Tax Administration FBiH, [Stanje broja zaposlenih radnika u Federaciji BiH](#), 2020

⁷⁵ [The Employment Bureau of the Republika Srpska](#), 2020

⁷⁶ BHAS, [BiH INTERNATIONAL TRADE IN GOODS STATISTICS, January-March 2020](#), 2020

⁷⁷ BiH Foreign Trade Chamber, [Business Difficulties Due to Coronavirus](#), April 2020

⁷⁸ BiH Foreign Trade Chamber, [Business Difficulties Due to Coronavirus](#), April 2020

⁷⁹ [Tourism Association of Canton Sarajevo](#), April 2020

the younger companies and those that have been on the market longer. The more mature the company, the more pronounced the attitude towards reducing the number of employees. In addition, this research showed that companies in the tourism sector do not expect fast recovery; they have neither recovery plans in place, nor financial resources for maintaining business. However, respondents expect different aid modalities from the BiH institutions, Tourism Association of Sarajevo Canton and banks.

With an aim to explore the status and circumstances in which other sectors and companies operate in this crisis time, Chamber of Commerce of the Sarajevo Canton in cooperation with Ministry of Economy of the Sarajevo Canton⁸⁰ has conducted a survey among 815 companies from different sectors in the Sarajevo Canton. The research aim was to examine problems companies face in the midst of the coronavirus pandemic in order to explore potential solutions. According to this survey, for all surveyed business entities, the total estimated business losses for the period April, May and June 2020, compared to the same period in 2019, will amount to BAM 196,965,731. In addition, 79.7% of companies' representatives stated that they expect authorities' aid in form of co-financing employees' salaries, 50.2% in the form of grants, 32.2% in the form of deferred payment of loans, 21.1% in the form of the placement of new favorable loans, while 22.8% of them expect the compensation of the damages. As stated in the analysis of this survey, the market disruptions caused by the coronavirus pandemic will, in the first wave, have the highest impact on the micro and small businesses and sole proprietors, as well as those in the hotel and hospitality industry, which is also a statement confirmed in the two previously mentioned surveys.

In addition, Chamber of Commerce and Industry of Republika Srpska⁸¹ had also conducted a survey for small, micro, middle and big enterprises that are facing business difficulties due to coronavirus. The preliminary results include 1,010 respondents and show that 98.71% of them are already affected by the negative consequences of the pandemic, from which 53.66% stated they see the negative impact in their exports and imports, 9.90% only in exports and 20.59% only in imports. When asked about the financial damage they have already experienced in their businesses, 54.65% of respondents said they estimate damage up to BAM 50,000, 17.62% of respondents estimate damage between BAM 50,000 and BAM 100,000, 12.08% of them estimate the damage between BAM 100,000 – 500,000, while around 5% of the participants stated their damage is higher than BAM 500,000. Two out of 1,010 respondents said they have already closed their business and fifty-five of them said they would soon have to temporarily close their business. Only 5.45% of respondents stated they do not have any damage.

The COVID-19 impact on the micro and small businesses and sole proprietors that is underlined in the above-mentioned survey from the Chamber of Commerce of the Sarajevo Canton, has been examined in the research "How does the COVID-19 virus crisis affect businesses and entrepreneurs in BiH?". This survey was implemented by Foundation for Socioeconomic Development 787⁸² and targeted all entrepreneurs and owners of micro, small and medium-sized businesses in BiH. The largest part of respondents operates in the retail and wholesale sectors (20.1%), whilst the other most dominant sectors are accommodation and food service activities (14.1%), professional, scientific and technical activities (13%), and manufacturing (11.6%). When asked about the effects of COVID-19 on their business, 71.5% of the respondents said that the crisis already had a very negative impact on their business and revenues in the period when the survey is conducted (between March 26 and April 5). 68.9% of the male respondents and 73.3% of the total number of female respondents shared the same very negative experience. As anticipated, the micro-business sector has experienced the strongest negative effects so far. The results of this survey showed that by the end of the first week of April, 72.7% of respondents had already terminated their operations, whilst 16.4% continued to do business by introducing an alternative form of business, such as delivering products to the address. As for the businesses run by females, 68.4% of them in FBiH completely stopped their activities, whilst that number in Republika Srpska is even higher (76.3%). Out of the total number of respondents who had to completely shut down their business, 60.8% are females, while 39.2% are males. The key challenges that entrepreneurs are facing are reduced or completely suspended demand for products and or services, inability to meet obligations towards the government, collection of payments and liquidity issues. A significant percentage of respondents (40.1%) plan to borrow funds from banks and micro-credit institutions to overcome the barriers to business caused by the COVID-19 crisis. When it comes to the necessary types of financial support during this crisis, 56.9% of entrepreneurs pointed out the need for tax exemption and contributions, 23.5% of subjects need a one-time financial support, and 13.8% of the respondents expect a moratorium on repayment of loans and all obligations to the government. Undoubtedly, entrepreneurs will face a high level of uncertainty in the following period and different types of support will be necessary to further reduce and mitigate the socio-economic impact of the pandemic on the SMEs and entrepreneurs, as well as on the entire, already fragile and weak, BiH economy.

MojPosao.ba (Kolektiv),⁸³ as one of the leading recruitment agency in BiH has implemented a survey "How does coronavirus affect your job?" among employed and non-employed individuals in BiH. They asked the respondents

⁸⁰ Chamber of Commerce of the Sarajevo Canton, April, 2020

⁸¹ Data received from Chamber of Commerce and Industry of RS

⁸² Foundation 787, April, 2020

⁸³ Data received from Kolektiv (Posao.ba)

about their expectations and fear of layoffs, as well as the measures their employers have undertaken due to the pandemic situation (safety measures, current situation and expectations on salary reduction, measures related to taking unpaid leave or vacation in this period).

Out of 1,213 employed respondents, 67.7% of them stated that their employer did not obligate them to take a vacation, unpaid leave or sick leave, and that they are still working. 13.2% of respondents indicated they were obligated to take a vacation and 7.75% of them had to take the unpaid leave. Those who were required to take a vacation or unpaid leave are mostly working in the Fashion and Retail sector, Tourism and Retail. When asked about the wages reduction due to the COVID-19, 33.11% of respondents stated that their wages were reduced, while 66.89% did not experience any changes. Among those who experienced wages decline, majority is working in tourism (13.68%) and retail (16.42%). Apropos of other part of the sample that have answered they are unemployed at the moment (711 respondents), 52,89% of them have lost their job due to the COVID-19 pandemic, among whom the majority was employed in tourism sector (23.2%) and retail (10.67%).

The above-mentioned surveys are some of the currently available research being done on the topic of impact of COVID-19 on the business community in BiH that was chosen as relevant for this analysis based on the quality of data and significance of the sample. This assessment aimed to address the gaps identified in the existing evidence.

Primary data analysis

Description of surveys

The primary data analysis utilizes two separate surveys, the UNDP Economic Pulse Survey and a unique survey carried out specifically for the sake of the impact assessment (hereinafter referred to as "Impact Assessment Survey"). Both surveys were carried out in April 2020. The primary aim of the Economic Pulse survey was to identify opinions and trends affecting business operations in Bosnia and Herzegovina. The survey focused on questions relating strictly to business aspects, such as expected impact on turnover and adaptation plans, including layoffs and wage reductions. The Impact Assessment Survey complemented the information obtained by the Economic Pulse Survey, as it related to long-term business expectations and specifics regarding the employment outlooks of identified vulnerable groups.

Overall COVID-19 impact

Based on primary data from both of the assessed surveys, majority of the firms in Bosnia and Herzegovina have had their normal business capacity utilization decrease as a result of COVID-19 related measures implemented in March and April 2020. Economic Pulse data indicates that only 66% of firms have declared that they can continue to perform regular business activities. While according to the Impact Assessment Survey, only 25% of surveyed firms have been able to continue to operate at a level of complete business capacity usage. Thus, the containment-related impact has not been limited to particular segments of the BiH economy. Furthermore, the indirect immediate impact of the COVID-19 Pandemic is also visible throughout firms surveyed. Nearly 50% of all respondents in the Economic Pulse Survey noted that their turnover decreased by at least 10% in March 2020 when compared to the previous month. In the same period, 29% of all respondents declared that their turnover was cut by more than half. Of the key issues related to negative indirect impact, firms cite containment measures affecting trade, transport logistics, and sales, as well as behavioural changes in customers and business partners. This shows that issues related to the pandemic extend into the entire economy through changes in customer behaviour, firm behaviour, as well as trade and supply limitations.⁸⁴ With regard to near future perspectives, survey data conveys that firms are planning to take labour cost cutting actions, such as wage reduction and layoffs in the short-term time horizon, defined by 3 to 6 months. Almost half of all firms surveyed declare they may be forced to decrease wages of their employees in this timeframe, while 41% declare that they are ready to layoff at least part of their workforce. At the time the Impact Assessment Survey was carried out, firms appeared optimistic that such measures would be temporary. After 6 months, only 38% of firms declared planning wage reductions, and 32% declared potential layoffs.⁸⁵

⁸⁴ For a detailed breakdown of key negative impact channels of COVID-19 on firms, please see [Appendix 15](#)

⁸⁵ For a detailed breakdown of expected wage reductions and layoffs by time scenarios, see [Appendix 15](#)

Regional differences

Differences across entities within Bosnia and Herzegovina

In the Economic Pulse Survey, 67% of all firms surveyed were based in the Federation of Bosnia and Herzegovina (hereinafter: Federation BiH or FBiH), 31% were based in Republika Srpska and the remaining 2% were based in Brčko District. In the Impact Assessment Survey, 59% of all firms were from the Federation of BiH, 27% from Republika Srpska, and 3.5% from Brčko District. This survey allowed firms to note whether they had a location in both the Federation of BiH and Republika Srpska, 10% noted that was the case. Due to the small sample size for Brčko District, it is omitted in the primary data analysis.

Questions regarding direct impact show that firms in Republika Srpska are slightly more prone to shutdown measures, what can also be linked to more restrictive shutdown measures in RS than in FBiH, especially from mid-April onwards. In the Federation of BiH 68% of firms reported they can continue regular business activities, while in Republika Srpska 64% did. Similarly, in the Impact Assessment Survey, 26% of surveyed firms in the Federation of BiH reported having to shut down completely, as opposed to 32% in Republika Srpska. In the Economic Pulse Survey, business expectations for firms in these two regions for the next 3 months were very similarly; 56% of all firms expect a fall in turnover in the FBiH, compared to 54% in Republika Srpska. However, what is interesting, in both the 3-month and 6-month time horizon, more firms in the FBiH than in Republika Srpska noted that they expect they are planning wage reductions or layoffs at least to some degree. There appear to be no significant structural differences between the impact channels across regions. In fact, 58% of firms in the FBiH and firms in Republika Srpska reported that they have been able to retain a sufficient supply of raw materials and intermediate products.⁸⁶

With regard to external support mechanisms, 41% of firms in Republika Srpska stated they have requested payment deferrals, compared to 27% in the FBiH, per Economic Pulse Survey data. In addition, 30% of firms in Republika Srpska reported that their payment deferral request was rejected, compared to 18% in the FBiH. With regard to sought out channels for support mechanisms, firms in the FBiH and in Republika Srpska do not appear to differ significantly, except for support sought from the Chamber of Commerce. Perhaps, this results from Republika Srpska being significantly more likely to seek support from the Chamber of Commerce and Industry of the Republika Srpska than from national-level authorities.⁸⁷

Urban – Rural differences

Thanks to the breadth of the both of the surveys, the primary data analysis has a large enough sample size to note specific impact differences between firms operating in urban and rural settings. In both surveys, respondents were asked to provide information pertaining to the locations of their operations. This location data was then reviewed from the perspective of population density and adequate designations were assigned. Several exceptions were made following a final review. Specific urban areas whose official population density statistics were below the set threshold were identified. The same was done in the reverse situation in case of rural areas above the threshold.⁸⁸

Urban-based firms represented a large majority of all respondents from both surveys. Firms from rural areas represented 21% of all firms in the Economic Pulse Survey and 17% of all firms in the Impact Assessment Survey. Based on the profile of Economic Pulse Survey respondents, industries dominated by rural-based firms include agriculture, mining and quarrying, and water supply & waste management. Furthermore, construction and manufacturing were also represented by rural-based firms proportionally to survey distribution. Within manufacturing, key sectors from the Impact Assessment Survey, which included significant rural representation include food production and manufacture of wood and wood products.

With regard to direct impact, a similar percentage of firms reported being able to continue to perform regular business activities during March and into April. Of the firms surveyed in the Impact Assessment, firms in rural areas were a few percentage points more likely to be forced to largely or completely shut down operations, while urban-based firms were able to either adjust their operations or implement partial shutdowns. It is interesting that this discrepancy does not appear to be related to firm size. While one might speculate that rural firms are smaller, according to the Economic Pulse data, 57% of all urban-based firms employed under 10 people, while 52% of rural-based firms did the same.⁸⁹

⁸⁶ For most important factors limiting business by region, see [Appendix 15](#)

⁸⁷ For a detailed breakdown of payment deferral status and institutional support by region, please see [Appendix 15](#)

⁸⁸ For location designation, see [Appendix 15](#)

⁸⁹ For detailed breakdown of urban and rural differences, see [Appendix 15](#)

Near-future outlooks for rural firms also show that they will continue to be prone to larger shutdowns. In three months, a larger number of rural-based firms expects that they will have to cease operations, per Economic Pulse data. Furthermore, in the Impact Assessment Survey, rural firms are more likely to expect layoffs or wage reductions after 6 months. However, the limited sample size for rural firms that provided information about their long-term plans in this survey has to be noted.

Firms in rural areas appear to have a shorter period during which they have secure orders for their products or secure demand for their services. In the Economic Pulse Survey, rural-based firms are also more likely to state that they have no long-term secure orders. Only 16% of rural firms state that they have secure orders for 3 months or longer. For urban firms, the corresponding number is 26%.

57% of all urban-based firms employed under 10 people, while 52% of rural-based firms did the same.

Only 16% of rural firms state that they have secure orders for 3 months or longer, whereas 26% of urban firms state the same.

Overall, urban firms are more likely to seek support from third-party institutions, including public authorities and financial institutions. However, due to more direct immediate negative impact, rural firms have already begun receiving support from appropriate relief mechanisms. Namely, rural areas are more likely to receive tax delay and payment deferrals. Data also shows that urban and rural areas have similar acceptance rates; this would mean that firms based in rural areas are significantly more likely to apply for these two forms of government support. This would confirm the identified urgency with which rural firms must act in order to ensure continuity in their business through the upcoming months.

Sectoral and firm size differences

Sector

1. Vulnerable groups on the labour market – cluster analysis of sectors

Cluster analysis is a useful statistical technique for finding subgroups of observations within a data set. The goal is to identify which observations are alike and categorize them into subgroups. Observations in the same group are similar and observations in different groups are dissimilar. One of the most popular methods of clustering is hierarchical clustering, which results in a tree-based representation of the observations, called a dendrogram.⁹⁰

Sectors are observations in the performed cluster analysis, i.e. objects that have been clustered. Data on employment of the vulnerable groups and data on workforce reduction plans have been used to create variables. Each indicator (variable) related to vulnerable group is constructed as a share of firms in a given industry that employ a given vulnerable group in the total number of firms in that industry (which participated in the survey).⁹¹

The degree of similarity or dissimilarity between industries is measured based on the sample distributions of all described variables. All listed variables have been normalized and no weights were applied, so each variable is given the same importance. In such a cluster analysis, the clusters identified⁹² are:

Cluster 1 - Other Services, Wholesale & Retail, Accommodation & Food Service, Professional Activities, Information & Communication, Manufacturing

- Low or below average value for employment reduction of women (all the sectors except of Accommodation and Food Service) and low or below average share of women in employment (all the sectors except Accommodation and Food Service and Other Service Activities),
- High or above average value for no-layoffs (all the sectors except of: Manufacturing - below average, Wholesale & Retail – low value) and:
 - low share of the disabled in employment (all the sectors in the Cluster),
 - low or below average share of the disabled in employment (all the sectors in the Cluster),
 - low or below share of people living below the poverty line in employment (all the sectors in the Cluster),
 - low or below share of the Roma minority in employment (all the sectors in the Cluster),
 - low or below share of the returnees in employment (all the sectors in the Cluster),
 - low share of the unskilled in employment (all the sectors in the Cluster).

⁹⁰ For an explanation on how to read a dendrogram, see [Appendix 15](#)

⁹¹ For a description of each vulnerable group covered in the analysis, please see [Appendix 15](#)

⁹² For the analysis dendrogram, see [Appendix 15](#)

Summary characteristics of the Cluster 1:

- **Low representation of vulnerable groups among employed and relatively low socio-economic risk for those on the job.**
- **Conclusions for women are in line with those for other analysed groups, with an important exception for Accommodation and Food Service.**

Cluster 2 Administrative & Support Service, Agriculture, forestry, and fishing

- Very high value for employment reduction of women (Agriculture, forestry and fishing) and average share of women in employment (both sectors in the Cluster)
- Very low value for no-layoffs (Agriculture, forestry and fishing) and relatively low (Administrative & Support Services) and:
 - average share of the disabled in employment (both sectors in the cluster),
 - very high share of minorities in employment (Administrative & Support Services) and high share of those (Agriculture, forestry and fishing),
 - very high share of people living below the poverty line in employment (Agriculture, forestry and fishing), average share of those (Administrative & Support Services),
 - very high share of the Roma minority in employment (Agriculture, forestry and fishing) and high share (Administrative & Support Services),
 - above average share of the returnees in employment (Agriculture, forestry and fishing) and average share (Administrative & Support Services)
 - below average share of the unskilled in employment (Administrative & Support Services) and average share (Agriculture, forestry and fishing).

Summary characteristics of the Cluster 2:

- **Minorities and the working poor exposed to a much larger risk of losing their workplaces compared to other parts of the economy.**
- **Mixed evidence for women, but those employed in Agriculture, forestry and fishing are in worse position compared to other sectors.**

Cluster 3 - Construction, Finance & Insurance Activities, Real Estate, Transport & Storage

- Below average value for employment reduction of women (all sectors in the cluster except of Real Estate, which is above average) and above average share of women in employment (all sectors in the cluster except of Real Estate, which has the highest share in the sample of sectors)
- Very high value for no-layoffs (Construction), high value (Financial & insurance activities), below average (Transport & Storage and Real Estate) and:
 - high share of the disabled in employment (Construction, Financial & insurance activities), above average (Real Estate) and average (Transport & Storage)
 - high share of minorities in employment (Financial & insurance activities), above average (Construction), low share (other sectors in the Cluster),
 - high share of people living below the poverty line in employment (all sector in the Cluster with exception for Real Estate, which has a very low share),
 - high share of the Roma minority in employment (Financial & insurance activities, Construction), low share (other sectors in the Cluster),
 - very high share of the returnees in employment (Transport & Storage), high share (Financial & insurance activities, Construction) and low share (Real Estate),
 - very high share of the unskilled in employment (Transport & Storage), above average or high share (other sectors).

Summary characteristics of the Cluster 3:

- **Relatively safe sectors during the crisis for vulnerable groups, especially the unskilled, returnees and the poor.**
- **Relatively large number of employed women combined with a low risk of massive layoffs.**

2. Labour market response to the COVID-19 – cluster analysis of sectors

Analysis of sectors with respect to labour market response to the COVID-19 is also based on the hierarchical clustering and calculation of distance matrix. Variables and their definitions used for this analysis, as well as the result of the clustering is displayed on the dendrogram and a distance matrix of sectors in [Appendix 15](#).

Interpretation of the results

- Only 2 clusters identified – one represented solely by Agriculture, forestry and fishing and second by the other. This result confirms that Agriculture (...) is structurally unique sector and might require further analyses.
- Manufacturing and Wholesale & Retail is the most similar pair, which is a coherent outcome with cluster analysis of vulnerable groups on the labour market (these sectors were in the Cluster 1). Another sector from the previous Cluster 1 has been identified as similar to them (Professional Activities).
- Real Estate again is a sector relatively higher positioned to compare with others.
- Important differences between this and previous dendrogram include, among others:
 - Accommodation & Food Service and Financial & Insurance activities (here identified as a close pair, previously in separate clusters)
 - Information & Communication (here is not very similar to any sector, previously was assigned to Cluster 1)
 - Administrative & Support Services (here is not very similar to any sector, previously was assigned to Cluster 2 with Agriculture, forestry and fishing)
- Transport & Storage (Cluster 3), Administrative & Support Service and Agriculture, forestry and fishing (both Cluster 2) require additional attention from the policymakers, which results from their structural differences in relation to other industries.

Cluster 1 (all sectors except Agriculture, forestry and fishing)

- Below average value for employment reduction – women (for most sectors, an exception is Real Estate)
- Large differences in terms of female employment ratio
- High diversification of planned no wage reduction and:
 - High variability of average wage
 - High variability of permanent contract share
- High diversification of employed in age 15-30 and planned lay-offs or wage reduction.

Summary characteristics of the Cluster 1:

- **Highly diversified cluster, which indicates that other factors than sectoral characteristics might play important role with respect to planned decisions regarding employment and wages.**

Cluster 2 (Agriculture, forestry and fishing)

- Very high value for employment reduction – women
- Female employment ratio slightly below average
- Wages are below average and there is high risk of their reduction
- The highest share of permanent contracts, but at the same time the lowest value for no lay-offs and slightly below average value for no wage reduction (which indicates that permanent contract cannot substitute for other economic factors that influence labour demand)
- Above average share of employed in age 15-30

Summary characteristics of the Cluster 2:

- **Another evidence on women working in Agriculture, forestry and fishing as one of the mostly threatened group by the economic crisis, especially in terms of employment opportunities.**

Summary of other conclusions from cross-sections (of two variables)

Additional evidence has been derived from cluster analysis on the sectoral level. However, it should be interpreted with cautious as correlation are based on limited number of observations (equal to number of analysed sector) that represent labour market characteristics. Therefore, it might be concluded that:

- there is no evidence that higher ratio of permanent contract might protect employees with respect to their wage level. Also, according to cluster analysis, no evidence was found supporting the hypothesis that permanent contract might reduce risk of losing a workplace,
- no correlation between average wage and plans of wage reductions, which in this case does not support the hypothesis that labour market responses could increase income inequalities,
- no evidence that higher share of young employees is associated with lower presence of permanent contracts and higher risk of lay-offs.⁹³

Key sectors

Direct impact of the key sectors selected in the methodology shows that the most directly impacted industries already have been those related to accommodation, food service, and transport. However, in the upcoming months, indirect impact is expected to significantly affect the whole of the economy. Across all key sectors, majority of surveyed firms believe that their turnover will decline in the 3-month period. It is also alarming that in one of the two most directly affected sectors – Accommodation and food services, 43% of all firms believe that they will have to cease operations completely in three months. Coincidentally, another 43% of firms in this industry expected a fall in turnover (while remaining in operation) during the same period.⁹⁴

Majority of firms in key sectors are having some issues with their supply chain. By far the worst hit are textiles and fabricated metals. It can be inferred that they have a higher portion of raw materials coming from abroad, thus export-limiting circumstances have prevented sufficient supply for them in the highest degree.

Key findings and doubts extracted from surveys were further discussed and validated through focus group discussions. Key takeaways are given below:

Group 1: Accommodation and food services

- Effects of the outbreak felt since January with some 20% reduction in demand,
- Participants fearing the potential second or third wave of pandemics,
- Reservations for the months of August and September are still not cancelled,
- Referring to the SARS outbreak recovery stats for tourism sector of 20 months and WTO's estimate of 30% reduction in visits, they are expecting a similar trend when pandemic situation settles down,
- Hotel chains establishing new departments to handle additional cleanliness standards as a response to COVID-19.

Group 2: ICT

- ICT is a sector that went largely without negative effects from the crisis with infrastructure in place to support remote work. Some companies even declared that they had won new COVID-19 related business in previous two months. Demand for services grew for most, except for those serving industries directly hit by the outbreak (tourism, transport).
- Firms are however cautious in their outlook and expect delayed effects by year-end.
- Although employee productivity increased in lockdown conditions locally, many noted that this productivity is not sustainable as employees have fewer choices of leisurely activities and risk burnout.

Group 3: Agriculture and food manufacturing

- The sector initially experienced increase in demand of staples and meat through retail channels (focus group participants reporting 20% increase in March 2020 compared to March 2019) followed by stabilization in April.
- Larger firms did not lay off workers, while a micro firm (social enterprise employing people with special needs) had to lay off all staff due to underdeveloped business model, lack of government support and inability to pay salaries

Group 4: Export-oriented (wood, textile and metal manufacturing)

- Companies ensured not to halt operations completely but rather continued with special sanitation and social distancing measures in place to ensure safety of workers who were willing to work.

⁹³ See [Appendix 15](#) for graph on permanent contract and no layoffs correlation.

⁹⁴ For detailed survey results for key sectors, see [Appendix 15](#)

- Furniture manufacturing: Product delivery times of 60 days so during the months of March and April, orders from January and March were being produced and will be fulfilled with some delay. However, orders received during these months are significantly lower and declines in revenues of up to 70% are expected for the months of May and June.
- Participants estimate to have the consequences of lockdown felt at least for the following 6-12 months.
- Textiles: Retail stores closed country wide, retail employees on annual leave. Online channels established; however, they are not sufficiently developed to compensate for retail turnover.
- Employees were not laid off thus far but rather redirected to different projects such as manufacture of face-masks.

Firm size

Primary data analysis shows that smaller firms in key sectors have already been more exposed to the negative effects of the COVID-19 Pandemic, and are less prepared to deal with the forthcoming indirect impacts. However, certain vulnerabilities that relate specifically to larger firms have also been identified.

Using the one-way analysis of variance (ANOVA), one can determine whether there exist statistically significant differences between two or more groups. The ANOVA analysis identified differences in two separate independent variables that relate to effect that COVID-19 will have, or has already had, due to firm size. First, ANOVA confirms that there is a significant difference between the three-month expectations of firms based on firm size. While ANOVA only confirm that there is a difference, one can deduce that the smaller size firms are the ones that have lower expectations in the short and medium terms. Therefore, an interpretation of this result is that larger firms have more capital and savings to survive and adapt during the pandemic crisis. Second, ANOVA confirms a significant difference between the current supply of raw materials and intermediate products and firm size. This result confirms an expected vulnerability for larger firms. Namely, larger firms will tend to have larger, more developed supply chains and will therefore be subject to greater external shocks.⁹⁵

Vulnerable demographic groups

Females

Females appear to be more adversely affected by the impact of the pandemic on the economy than males. Both female-owned firms and firms with female-majority labour force show deeper initial adverse effect than male-owned and male-majority firms do. However, based on respondent declarations, this difference in trajectory flattens over time. In both the 3-to-6 month and over 6-month perspective, the business expectations female-owned and female-majority firms begin to resemble closely their male counterparts.

Despite data showing no difference in operating capabilities under containment, female-owned firms have experienced deeper initial turnover shock than firms owned by males. The percentage of female-owned firms that declared being able to continue regular business activities did not differ from male-owned firms. However, firms owned by females, on average, have declared significantly higher turnover drops from February to March 2020. Such differences can be partially explained by the scale of shutdowns between firms dominated by a given gender. Impact Assessment Survey data shows a significant difference in the scale of shutdown resulting from containment measures between firms that employ majority women and those that do not. The number of firms with a female majority workforce that has had to completely shut down is more than double than those with a majority male workforce. It is worthy of note that, while this may be explained by firm size differences for the two groups, Impact Assessment Survey data shows that firms owned by women and those employing majority of women do not differ significantly in size from their male dominated counterparts.⁹⁶

In the short and medium time horizons, business expectations do not seem to differ across gender-related aspects. Turnover expectations for both 3- and 6-month perspective do not differ significantly between male and female ownership. In the 3 month period, nine percentage points more firms with female majority workforces expect layoffs than other firms. Yet, after 6 months, this discrepancy disappears, with firms with majority female employees declaring higher expectations regarding job security.

Firms with a majority female workforce have already been more adversely affected directly and indirectly by the pandemic, therefore one would expect that such firms would also be more likely to seek support from the government or other relevant institutions. However, the scale of seeking support does not differ significantly across gender

⁹⁵ For detailed survey and ANOVA results, see [Appendix 15](#)

⁹⁶ For detailed survey results regarding business performance and expectations, see [Appendix 15](#)

characteristics of firms. What is more, the channels through which female-oriented companies seek support do not differ significantly. However, a slightly higher number of firms with male than female-owned firms contacted public authorities for support. This is troublesome, as one would expect that the initial larger negative shock caused by containment measures would mean that female-owned and female-majority firms would seek to utilize support mechanisms. However, not only are such firms likely to seek support, the percentage of them already receiving support also does not differ. According to the Economic Pulse Survey, around 6% to 8% of both female-owned and male-owned firms received payment deferments or were granted the ability to delay their tax dues.

Youth

Firms employing a significant amount of young⁹⁷ employees have not been more directly affected than other firms have by the restrictions and downturn caused by the COVID-19 Pandemic. Slightly more than 20% of firms with high youth employment reported not having to limit business activity already during containment efforts. This is on par with the result for all firms. The scale of shutdown between firms differing with regard to their youth employment percentage does also not differ.⁹⁸

However, what is noticeable is that firms with a majority of young workers are more likely to declare labour cost reductions in the short and medium-term. This would mean that despite a lack of initial differences, younger workers might be more prone than the general population for the indirect effects of the COVID-19 pandemic. This in part should relate to the types of sectors in which predominately younger workers are employed, including ICT and fabricated metals industry (as identified by the Impact Assessment Survey). These sectors, while initially more resilient to direct impact, may be subjected to indirect effects in the longer time horizon due to decreases in demand and complications in trade.

Unskilled Workers

Employees working routine-task jobs that require little formal education and experience are the vulnerable group most prone to being negatively impacted as a result of the pandemic-induced economic downturn. Primary data analysis shows that unskilled workers have already been and will continue to be disproportionately affected. Firms employing a significant percentage of unskilled workers were already significantly more likely to either shutdown completely or to a large extent. Based on firm business expectations, unskilled workers are more prone to early employment termination, as they are employed in firms that are more likely to lay workers off in the upcoming months. Additionally, Unskilled are more prone to employment termination also in the medium-time horizon.⁹⁹

Implications of COVID-19 for the Sustainable Development Goals

No country will be able to fight alone the immense social and economic challenges world will be facing in the post-pandemic period. The pandemic has exposed fundamental weaknesses in the global system. It has shown how the prevalence of poverty, weak health systems, lack of education, and a lack of global cooperation exacerbate the crisis.¹⁰⁰ The COVID-19 crisis will not end when the last confirmed case is treated. Its ramifications and implications will be far-reaching, and it is important to understand them in the present with a goal to respond better to potential challenges in the long term. Only this way it is possible to have the recovery that is sustainable and more resilient to pandemics and other global challenges.

That is why it is greatly significant that the entire global community is aware of the importance of the Sustainable Development Goals in this context. If there had been a better global status in the SDGs realization, humanity could definitely be in a better position to face this unprecedented situation with more stable health systems, lower number of people living in extreme poverty, better gender equality, more resilient and flexible societies, as well as healthier natural environment. From every challenge and battle, countries must walk out smarter and after this one, global leaders must understand more deeply the importance of the UN's 17 Sustainable Development Goals and build up the commitment to implement them. However, COVID-19 crisis and economic deceleration will have a far-reaching effect on SDGs realization and efforts.¹⁰¹

⁹⁷ Defined for the sake of the Impact Assessment as 30% or more of employees falling in the age group of 15 to 30 year olds.

⁹⁸ For detailed survey results regarding firms employing young workers, see [Appendix 15](#)

⁹⁹ For detailed survey results regarding firms employing unskilled workers, see [Appendix 15](#)

¹⁰⁰ Erna Solberg and Nana Addo Dankwa Akufo-Addo, [Why we cannot lose sight of the Sustainable Development Goals during coronavirus](#), World Economic Forum, 2020.

¹⁰¹ UN SG, [Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19](#), 2020.

Directly affected: Sustainable Development Goals 8 and 3

In the short-term, the pandemic has already shown serious effects on SDG 8 - Decent work and economic growth, as well as the SDG 3 - Good health and wellbeing.

As stated in the previous sections, many businesses in BiH have been forced to close permanently, and significant number of people have lost their jobs and/or experienced wages decline due to the COVID-19. Moreover, additional measures of this kind are expected in the following period. -The impact of COVID-19 on companies in BiH indicated in primary data analysis with regards to the demand and production decline, turnover decrease, export and import downturns and labour cost cutting actions, as well as the described macroeconomic state, all demonstrate the validity of the World Bank's predictions about BiH confronting a recession in the following period.¹⁰²

This situation shows a direct impact on SDG 8 that contains targets on social inclusion, decent work, sustained economic growth, equitable distribution of wealth and environmental preservation. The already high unemployment rate is expected to further increase; hourly earnings are expected to drop especially in the service sector as the economic growth per capita is predicted to decline due to the post-pandemic recession, all of these being the SDG 8 indicators.¹⁰³

As discussed in the primary data analysis, female owned firms experienced deeper initial turnover shock, and firms hiring mainly females experienced greater initial negative impact from containment. Based on the feedback received in the focus group with representatives of tourism sector, high number of low-educated women (e.g. kitchen help, cleaning staff) and vulnerable groups such as employees with special needs are expected to lose their jobs due to the demand decline. Results of the primary data analysis also indicated that COVID-19 would have an adverse impact on the most vulnerable group of workers: precarious workers, especially young people and unskilled individuals.

All of the stated will negatively affect SDG indicator 8.5.2 - the unemployment rate, by sex, age and persons with disabilities. As tourism sector is one of the hardest-hit sectors on a global scale, as well as in BiH that will also signify a negative impact on the tourism contribution to GDP, more concretely, indicator 8.9.1 - tourism direct GDP as a proportion of total GDP and in growth rate. Additionally, according to the feedback from focus groups and the survey, a high number of companies from different industries have difficulties with the import of raw materials and intermediate supplies. Thus, it is highly likely they will turn to utilizing domestic raw materials, which could have a limited positive effect on domestic material consumption, as one of the SDG 8 indicators.

The coronavirus outbreak undoubtedly had a devastating impact on the SDG 3 - Good Health and Well-Being. BiH, as a large number of developing countries has underinvested in health systems in the past and is characterized by weak, fragmented health system that does not ensure the universal access and capacity needed to face the COVID-19 health crisis. The health system in BiH was overwhelmed by the pandemic, especially during the first few intensive weeks of the pandemic. The health system unpreparedness was reflected in the lack of protective equipment for the medical staff, lack of disinfectants, hospital facilities and respirators. The mass testing was not implemented, due to the lack of COVID-19 tests. The increased demand caused by panic buying in the first stage of the pandemic has affected the availability of medications, facemasks and disinfectants. However, series of regulations implemented by the authorities together with citizens' discipline have resulted in relatively good epidemical situation in comparison with other countries.

Aside from the expected impact on general health, COVID-19 also had immediate impact on the wellbeing of humanity and on global mental and psychosocial health from isolation and stress.¹⁰⁴ Valicon¹⁰⁵ has conducted a survey on the life of the BiH population during the coronavirus era on a sample of 525 respondents. According to the survey, citizens are mostly concerned about: the health system, the consequences on the economy, the care for their parents, or the unresponsive behaviour of BiH citizens about the health care guidelines. Described circumstances negatively affect psychosocial health and result in higher level of stress. In addition, ILO¹⁰⁶ stated that workers and their families and business owners are facing increasing mental health challenges. The key risk factor that could lead to depression and other mental illnesses are psychosocial factors (work-life balance, isolation, anxiety and stress from work overload combined) and job-related uncertainties.

¹⁰² Edith Kikoni and Mark Tobias Schiffbauer, [The Economic and Social Impact of COVID-19 : The country notes](#), World Bank Group, 2020, p.12

¹⁰³ SDG Tracker, [SDG 8](#)

¹⁰⁴ World Health Organization, [Mental health and psychosocial considerations during the COVID-19 outbreak](#), 2020.

¹⁰⁵ [Valicon](#)

¹⁰⁶ ILO, [Safety and Health at Work in the face of the COVID-19 pandemic](#), 2020.

Specific COVID-19 related impact pertaining to SDG 3 is also visible in the results of the Impact Assessment Survey. In fact, around 20% of the firms surveyed in the impact assessment have identified health problems among employees as having at least a moderate negative effect on business. Additionally, a slight majority (50.6%) of all firms surveyed also declare moderate to severe organizational difficulties, including those related to ensuring their employees were protected by adequate safety measures and equipment.

Impact on poverty, hunger and gender inequality

As mentioned before, the loss of income will directly influence the vulnerable segments of society and families to fall below poverty line, which is indeed a negative impact at the SDG 1 – No poverty. One of the forecasts¹⁰⁷ reveals that COVID-19 is likely to cause the first increase in global poverty since 1998, when the Asian Financial Crisis hit. Due to the suspended economic activities, certain food production and distribution could be disrupted which also starts to impact the prices of food, which together with loss of income negatively affects the SDG 2 – No hunger. Additionally, the economic decline has major impacts on poverty and food insecurity.¹⁰⁸

In the view of the above-mentioned, it is likely that the SDG 1 indicators that Bosnia and Herzegovina has been following to monitor BiH progress towards achieving Agenda 2030 (poverty headcount ratio, proportion of population living below the national poverty line, by sex and age (%), proportion of unemployed persons receiving unemployment cash benefit, by sex (%)) will be negatively affected.

Regarding the SDG 5 - Gender Equality, the UN report¹⁰⁹ about responding to the socio-economic impacts of COVID-19 shows the extent to which women can be more strongly affected by the crisis. A large part of the workforce in the social and health sector is female, which is why they are more often exposed to the virus in the context of their work. Also, the data shows that women in BiH are exposed to twice as high risk of poverty than men.¹¹⁰ The economic successes already achieved by female workers and entrepreneurs are also at risk. Furthermore, women are particularly affected by observed increases in domestic violence. Emerging data shows that since the outbreak of COVID-19, violence against women and girls and particularly domestic violence have intensified,¹¹¹ which is also demonstrated by the increase of calls in SOS helplines for victims of domestic violence in Federation of BiH and Republika Srpska.

The current crisis definitely threatens to push back the limited gains made on gender equality and exacerbate the feminization of poverty, vulnerability to violence, and women's equal participation in the labour force. The SDG 5 indicators that the crisis is likely to affect in BiH, as well as globally, are violence against women from an intimate partner, violence against women from persons other than an intimate partner, proportion of women in managerial positions, female to male labour force participation rate.

Besides the above-mentioned, COVID-19 will almost certainly have a negative impact on the progress toward other SDGs. The predictions and global impact related to the rest of SDGs, as well as the interconnection of Goals are presented in the [Appendix 16](#).

Opportunity for transformative change

Analysts agree that with the right combination of actions, stimulus and investments from government and businesses, it is possible to achieve the recovery that will provide higher levels of economic, environmental and social sustainability. The onset of the "new normal" can create certain practices that can be in a way positive for sustainable development. For example, it is the case in many countries that the COVID-19 situation accelerated its digital transformation, which can result in this digital connectivity being the growth driver of companies and countries.

COVID-19 crisis and economic deceleration will have far-reaching effect on SDGs realization and efforts

The crisis has already triggered serious negative effects on SDG 3 and SDG 8. Further, negative impact will be reflected on SDGs that aim to reduce poverty, gender inequality and general inequalities. With all the goals being highly interconnected, the crisis effects are expected to touch the achievement of all SDGs. However, despite some of the gains on the Goals being eroded, SDG framework needs to be an answer to restoring and strengthening country prosperity and reaching the sustainable recovery more resilient to new global challenges.

¹⁰⁷ Daniel Gerszon, Mahlerchristoph Laknerr, Andres Castaneda and Aguilarhaoyu Wu, [The impact of COVID-19 \(Coronavirus\) on global poverty: Why Sub-Saharan Africa might be the region hardest hit](#), World Bank Blog, 2020.

¹⁰⁸ WFP, [State of Food Security and Nutrition in the World report](#), 2020.

¹⁰⁹ UN SG, [Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19](#), 2020.

¹¹⁰ UN, [VOLUNTARY REVIEW Implementation of Agenda 2030 and the Sustainable Development Goals in Bosnia and Herzegovina](#), 2019.

¹¹¹ UN Women, [The Shadow Pandemic: Violence Against Women and Girls and COVID-19](#), 2020.

Feedback collected during the focus groups confirms that the COVID-19 has positively affected the digital transformation stage of many companies in BiH.

However, referring to the collected primary data, 38.6% of respondents stated that the COVID-19 will have negative impact on the achievement of SDGs by 2030, 20.93% stated that the impact will be mixed, while 12% had a positive perspective and said that the pandemic will positively impact the goals achievement. When asked about the key aspects that have to be addressed in order to ensure a sustainable recovery following the COVID-19 pandemic, the majority of respondents have agreed that the most important goals are the following: Quality education (56%); Decent work and economic growth (51%); Industry, Innovation, and Infrastructure (42%); and Good Health and Well-being (41%).

While COVID-19 may negatively affect the ambitions of countries for sustainable development, the SDGs can and should be a helpful basis for a framework to answer its overwhelming effects both now and in the recovery period. The emphasis of all countries, including BiH, should be on the inclusive governance, better policy coherence, multilateral and sectoral institutional coordination and alignment of priorities.

3.3. Interpretation of the Findings and Implications for the Economy

From the analysis of primary and secondary data, the findings on COVID-19 impact can be summarized into the following five parts: summary of findings in three time horizons (immediate, short- and medium-term), general findings, findings for target industries, findings for regions and findings for vulnerable groups.

Summary of findings

Findings are summarized in the following table across three scenarios based on different time horizons: immediate horizon, short-term horizon (three months up to six months) and medium-term horizon (beyond six months).

	Immediate horizon (up to 3 months)	Short-term horizon (3 to 6 months)	Medium-term horizon (beyond 6 months)
Business expectations	<p>Majority of firms have been able to continue to perform regular business activities, except those in directly impacted sectors.</p> <p>Firms with majority female workforce more adversely impacted.</p>	<p>Majority of firms believe that turnover will continue to fall.</p> <p>Rural-based firms more prone to shutdowns.</p> <p>Smaller firms more likely to have worse business expectations.</p>	<p>Firms in directly impacted sectors at high risk of ceasing operations. This includes accommodation and food services and transport.</p>
Turnover	<p>Majority of firms have seen their turnover decrease.</p> <p>Most affected are small firms and firms in directly impacted sectors.</p> <p>Female-owned firms more sharply affected.</p>	<p>Majority of firms across all geographies and sectors expect turnover to fall.</p>	<p>Significant majority of firms across all geographies and sectors declare that they do not have long-term secure orders.</p>
Employment	<p>Employment levels in directly impacted sectors – most prominently accommodation and food services.</p> <p>Smaller firms more likely to begin layoffs than larger firms.</p>	<p>Companies indicated layoff plans across majority of sectors. However, more so in in FBiH than in RS.</p>	<p>Companies indicated layoff plans across majority of sectors, however to lesser extent than in the short time horizon.</p> <p>More of rural-based firms expect to reduce workforce than urban-based.</p>

	Majority of firms thus far have not laid off workers but rather taken under measures of cost cutting.		Unskilled are more prone to employment termination.
Wages	Wage levels affect in directly impacted sectors – most prominently accommodation and food services.	Majority of firms plan wage reductions.	Smaller amount of firms, but still around 38% of all firms expect wage reduction measures.
Raw material availability	Majority of target industry firms experienced supply chain issues. By far the worst hit are textiles and fabricated metals.	Firms with higher proportion of supply of foreign raw materials expected larger decreases in turnover. This specifically relates to textiles and fabricated metals sectors.	If supply chain disruptions continue, larger firms will be subject to greater long-term external shocks.

Table 5: Summary of findings across different scenarios

General findings

- Majority of the firms in Bosnia and Herzegovina have had their normal business capacity utilization decrease as a result of COVID-19 related measures implemented in March and April 2020. The indirect immediate impact of the COVID-19 pandemic extend well into all of the economy through changes in customer and firm behaviour, as well as trade and supply limitations.
- In regard to near future perspectives, firms are planning to take labour cost cutting actions, such as wage reduction and layoffs in the short-term time horizon, defined by 3 to 6 months. They however took the optimistic view that such measures will be temporary as only half the companies indicated such measures beyond the 6-month period. However, in both the 3-month and 6-month time horizon, more firms in the FBiH than in Republika Srpska noted that they expect they are planning wage reductions or layoffs at least to some degree. Rural firms are more likely to expect layoffs or wage reductions after 6 months.
- Export and import activities were highly affected across majority of sectors. The initial effect was primarily felt due to disruptions in transport and restricted cross-border movement. Imports of raw materials, semi-finished and finished products were further disrupted with imposition of restrictive measures and lockdowns in countries of origin, such as China and Italy. Similarly, exports of goods were disrupted in export intensive manufacturing sectors, such as manufacture of textile, metals, and wood.
- Over the longer time horizon, the trends in reduced foreign demand could be further exacerbated with government protectionism measures in the major trading partner countries. Reduction in export could result in manufacturing sector turning to exploring new foreign markets with lesser import restrictions and focusing on serving the local market replacing imported goods. Reduced imports of production supplies could result in shifts in supply chains to alternative sources to either foreign or local.
- Lack of confidence in government response and absence of dialogue with business community was frequently reported by the contacted firms. In anticipation of government subsidies, employers in manufacturing sector emphasized holding off on outright laying off workers but rather resorted to sending workers on annual and maternity leave or simply not renewing expiring contracts. However, many warn that they would be forced to resort to these measures if government support in the upcoming period is inadequate.

Findings for sectors and target industries

- The most directly impacted industries already have been those related to accommodation, food service, and transport. However, in the upcoming months, indirect impact is expected to significantly affect the whole of the economy. Across all key sectors, majority of surveyed firms believe that their turnover will fall in the 3-month period. What is also alarming is that in one of the two sectors most directly affected – Accommodation and food services, 43% of all firms believe that in three months they will have to cease operations completely.

Coincidentally, another 43% of firms in this industry expected a fall in turnover (while remaining in operation) during the same period.

- In terms of labour market responses to the COVID-19 on the sectoral level, only two clusters were identified. Cluster analysis was based on the following variables: female employment, employment by age, wages, contract type, planned wage reduction measures and planned employment reduction measures. Despite inclusion of different variables, sectoral disaggregation does not provide a clear explanation of underlying differences in employer’s measures and expectations, with exception for Agricultural sector.
- Additional evidence might be derived from cluster analysis on the sectoral level, but should be interpreted with caution:
 - there is no evidence that higher ratio of permanent contract might protect employees with respect to their wage level. Also, according to cluster analysis, no evidence was found supporting the hypothesis that permanent contract might reduce risk of losing a workplace,
 - no correlation between average wage and plans of wage reductions, which in this case does not support the hypothesis that labour market responses could increase income inequalities,
 - no evidence that higher share of young employees is associated with lower presence of permanent contracts and higher risk of lay-offs.
- Further disaggregation into industries (especially for manufacturing) offers additional relevant insights for policymakers. Conclusions from conducted qualitative studies for target industries are summarised in the table below.

Identified clusters	Sector / industries within Cluster	Summary of Findings
Cluster 1	<ul style="list-style-type: none"> • All analysed sectors except of Agriculture, forestry and fishing 	<ul style="list-style-type: none"> • Highly diversified cluster which indicates that other factors than sectoral characteristics might play important role with respect to planned decisions regarding employment and wages.
Cluster 2	<ul style="list-style-type: none"> • Agriculture, forestry and fishing 	<ul style="list-style-type: none"> • Clear evidence on women working in Agriculture, forestry and fishing as one of the mostly threatened group by the economic crisis, especially in terms of employment opportunities.

Table 6: Summary of the results for the labour market response to the COVID-19

Source: Author’s analysis

- Majority of target industry firms are having some issues with their supply chain. By far the worst hit are textiles and fabricated metals. It can be inferred that they have a higher portion of raw materials coming from abroad, thus export- and import-limiting circumstances have prevented sufficient supply for them in the highest degree. In some cases, companies have had or will have to change their suppliers which translates into higher costs, including transport.
- Tourism and accommodation are the most adversely affected sectors. Structural issue as the government shutdowns were not imposed on the operators (at least not to their entire operations), however indirectly all other measures resulted in zero demand for their services. Regardless, the sector was not eligible for sizeable systematic COVID-19 government recovery support thus far.

The food manufacturing sector initially experienced an increase in demand of staples and meat through retail channels (focus group participants reporting 20% increase in March 2020 compared to March 2019) followed by stabilization in April. Generally, larger firms did not lay off workers, while micro firms (social enterprise employing people with special needs) had to lay off all staff due to underdeveloped business model, lack of government support and inability to pay salaries.

Findings for SMEs

- Firms employing under 250 workers have already been more adversely affected by the direct impact of the COVID-19 and related containment measures. SMEs were significantly more likely to report complete shutdown of their operations in both surveys analysed. Therefore, sectors that have a large percentage of small and medium-sized enterprises are more prone to larger containment-related economic downturns. Such

industries include construction, retail, accommodation manufacturing and food services. Within manufacturing, specific sectors have significant percentage of all employed individuals working in SMEs. These are textiles, wood, chemicals, and fabricated metals.

- SMEs fear being out of business within the short and medium-time horizons significantly more than larger firms. These types of firms report having less secure orders more than one month into the future. The analysis of variance (ANOVA) also reveals a significant difference between firms 3-month business expectations and their number of employees.
- Primary data analysis confirms literature showing that SMEs are disproportionately affected by economic crisis, as they are characterized by various vulnerabilities on both the supply and demand side. Smaller number of workers mean that health is more detrimental to the continued operations of a firm. On the demand side, SMEs are more reliant on a specific segment of the industry, therefore as shortages and supply chain disruptions occur through the economy, they are more prone to complete shutdowns.
- Larger firms are more prone to partial disruptions as a result to more extensive supply chains. The analysis of variance shows a significant difference between the categorical variable assessing raw supply availability and the number of employees in a firm. However, while fewer in instance, each individual disruption in the availability of raw materials or products for intermediate will have a larger shock effect on small and medium size enterprises.

Findings for regions

- Firms from Republika Srpska were slightly more directly affected by shutdown measures than those in the Federation of Bosnia and Herzegovina, which can be linked to more restrictive shutdown measures taken in RS. No noticeable difference in future business expectations and between impact channels between across RS and FBiH. However, more firms in FBiH noted the possibility of cost cutting measures such as wage reductions and layoffs in the short- and medium-term perspectives.
- Firms in rural areas were more likely to be forced to largely or completely shut down operations, while urban-based firms were able to either adjust their operations or implement partial shutdowns. However, this discrepancy does not appear to be related to firm size. Near-future outlooks for rural firms also show that they will continue to be prone to larger shutdowns. In three months, a larger number of rural-based firms expects that they will have to cease operations. Firms in rural areas appear to have a shorter period during which they have secure orders for their products or secure demand for their services.
- In terms of locality, urban firms are more likely to seek support from third-party institutions, including public authorities and financial institutions. However, due to more direct immediate negative impact, rural firms have already began receiving support from appropriate relief mechanisms. Namely, survey data indicate that rural areas are more likely to receive tax delay and payment deferments.
- Data also shows that urban and rural areas have similar acceptance rates, which means that firms based in rural areas are significantly more likely to apply for two abovementioned forms of government support. This would confirm the identified urgency with which rural firms must act in order to ensure continuity in their business through the upcoming months.

Findings for vulnerable groups

- Situation of vulnerable groups on the labour market is different and clear sectoral patterns were identified. Following vulnerable groups were analysed: Women, Disabled people, Ethnic and racial minorities, People living below the poverty line, Returnees and internally displaced persons, Low skilled workers. Results of cluster analysis are summarised in the table below.

Identified clusters	Sector / industries within Cluster	Summary of Findings
Cluster 1	<ul style="list-style-type: none"> • Accommodation & Food services • Information & Communication • Other Service Activities • Manufacturing • Professional Activities • Wholesale & Retail 	<ul style="list-style-type: none"> • Low representation of vulnerable groups among employed and relatively low socio-economic risk for those on the job. • Conclusions for women are in line with those for other analysed groups, with an important exception for Accommodation and Food Service.

Cluster 2	<ul style="list-style-type: none"> • Agriculture, forestry and fishing • Administrative & Support Service 	<ul style="list-style-type: none"> • Minorities and the working poor exposed to much larger risk of losing their workplaces compared to other parts of the economy. • Mixed evidence for women, but those employed in Agriculture, forestry and fishing are in worse position compared to other sectors.
Cluster 3	<ul style="list-style-type: none"> • Construction • Financial & Insurance activities • Real Estate • Transport & Storage 	<ul style="list-style-type: none"> • Relatively safe sectors during the crisis for vulnerable groups, especially the unskilled, returnees and the poor. • Relatively large number of employed women combined with a low risk of massive layoffs.

Table 7: Summary

Source: Author's analysis

- Some industries should be a subject to further analysis in terms of situation and potential risks for vulnerable groups. Especially Transport & Storage (Cluster 3), Administrative & Support Service and Agriculture, Forestry and Fishing (both Cluster 2) require additional attention from the policymakers, which results from their structural differences in relation to other industries.
- Females appear to be more adversely affected by the impact of pandemic on the economy than males. Both female-owned firms and firms with female-majority labour force experienced deeper initial adverse effect than male-owned and male-majority firms. However, based on respondent declarations, this difference in trajectory flattens over time. In both the 3 to 6 month and over 6-month perspective, the business expectations female-owned and female-majority firms begin to resemble closely their male counterparts.
- The number of firms with a female majority workforce that has had to completely shut down is more than double than those with a majority male workforce. Worthy of note is that while this may be explained by firm size differences for the two groups, Impact Assessment Survey data shows that firms-owned by women and those employing majority of women do not differ significantly in size from their male dominated counterparts.
- Primary data analysis shows that unskilled workers have already been and will continue to be disproportionately affected. Firms employing a significant percentage of unskilled workers were already significantly more likely to either shutdown completely or to a large extend. Based on firm business expectations, unskilled workers are more prone to early employment termination, as they are employed in firms that are more likely to lay workers off in the upcoming months. Additionally, Unskilled are more prone to employment termination also in the medium-time horizon.
- Firms employing a significant number of young employees (15-30 years of age) have not been more directly affected than other firms by the restrictions and downturn caused by the COVID-19 pandemic. Firms with a majority of young workers are more likely to declare labour cost reductions in the short and medium-term. This would mean that despite a lack of initial differences, younger workers may be more prone than the general population for the indirect effects of the COVID-19 pandemic. This in part should relate to the types of sectors in which predominately younger workers are employed, including ICT and fabricated metals industry (as identified by the Impact Assessment Survey). These sectors, while initially more resilient to direct impact, may be subjected to indirect effects in the longer time horizon due to decreases in demand and complications in trade.
- A slightly higher number of firms with male than female-owned firms contacted public authorities for support. This is troublesome, as one would expect that the initial larger negative shock caused by containment measures would mean that female-owned and female-majority firms would seek to utilize support mechanisms. However, not only are such firms not more likely to seek support, the percentage of them already receiving support also does not differ.

Part 4 – Options for the Interventions

4.1. Guiding Principles for Sustainable Recovery

The general observation of the COVID-19 pandemic in Bosnia and Herzegovina in its effects on the economy and the society at large is that a revision in existing business practices will be promptly required. The pandemic has expedited some initiatives with notably slow adoption rate in the market, where digital transformation is just an example of such a process. The sudden onset of factors such as a heavy reliance on online tools and an urgent need for a remote work environment have significantly accelerated digital transformation. On the other hand, old hindrances in the system, such as absence of a functional digital signature, are impediments to a full-scale implementation.

In the *Post-Disaster Recovery: Guidelines and Good Practices*¹¹², UNDP lists several guiding principles of the sustainable recovery approach such as: mainstreaming disaster risk reduction in the recovery process, proper assessment as a pre-requisite to successful recovery programming, contributing to the economic revitalisation, building local and national capacities for increased resilience, risk management and sustainable development, taking advantage of ongoing initiatives, gender sensitivity, improving/maintaining coordination, demonstrative effects, monitoring, evaluating and learning. While these principles are more general and relate to different disasters, sustainable recovery from COVID-19 pandemic requires a more specific approach - namely, needs for balancing health and economic impacts, promoting economic health for individuals, businesses and sectors, but also reopening the economy to a better future. Furthermore, from the ILO's *Lessons from the Past – some key learning relevant to the crisis*¹¹³ in the context of Bosnia and Herzegovina, several principles could be noted:

- Accurate, consistent, timely and transparent information is essential – especially in the context of Bosnia and Herzegovina with its complex government organisation and structure. Incongruent actions among entities, such as differing curfew hours, have created many obstacles for certain groups, such as transport companies and workers who cross entity lines for work.
- Large interventions make a difference: although interventions on local / cantonal level are helpful, state or entity level interventions are crucial to utilise feasible and necessary resources and reach wider population.

When it comes to governments, a Deloitte study on COVID-19 recovery¹¹⁴ suggests that in moving ahead, governments should re-examine their basic operating system. From public transit to schools, governments should rethink operations, service delivery, workforce and safety issues and thus they could use an opportunity to adopt new and innovative tools to improve public service, both quality and coverage.

In addressing rapid response actions, governments should prioritize in saving businesses and employment while the adaptations of business models should be used across private sector to provide necessary preconditions for a sustainable recovery. Thus, the forthcoming analysis should be governed by the following guiding principles:

- The aforementioned ILO study emphasises that the “constructive and persistent social dialogue between governments and social partners plays a crucial role”. During this crisis in Bosnia and Herzegovina, there is much room for improvement in the set-up and execution of such dialogue mechanisms. One of the arguments that supports this notion is that the informal but influential Facebook group *Glas malih biznisa* (eng. Voice of small enterprises) has emerged during the pandemic as a response to inadequate government's treatment of small enterprises. As of May 10, 2020, the group counted over 47 thousand members.
- Business models of BiH companies are to a major extent still related to less-innovative approaches with general lack of entrepreneurship spirit in comparison to the EU states. Support to young, start-up or early stage companies that do have an innovative component might be an investment for the future, including boosting resilience of those businesses for similar crises in the future. Furthermore, and regarding entrepreneurship, self-employment is an area to be considered for support.
- One of the post-COVID-19 expectations is that companies will try to understand and alternate supply chain models or improve risk management in that area.¹¹⁵ Businesses in Bosnia and Herzegovina (especially manufacturing and export-oriented businesses) will have to consider scaling up their offerings to be able to

¹¹² UNDP, [Post-Disaster Recovery: Guidelines and Good Practices](#), 2020.

¹¹³ International Labour Organization – COVID-19 and the world of work: Impact and policy responses, 2020.

¹¹⁴ Deloitte, [Executing the COVID-19 recovery: a guide for governments](#), 2020.

¹¹⁵ Deloitte, [Managing supply chain risk and disruption](#), 2020.

successfully compete with companies from more industrialized countries. This could be also a chance to enter markets and industries traditionally supplied from Asia.

- As such, disruption in global markets could be viewed as an opportunity for BiH export-oriented companies to shift from historically outsourcing towards product ownership models. This will also trigger higher demand for more skilled workforce and could potentially tackle the pre-COVID-19 challenges of brain drain and lack of adequately skilled workforce in the long run. With a strong relationship to the EU market, the benefit of geographical proximity, aligned time zones, language skills, etc. BiH can strengthen its competitive position in products and services that are currently sourced by EU firms from offshore locations.
- The fact that the country is lagging in environmental practices in comparison with the EU member states, can also be one of the issues to be tackled as an example of a sustainable recovery. Change of business models of firms, shifts towards new realities and new market demands, potential opening of BiH companies to new markets, would need investments from the business sector in terms of new production lines, new offerings, start-ups, etc. Reimagining business models, in comparison to previous periods, must include strong consideration of currently in place environmental policies, standards and best market practices. However, in order for the business sector to fully advance sustainable development initiatives, national regulatory and policy frameworks would need further improvements.

4.2. Stakeholders and Their Responsibilities-Field of Action

In the fight against large-scale social and economic crises, such as the one caused by the emergence of the novel coronavirus, coordinated response of multi-sectoral stakeholders and society as a whole is crucial. In building partnerships and choosing the measures best fitted for the country, transparency is very important. The right information at the right time helps to take appropriate action not only by the common citizens but government and other stakeholders with various jurisdictions to implement mitigation measures. In the context of a country with a complex decision-making structure such as Bosnia and Herzegovina, recovery measures fall into purview of various actors. The following subheadings tackle responsibilities of stakeholders in BiH, government representatives divided into levels of state, entities, cantons and municipalities, followed by stakeholders in business environment, financial institutions and international organizations.

Government (National, entity, cantonal and local level)

Although formally the highest in BiH, the state level government does not have great powers to implement all economic measures as they are within the competence of lower levels of government, primarily the entities. Nevertheless, the state level has a significant role in issues such as: indirect taxes, flow of goods and services and borrowing from international financial institutions, issuing visas in diplomatic and consular missions of BiH, the work of the judicial and other bodies of Bosnia and Herzegovina during the state of natural or other disaster and the movement and entry of foreigners in BiH. For a broader overview of government authorities' field of action at various levels, please consult Table 29 by referring to [Appendix 17](#).

Business sector/community

The responsibility of the business sector is just as important as the responsibility of government representatives. The business sector, with a special focus on the private sector, is most affected by the pandemic. The business representatives are obliged to follow the regulations set by the competent authorities regarding business operations and timely actions in line with the adopted regulations during the pandemic, namely shutdowns of facilities to combat the pandemic and/or compliance with deadlines for filing designated charges.

Many corporations help and step up action according to the requirements of the health care system. Pharmaceutical companies are working with governments to increase testing capabilities, while manufacturers are moving to manufacturing masks and ventilators or changing existing manufacturing processes toward the same goal. IT companies provide key digital tools to overcome social isolation, promote social cohesion, and raise awareness of behavioural guidelines to preserve health and safety during the pandemic.¹¹⁶ Private sector innovation can make a significant contribution to the immediate and short-term response to the pandemic and contribute to the long-term resilience to the crisis. It is important to explore the achievements of modern technologies, big data and artificial

¹¹⁶ UN, [Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19](#), March 2020.

intelligence, in order to create a publicly available good in the form of effective real-time insights that help predict the development of the situation. These data could be used to identify new hotspots, determine the congestion of health and other public services, monitor and combat the spread of xenophobia and misinformation, or measure the cross-sectoral impact of the crisis on the most vulnerable members of society.¹¹⁷

The UN calls on all companies and global corporations to take three main measures:

- Adhere to health, safety guidelines and economic depreciation for workers, which includes ensuring the safety and physical distance of workers and secure wages for those working from home.
- Provide financial and technical support to governments by contributing to the Solidarity Fund for COVID-19.
- Adjust facilities and business plans to focus on the needs of this crisis.

Some companies have started making adjustments, but it takes a lot more of those to follow the example.

Furthermore, in the joint fight against COVID-19 where millions of people around the world are losing their jobs,¹¹⁸ it is very important to emphasize the importance of trade unions and employers' associations.

The Federation of Independent Trade Unions of Bosnia and Herzegovina has already asked the representatives of the executives in the Federation of BiH to urgently adopt a program of measures to protect against this epidemic and measures to minimize its consequences on the health of citizens and workers.¹¹⁹ Additionally, The Association of Employers of the Federation of Bosnia and Herzegovina (FBiH) asks the authorities in BiH and the Federation of BiH to adopt measures without delay to start the work of businesses as soon as possible.¹²⁰ According to the Association of Employers of FBiH, they seek permission to restart the operation of urban and intercity transport, restaurants, accommodation facilities and other businesses that are prohibited or significantly reduced during this crisis to return to operations. These companies were banned from operations by the decision of the Council of Ministers of BiH, dated March 17.

Financial institutions (National and international)

Funding the public and private sectors is emerging as a crucial issue during the global outbreak, with widespread lockdowns hindering money circulation in the economy and prompting governments to announce huge rescue packages to stimulate economies. Access to finance is vital and plays a critical role in responding to the fiscal pressures for taxpayers and economic damage caused by the crisis. Most banks have triggered their business continuity plans and are grappling with the immediate impact of the pandemic and new ways of working. In this crisis, banks are in charge of approving moratoria on loans to both individuals and legal entities, and the formation of guarantee funds. Especially, focus is set on central banks as a critical part of the national infrastructure.

In general, there are three key areas of focus:

- customer service - ensuring access to critical services in the short term and accelerating the transition to digital in addition - helping society,
- support to customers and communities through a pandemic and responding to financial difficulties,
- scenario planning, establishment of COVID-19 credit policy and operationalization of restructuring possibilities.

When it comes to responsibilities of financial institutions in BiH, the Central Bank of Bosnia and Herzegovina (CBBH) is focused on its key role, which is to preserve monetary stability, thus contributing to financial stability in the turbulent circumstances caused by the pandemic.¹²¹ Adequate management of the CBBH's foreign exchange reserves, with an emphasis on investment security, is extremely important to preserve the currency board arrangement. In that sense, the stability of the domestic currency (BAM) is maintained and the CBBH best contributes to the stability of the banking and financial system, macroeconomic stability and preservation of preconditions for economic recovery. The CBBH continuously realizes all requests of commercial banks to withdraw cash from the

¹¹⁷ Ibid.

¹¹⁸ The Executive Board of the European Trade Union Confederation (ETUC) at a meeting in Brussels in early March adopted a [Resolution on the Coronavirus Virus Epidemic \(COVID-19\)](#) facing the whole world. Additionally, the ETUC called for urgent measures to ensure that all workers who present with symptoms, who are placed in quarantine, as well as those who are obliged to stay at home to care for family members who are ill or in quarantine, the majority of whom are women, can take leave without fear of losing their jobs or income.

¹¹⁹ [Confederation of Independent Trade Unions of Bosnia and Herzegovina](#)

¹²⁰ [UPFBiH requests that the continuation of the work of economic entities be enabled as a matter of urgency](#)

¹²¹ Law on Central Bank on BiH, Official Gazette of BiH no. br. 1/1997, 29/2002, 8/2003, 13/2003, 14/2003 - amend., 9/2005, 76/2006 and 32/2007

Central Bank's vault, which provides commercial banks with sufficient amounts of reserve money to meet the needs of citizens and businesses in BiH. In addition, it should be borne in mind that commercial banks in BiH are highly liquid, which further instils security in meeting all the needs of the financial system.¹²² The work of the registers managed by the CBBH - the Register of Accounts of Business Entities and the Central Register of Loans, took place regularly.¹²³ As the fiscal agent of the state, the CBBH in March, according to the BiH External Debt Servicing Plan and submitted orders from the BiH Ministry of Finance and Treasury, timely executed all external debt servicing orders. The CBBH continuously provides support to the functioning of the markets of financial instruments in RS and FBiH through the electronic banking platform used daily by the Central Registry of Securities of RS and the Registry of Securities of FBiH. The Bank continued to publish key macroeconomic indicators for BiH, as well as the most important financial health indicators for the banking sector.

Banking agencies in both entities have the responsibility to primarily protect the banking system as the only institutions that contribute to and influence the financial liquidity of the FBiH and the Republika Srpska. Banking Agencies in both entities, according to the *Decisions on Provisional Measures that the Bank Applied to Mitigate the Negative Economic Consequences caused by Viral "COVID-19" Disease*¹²⁴ prescribed jurisdictions of banks during the pandemic as following:

- granting benefits to bank customers who are directly or indirectly affected by the negative effects,
- special rules for credit risk management, which the bank applies in the event that approve special measures for the client
- preventive measures aimed at preserving the capital of banks.

The above regulations define that during the state of emergency (or state of emergency if declared by the competent authorities), banks or microcredit organizations may grant clients temporary moratoria on loans until emergency ceases.

In order to mitigate the negative economic consequences caused by the viral disease, the Development Bank of FBiH¹²⁵ allows existing clients to stabilize operations in the coming period, through the following modalities / special measures:

- moratorium on loan principal repayment - approval of a grace period of up to 6 months for loans repaid in annuity,
- rescheduling / restructuring of credit obligations within the originally agreed loan repayment terms,
- extension of the repayment deadline to 6 months for revolving loans and borrowings,
- prolongation of payment of fees for guarantee transactions.

¹²² Central Bank of Bosnia and Herzegovina, [Information on the activities of the Central Bank of Bosnia and Herzegovina](#)

¹²³ Ibid.

¹²⁴ Federal Banking Agency [Decision on temporary measures related to COVID-19](#)

¹²⁵ Development Bank of FBiH: [New Credit Line of the Development Bank of FBiH for liquidity to businessmen and craftsmen to mitigate the negative consequences caused by the pandemic COVID-19](#)

Examples of assistance from international organizations in BiH in the fight against COVID-19

The first contingent of COVID-19 aid arrived to Sarajevo International Airport on March 23, 2020 by a US Army plane. On that occasion, in the first series of aid, there were medical materials and other important supplies that were donated to the Armed Forces of BiH.

On March 26, 2020, Head of EU Delegation to BiH and EU Special Representative in BiH, Johann Sattler, and UNDP Resident Representative in BiH, Steliana Nedera, signed a €2 million financial assistance package for Bosnia and Herzegovina's emergency medical needs in response to COVID-19 and the financial package is intended for purchase of 80 respirators, test kits and personal protective equipment.

International Monetary Fund approved €333 million in emergency assistance to BiH. The World Bank approved US\$36.2 million financing for BiH to help the country prevent, detect and respond to the COVID-19 pandemic.

Additionally, according to the new Law on Mitigation of Negative Economic Consequences, the Development Bank is responsible for establishing the aforementioned¹²⁶ guarantee fund.

Moreover, the Development Bank of FBiH has introduced a New Credit Line for liquidity to businessmen and craftsmen to mitigate the negative consequences caused by the pandemic COVID-19.

Within its competencies, the Ministry of Finance and Treasury of BiH opened a dedicated sub-account with the Central Bank of BiH on April 1, where financial assistance in the fight against the COVID-19 pandemic will be deposited.¹²⁷

Donors communities

The pandemic is affecting communities throughout the world. It's never been more urgent to support the global response, led by the World Health Organization (WHO). Donations support WHO's work, including with partners, to track and understand the spread of the virus; to ensure patients get the care they need and frontline workers get essential supplies and information and to accelerate research and development of a vaccine and treatments for all who need them.

When it comes to Bosnia and Herzegovina, help from international institutions and organizations, as well as individual countries, has begun to arrive in the country.

The roles international organizations play assisting the response to COVID-19 and subsequent economic recovery are multiple. Developing countries have a much harder time coping with a virus pandemic than developed countries. Local governments are at the frontline of the epidemic but their capacity to respond rapidly depends heavily on the governance context and the financial health of the local government and its budgetary authority. In addition to financial support, human support is also important, in the opinion of

volunteers who will give their contribution where there is a lack of doctors / people in the health sector. Finally, the coordination of international organizations with developing countries is very important in order to transfer best practices in the fight against the pandemic, both in terms of health and in terms of faster economic recovery. Moreover, international organizations in developing countries play a vital role in directing and channelling recovery programmes to vulnerable groups, SMEs and other groups for which systematic government support is not readily available.

The response in the fight against the negative effects of a pandemic should be swift, verified, if possible, and based on the cooperation of all stakeholders. In addition, it is of utmost importance to respect ethical principles and human values.

¹²⁶ Please see [Overview of the National and International Response](#) chapter of this Report.

¹²⁷ Ministry of Finance and Treasury BIH, [Notice Board](#)

4.3. Comparison of measures across countries

The tables below provide an overview of measures that have been implemented or announced by 7 May 2020 in a selection of European countries.

	Bulgaria	Croatia	North Macedonia	Serbia	Slovenia
Announced measures as % of GDP	N.A.	N.A.	1.2% of GDP	6.5% of GDP	6.7% of GDP
Additional funding for hospitals, and medical equipment	Bonus payments to medical workers			Increased spending and a 10% wage increase for public healthcare workers	Medical equipment and bonuses for medical workers
Wage subsidies for workers in affected sectors	Yes	3 months, with possible extension	Yes	Yes	Yes
Moratoria on loans to businesses				3 months	12 months
Moratoria on loans to individuals					12 months
Loan guarantee scheme		Yes		State guarantee scheme for loans to SMEs	Loan guarantees
Deferral of taxes and contributions	Corporate taxes deferred until June 30	3 months deferral of selected parafiscal charges, VAT payments not due until payment received from customers	Yes, for corporate income tax	3 months for labour taxes and social security contributions for all private companies to be repaid in 24 months corporate income tax during Q2.	Up to 24 months
Support to vulnerable groups	Support to freelancers working in culture, one-off transfers to parents on unpaid leave		Support for vulnerable households that were part of the informal economy	A one-off payment to pensioners	Support for self-employed and students
A dedicated fund to support the economy					
Other	Unemployed can work short term in agricultural sector without losing their unemployment benefits	Purchases of unsold stocks of strategic goods	Price controls on basic food products, medicines and disinfection products	A EUR 100 transfer to all citizens above 18 years	Reduction of electricity prices for 3 months.

Table 8: Overview of measures announced in a selection of SEE / Balkan countries.

Source: IMF, Policy responses to COVID-19

As can be seen from both tables, the size of announced measures ranges from around 1% up to 9% of GDP. The impact of various measures on government budget differs considerably. Some measures such as subsidizing wages have a direct effect, while others such as guarantees have a much lower direct cost than their notional amount. Hence, the size of measures as a proportion of GDP is not directly comparable and only provides an indication of the extent of the measures.

The epidemic has required an increase in funding for medical equipment. Some countries have in addition increased funding for hospitals and compensation for medical workers. All analysed countries have put in place some form of wage subsidies for workers in affected sectors. The idea is that the measure helps firms keep employees so they will be able to operate at full capacity as soon as the conditions improve. At the same time, such measures prevent a rapid increase in unemployment. The conditions and scope of firms eligible for wage subsidies differs considerably. Germany and Austria are subsidizing reduced working hours. Employees work fewer hours than normal with employers paying only the actual hours worked. For the hours not worked, the state provides a subsidy as a proportion of the amount workers would normally receive. In Germany the subsidy on hours not worked ranges from 60% to 87%. Initially it is low and will increase if the pandemic lasts longer. Other countries, for example Slovenia, subsidize furloughed workers that receive 80% of their regular pay up to a limit equal to the average salary.

Six out of twelve countries have implemented moratoria on bank loans for individuals and/or businesses ranging from 3 to 12 month, with 6 months being the most common duration. A moratorium on existing loans can be requested by affected individuals or firms. If the conditions specified by the state are fulfilled, the bank must grant a moratorium. Next, most countries are setting up guarantee schemes – typically through development banks – to help firms obtain liquidity and finance exports. The main challenges with respect to guarantee schemes is to strike a balance between making them widely available without a too complex process and at the same time prevent too large losses for the guarantor later on. In this respect Germany has reacted quickly offering guarantees through its development bank KfW, while other countries have been somewhat slower. Most governments also offered tax deferrals to reduce the liquidity pressure of firms. The taxes subject to deferrals as well as their duration differs significantly. A notable example is Austria where deferred taxes are expected to amount up to 2.4% of GDP.

	Austria	Czech Republic	Germany	Hungary	Italy	Slovakia
Announced measures as % of GDP	9% of GDP	4.7% of GDP	4.9% of GDP	N.A.	1.4% of GDP	10% of GDP
Additional funding for hospitals, and medical equipment	Yes		Hospital equipment and funding for R&D on Covid-19 vaccine		Yes	
Wage subsidies for workers in affected sectors	Yes	Yes	Yes	Yes	Yes	Yes
Moratoria on loans to businesses	3 months	6 months				
Moratoria on loans to individuals	3 months	6 months				9 months
Loan guarantee scheme	Yes, in particular for exporters and tourism	Yes	Yes, through the development bank KfW	Yes	Yes	Yes
Deferral of taxes and contributions	Personal and corporate income taxes, social security contributions (3 months), VAT (until September)	Suspension of advance payments	Tax deferrals until year-end	Yes	Yes, in most affected municipalities	Yes
Support to vulnerable groups	Support to self-employed	Support to self-employed and small businesses.	Grants to self-employed and small business (1.6% of GDP), extended unemployment insurance and parental leave		Support to self-employed	Extension of unemployment benefits by one month

A dedicated fund to support the economy			A fund to recapitalize and buy stakes in affected companies (WSF)	Anti-Epidemic Protection Fund, Economy Protection Fund		
Rent payments	Households can delay rent payments to landlords until end-2020	Subsidy of 50% of rent payments of affected businesses and a mandatory 30% rent reduction by landlords.				Moratorium on rent payments until June 30
Other						Easing of administrative burden by relaxing labour code requirements

Table 9: Overview of measures announced in a selection of European countries.

Source: IMF, Policy responses to Covid-19, Bruegel

Support to vulnerable groups takes different forms. Most countries focused on self-employed directly affected by containment measures (restaurants, hairdressers, etc.). Some have included also others that could report a substantial fall in income despite their services have not been directly restricted by government policies. Austria and Germany have offered similar support to small businesses as well. Some countries provided one-off payments or a monthly income to other vulnerable groups: Bulgaria to parents on unpaid leave, Serbia to pensioners, Slovenia to students, North Macedonia to vulnerable households that used to work in the informal economy.

Germany and Hungary have or are planning to set up a dedicated fund to stabilize the economy. Germany has dedicated EUR 100bn (2.9% of GDP) for possible recapitalizations and purchases of stakes by the fund in systemically relevant large and small enterprises. In addition, the fund can provide up to EUR 400bn in guarantees and EUR 100bn for refinancing of existing loans by the development bank. The Hungarian Economy Protection Fund will take over subsidizing of wages of workers put on shortened work hours as well as investing in priority sectors including tourism, health, food, agriculture, construction, logistics, transport, film and entertainment industries. It will also provide loans at subsidized interest rates and guarantees to Hungarian companies.

Rent payments are a problem for many businesses that have been hit by containment measures and a fall in demand. Austria, Czech Republic and Slovakia have adopted measures forcing the landlords to accept delays or reductions in rent payments. In other countries measures related to ensuring food supply have been introduced. Bulgaria allowed the unemployed to temporarily work in the agricultural sector without losing their unemployment benefits. Croatia purchased unsold stocks of agricultural goods for strategic reserves. North Macedonia introduced price controls for basic food products.

4.4. Key Assumptions and Constraints

When it comes to analysing the results presented in this report, several important aspects have to be noted beforehand:

- Taking into consideration the nature of this assessment (i.e. the „rapid assessment“) and the need for timely answers for planning further COVID-19 response activities, this report has been written based on available resources, and thus there could be other information not included. This is especially related to surveys and focus group data, where all activities had to be prepared, executed, analysed and included in the report in a very short time period, significantly shorter than for other reports of this nature. These conditions were well known and agreed upon before completion of the report.
- Having in mind the on-going development of COVID-19 in BiH and globally, data and information collected here are based on „cut-off“ date for data collection. Thus, this report is „of a time“ and options will continue to develop after the submission date of this report. Due to submission requirements, shortage of information or responses has not stopped drafting of options, despite the inherent limitations that arise in this situation.

- Moreover, scenarios discussed within this report could be and are likely to be different from an actual outcome. This report is a reflection of a “rapid assessment” from open resources and own studies and there could be other recovery options not included which could be relevant. The outcome of any of the options is unknown as of now and extrapolations are just that and are not likely to be the exact outcome.
- This report, and its associated data collection (e.g. surveys), is one of the different reports and surveys conducted in Bosnia and Herzegovina from the start of the pandemic. Thus, the report relies on primary collection data, but also on secondary data which has been analysed and deemed as credible for the report.
- Information presented in the report have been disaggregated to the extent possible, especially paying attention to general factors (e.g. geography, industry, etc.) and to certain important areas, such as gender, vulnerable groups etc. However, further disaggregation possibilities are limited due to very short time period for data collection and preparation of the report.

4.5. Options for Interventions by Stakeholders

In a Deloitte’s summary of COVID-19 global relief measures¹²⁸, the most commonly observed measures are:

- Tax Measures: Tax deferrals and/or tax breaks for small business owners to immediately increase support to SMEs,
- Specific Industries Support: Financial support or tax-related support applicable to industries like healthcare, tourism, hospitality, airlines, restaurants, etc.,
- Employment/Social Protections: Provides financial support and social security relief to employers and employees whose business being impacted,
- Grant Funding: Providing additional funds for businesses receiving government benefits or easing eligibility requirements,
- Direct Lending: Offering direct lending to small and medium enterprises (“SMEs”) through existing government-affiliated banking enterprises,
- Loan Support: Private sector loan guarantees to help small businesses weather quarantine periods.

Thus, based on the analysed primary and secondary data, additionally validated through focus groups and direct conversations, but also with regard to drawn recommendations in terms of a collection of actions undertaken by stakeholders in other comparable countries, the following options can be drawn to attention¹²⁹:

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Measures to promote safety and continuity need to be timely undertaken, according to current and anticipating developments. Particularly important thing is to formulate a transparent, comprehensive plan of government measures aiming to boost the economy with expected timeline. Such plan should be consulted with representative groups of stakeholders and based on objective, measurable criteria. Timely measures increase confidence in the markets and in the overall economic system.
- 

On the other hand, options applied must carefully take into consideration specifics of Bosnia and Herzegovina, especially related to vulnerable groups, as thoroughly elaborated in this report. Thus, the options applied need to be comprehensive in a way to inclusively tackle different groups particularly affected by the pandemic as well as enable them participation during the economic recovery. The latter will require structural reforms that are advised by experts and international institutions.
- 

There is great difference in how the pandemic has affected different businesses across the country. Authorities at various government levels have shown limited readiness to coordinate crisis response efforts which limits the effectiveness of current measures and the impact any future measure might have. Coordination of fiscal and economic measures by below state level government (especially entities, and cantons) is required. Thus, the focus should be on preparing, adapting and implementing measures related to Recovery phase, as the immediate threat seems to be decreasing. To the extent possible, measures should be aligned among different organisational levels in the country and coherently communicated, for the

¹²⁸ Deloitte, Global Report of COVID-19 Supportive Measures as of May 7, 2020

¹²⁹ The listed options are marked with respect to optimal time-horizon of implementation. Kindly read as:

 immediate  short (3-6 months)  medium (beyond 6 months) time horizon

purpose of transparency and avoidance of different interpretations among the business community. This is especially important to relatively new business activities, such as online export and sales, where one of the focus group conclusions was that companies hardly can know or predict all the requirements and costs associated with export initiated by online sales.

Based on current expenses structure and impact on company liquidity the major items are – VAT and social security contributions. While there have been certain subsidies introduced for the social security contributions (usually linked to minimal salaries – but again there have been large difference in application between FBiH, RS and Brčko District), there has been great reluctance to make any changes to VAT as it also represents the most important single source of government income. Most European countries have implemented some form of delayed reporting and deferred payment schemes¹³⁰, or accelerated the VAT refund. It would be recommendable to assess potential VAT relief schemes to companies that are facing liquidity issues in Bosnia and Herzegovina. Furthermore, an option of stronger support in terms of subsidies for social security contributions, salaries or personal income tax relief has to be taken into consideration, especially having in mind that personal income tax and social security contributions have already been identified as one of the key burdens of the BiH business sector and “a major deterrent in enhancing employment in the formal sector.”¹³¹



A well-known fact for the BiH economy is that a material portion of the GDP is realised by grey economy¹³². This has been also the case for employment practices whereby the labour force has not been registered in the tax authority or there is a practice of using service agreement instead of employment agreements for paid work (both practices are considered illegal by regulation). The Tax Authorities in all administrative entities have been very active in inspecting the taxpayers, however the practices are still present. These employment practices are usually connected to the most vulnerable layers of society (for example, persons with minimal qualifications, low income families, etc.). For example, one of the insights from ICT focus group was that the companies are coping well with the crisis, however - due to work from home policies, workforce responsible for office maintenance and catering, have lost their income as they were not employees of a company. Furthermore, as seen during the Great Recession, some groups, such as youth and those over age of 55, require more support in regaining their employment status.¹³³ Non-registered employees, or employees which do not have an employment agreement, have no rights or access to social payments, although they have lost their income due to COVID-19 pandemic and related effects. Considerations should be made how to make the use of service agreements less attractive option to employers (e.g. by making the Personal Income Tax / Social Security Contributions equal for employment agreements and services agreements) and how to minimise possibility of black labour (e.g. more efficient inspection practices).



On the other hand, employment practices related to flexible work and work from home options can be further stipulated in employment regulation such as the Employment Law of FBiH (“Official Gazette of FBiH” no. 26/16 and 89/18) and Employment Law of Republika Srpska (“Official Gazette of Republika Srpska” no. 1/16 and 66/18) in order to boost in-country employment in sectors which traditionally have not used these options due to myriad of reasons, incl. lack of adequate regulations. It is a well-known fact that the ICT industry in the country has the most flexible work practices in the country – however, the pandemic emergency has proven that these options can be successfully stipulated in other industries as well.



¹³⁰ [COVID-19 VAT Measures Introduced by EU Tax Authorities](#)

¹³¹ International Monetary Fund, [IMF Country Report No. 18/39, Bosnia and Herzegovina](#)

¹³² [Grey economy key issue hindering Bosnia's economic progress](#)

¹³³ International Labour Organization, COVID-19 and the world of work: Impact and policy responses, 2020.

7.  Having in mind different relief programmes and packages introduced by international financial institutions on various levels, it should be noted that the market would warmly welcome additional liquidity offered via those programmes, e.g. global programmes \$1 trillion in lending capacity from the IMF, coronavirus financing of €21 billion through 2021 from EBRD, \$12 billion immediate support for country response by the World Bank and \$8 billion in fast-track financial support from IFC. Furthermore, entity loan guarantees funds, if designed and executed properly via the current banking systems, would facilitate companies' access to finance in the near future. Although the entities' banking agencies have timely introduced temporary measures to support banks' clients during the COVID-19 via various concessions, mid-term and long-term access to credit remains a challenge for the business sector. Lower liquidity levels will trigger a need for more access to finance, however decreased creditworthiness due to COVID-19 will pose a challenge for companies in terms of accessing finance.
8.  With the already explained shift in supply chains towards closer supply sources, a requirement for strengthening local production / manufacturing has been recognised, and also validated via focus groups. This has especially been visible during the start of the pandemic where closed borders and lack of information has caused major problems to transportation sector and generally to imports. Coupled with country branding and promotion of domestic products and services, this initiative might be one of the measures to make the market more resilient to future crises.
9.  Legislation frameworks for certain industries (e.g. hotel industry where several different business activities are encompassed – accommodation, café, restaurant, wellness, hairdresser, etc.) have to be improved in order to fill the gaps exacerbated during the crisis. In some instances the relief measures cannot be utilized by the businesses which should have benefited from it due to specifics how the measures have targeted the industries (e.g., a hotel in Canton Sarajevo has not been able to utilize refund of salaries, due to fact that they are not on the list of prohibited business activities, but their actual business was prohibited as a significant part of their income was derived from cafes). Analyses and lessons learned from solving problems emerged in the pandemic should be taken into account to address during the Thrive phase.
10.  Digital / electronic / cyber initiatives, especially related to legislative and regulatory frameworks, have to be accelerated. Lack of functioning digital signature has been widely recognised by the business community as one of the key problems in doing business in Bosnia and Herzegovina, what was confirmed once again during the COVID-19 shutdown and work-from-home measures.
11.  As elaborated in guidelines for sustainable recovery, there is a unique opportunity to pursue an environmentally friendly approach with recovery options. Development of a green public procurement, changes to environmental taxes (both their scope, structure and rate) as a part of larger reforms of the tax system are examples to be considered. Positive examples are already seen in the EU and thus could be a role model for Bosnia and Herzegovina: EU countries in March settled a general agreement to align coronavirus economic recovery efforts with progress on climate change. This was followed in early April by an open letter, sent by 10 EU countries to the European Commission, calling for any EU COVID-19 recovery funding to support the European Commission's Green Deal strategy to embrace a low carbon future.¹⁰⁹
12.  Referring to entrepreneurship and start-up culture as one of the possible ways for sustainable recovery, and due to realised and expected decrease of employment figures, an option to provide possibility of certain tax relief to newly formed businesses in order to enable persons to start of own firms – is an option to consider. If implemented, this option will encourage new employment opportunities, instead of waiting for employment.

Target industries

The process for identifying industries, which should receive specific financial, employee or tax-related support, is threefold:

- first, identified are industries that have been directly impacted by the COVID-19 pandemic, specifically through imposed lockdown restrictions.
- second, assessed are indirect vulnerabilities that relate to nature of business operations within the sector. These include, among others, supply chain characteristics and average firm size.
- third, the vulnerable groups are also considered, which are employed within specific adversely affected sectors. For these sectors, stakeholder support should take on an additional dimension of context-based employee support.

Direct impact

In the analysis, firms directly impacted by lockdown measures are identified. Specifically, these include accommodation, food services, retail, and transport. These industries have declared that already in March 2020, their businesses are either completely or largely shut down, corresponding to operating below a threshold of 50% of average business usage capacity. This in turn, has created significant decreases in revenue. In the both the 3-month and 6-month time horizons, firms from this sector are at a great risk of completely ceasing operations. Therefore, it is detrimental that appropriate stakeholders and policymakers provide these sectors with immediate support.¹³⁴

	<p>Specific mechanisms such as payment deferrals and tax delays, which have already proved popular, need to be made available throughout firms in these sectors. These sectors also, intuitively, have a relatively low safety net of secure future orders. Therefore, failure to offset adequately the burden of significantly limited business operations will lead to a significant number of firms ceasing operations within a couple months.</p>
	<p>Additionally, due to the nature of the impact, individuals remaining employed in these sectors in the upcoming months will be faced with a higher probability of job loss. Thus, relevant authorities should provide vocation retraining and job search support. Such actions would stimulate appropriate worker flows between sectors, to ensure that workers who lose their jobs in directly impacted sectors will be able to transition easier into jobs in less impacted industries.</p>
	<p>Upon the easing of lockdown restrictions, public authorities must work directly with these industries to ensure proper measures guaranteeing hygiene are put in place. This, for one, will ensure that these businesses can reopen while keeping employees safe. Second, it will decrease the possibility of a second wave of COVID-19 infections. Also, such action will increase consumer activity, as individuals will feel more secure in resuming consumption of the specific goods and services offered in these industries. However, in order for this to be effective, hygiene standards must be drafted at a sectoral-level, and with the consultation of firms working in the given industries. Standards should provide specific guidelines for employers and employees, alike.</p>
	<p>Additionally, regulations relating to working hours should be re-evaluated. Allowing for firms to operate during different hours of the day will decrease the chance of infections and aid in ensuring that consumers can feel safe in resuming consumption. Elastic work hours will also allow firms to ensure employees can adjust their worktime in a way that is most fitting for them.</p>

¹³⁴ The listed options are marked with respect to optimal time-horizon of implementation. Kindly read as:

 immediate  short (3-6 months)  medium (beyond 6 months) time horizon

Indirect impact

Indirectly impacted industries that should be given particular attention include specific sectors within manufacturing. Firms working in textiles and fabricated metals have already identified significant disruptions in their supply chain, most likely resulting from limitations of trade flows between countries and perhaps regions. Not having appropriate raw materials or intermediate goods will result in production difficulties in the upcoming months. Similarly, export-dependent sectors, such as manufacture of electrical and equipment, manufacture of motor vehicles, and manufacture of wearing apparel may also face future downturns in turnover due to decrease external demand.

Special attention is also required to sectors with a large proportion of SMEs. These include construction, retail, accommodation and food services, as well as specific sectors in manufacturing, such as textiles, wood, chemicals, and fabricated metals. As proven in literature on past economic crises and primary data for this impact assessment, smaller firms will be more adversely impacted. These firms are characterized with having a shorter timeframe guaranteeing some sort of business continuity.

In both cases, it is important to note the following recovery support options¹³⁵:

- 

Relevant stakeholders should adequately provide support mechanisms such as payment deferrals and tax delays, which will combat forthcoming downturns in the upcoming months, both related to 3-month and 6-month periods.
- 

Aside from payment deferrals and tax delays, specific subsidies for small business owners will ensure that support directly targets SMEs.
- 

Furthermore, promoting and branding domestic products will also positively affect SMEs. Additionally, supporting SMEs in enabling them to carry out online sales will be a way to ensure they are on equal footing with larger competitors.
- 

In regard to working hour changes, similar actions should be taken as in the case of directly impacted sectors. However, due to the nature of the indirectly impacted industries, there is a larger leeway for working from home. Enabling employees to allow for home-based work in industries, where direct face-to-face contact is not necessary will greatly benefit a transition a sustainable recovery.

Sectors with significant employment of vulnerable groups

Last, it is key to consider sectors that have been hit hard and employ a large proportion of vulnerable demographic groups. In regard to females, the sectors, in which they are predominately employed, have already been identified as target industries through direct and indirect impact channels (accommodation and food services, retail, food production). Specific attention needs to be paid to accommodation and food service firms, where cluster analysis identifies that women are more adversely affected. Similar is the case for minorities and unskilled workers, who make up significant employment shares in manufacturing, retail, and construction. Minorities and the working poor working in these sectors have been identified as being more at risk than other parts of the economy. Noteworthy is the unique case of young workers, many of whom should also be considered precarious, but work predominately in both impacted sectors, as well as those less impacted, such as ICT.

Therefore, aside from business support, specific mechanisms for worker relief are needed, such as:¹³⁶

- 

Wage subsidies for workers in affected sectors are a key instrument, as are moratoriums on loans and tax payments delays or deferrals.
- 

In order to protect vulnerable groups from being disproportionately impacted, specific retraining and job search support should be provided. Appropriate protective measures that decrease discriminatory practices should also be considered in order to combat employers from potentially disproportionately reducing wages or laying off individuals from vulnerable groups

¹³⁵ The listed options are marked with respect to optimal time-horizon of implementation. Kindly read as:

 immediate  short (3-6 months)  medium (beyond 6 months) time horizon

¹³⁶ The listed options are marked with respect to optimal time-horizon of implementation. Kindly read as:

 immediate  short (3-6 months)  medium (beyond 6 months) time horizon

Cross-sector (industry) themes

Options in this section are in line with the conclusions of the OECD policy note¹³⁷, which argues that “support packages that are time-limited, targeted, cash-based, and consistent with longer-term objectives are the basis for ensuring a sustainable recovery”. Although public authorities are facing many trade-offs regarding support measures (like timing and proper targeting) and their actual effect is highly uncertain, it is possible to formulate options on how those challenges should be managed¹³⁸.

Provide and communicate detailed framework and assumed timeline for financial support measures for employers and employees



Policymakers should elaborate and communicate a detailed plan for lifting government restrictions as well as including assumptions regarding the most important support measures. The latter includes: assumed duration of particular support schemes, criteria for potential extension of current programs, criteria for introducing any new programs and periodical reassessment of applied eligibility criteria (thresholds for revenue change and other).

The plan combined with transparent communication and dialogue with stakeholders can generate savings on the government side, related to workload of administrative bodies that is in charge of implementation of crisis measures. Specifically, government should review later whether companies are eligible for support, communicating on an on-going basis that such examination will take place and non-eligible will have to repay received support.



Also, eligibility criteria defined as a thresholds require special attention of policymakers whether are set close to optimal level, with respect to the real financing needs of the private sector (change of revenues might be different than change of cash flows) and sustainability of public sector expenditures. Thresholds might also have a meaningful impact on the microeconomic level, generating at least two major risks: 1) “cutting off” entities that without support are forced to close the business and 2) inclusion of enterprises that in fact does not need such support, which results in undesirable support for them which distorts market level-playing field.

A temporary basic income for self-employed



The purpose of the basic income for self-employed is to provide immediate support to self-employed who lost the majority of their income as a result of the epidemic. Like abovementioned measures for employers and employees, it must be temporary, and such communicated from now. Such approach decreases a risk of excess cost for public finances as well as distortions in the competition and creating wrong incentives that might hinder productivity and market-based income growth. Thus, it is recommended that the payment period for eligible entities should be a function of economic situation, reassessed quarterly by the government. Each quarter government should communicate official forecast of the program duration, together with forecasts of the economic indicators that justify it.

The option is based on the measure implemented in Slovenia, as a one possible scenario. The main features are:

- Self-employed whose revenue has fallen by 50% or more in April or May compared to February 2020 receive a monthly income from the state in an amount close to the applicable minimum wage.
- A condition for eligibility is that the sole proprietor does not have any past due liabilities toward the state.

¹³⁷ OECD, [Government support and the COVID-19 pandemic](#), 2020.

¹³⁸ The listed options are marked with respect to optimal time-horizon of implementation. Kindly read as:

immediate short (3-6 months) medium (beyond 6 months) time horizon

- To apply for the support, a self-employed person must fill out an online application and submit it to the tax authorities. The application includes a statement on the fall in revenue that is published online and visible to the general public to achieve transparency that helps to prevent applications by those who are not eligible.
- Tax authorities can require a repayment of the support if they discover later that a self-employed person who has received support was not eligible. The purpose of such approach is to provide timely support without a delay that would be caused by extensive up-front eligibility checks.
- The support has to be repaid also in case revenues in the first half of 2020 are higher than 80% of revenues in the first half of 2019 or revenues in the second half of 2020 are more than 20% higher than revenues in the same period in 2019.
- In addition to the basic income, the state also covers the contributions for health insurance and pension for the self-employed for the months when they receive the basic income.
- Self-employed also do not need to make advance payments of personal income tax during the epidemic.

Limited scope and lower risk for business sector resulting from trade margins regulations

Regulations on trade margins are less distortive than direct regulations on prices, but their scope and specific criteria should be a subject for reassessment whether in current design their potential costs do not exceed expected benefits. Although the purpose of such measures is to reduce a risk of socially undesired market behaviours during epidemic or other enormous shocks, they create a number of problems that both might exacerbate the crisis and hinder the recovery process:



- add to general high uncertainty in the economic environment and business risk,
- impede adjusting profitability and thus business perspectives to the new objective conditions in the economy (as a rule, higher risk should be remunerated with a higher expected return),
- distort market prices and their role in the economy as signals for producers of what should be produced and delivered to the market,
- increase the administrative burden, both in terms of controls and needed resources on the public sector side,
- increase the risk of arbitrary administrative decisions that might also distort competition in the product markets.

Summarising, scope and criteria for trade margins regulations should be based on reliable sectoral and product market assessment, including: degree of local competition, degree of foreign competition, presence of market failures like asymmetry of information etc. as well as review of existing regulations that might hinder proper functioning of markets and adjustment of prices.

Branding and promoting domestic products together with a reduction of risks for foreign trade and investments



Policymakers should rethink incumbent policies and measures in the area of country branding and promotion of domestic products and services. Adjustment is required to support fast and sustainable recovery of the economy in the context of potential market and behavioural changes that might take place globally. Additional analytical effort is required to establish which sectors and industries face rather temporary (short term) adverse effects and which could be affected by prolonged stagnation and weak growth opportunities. The latter requires good alignment of branding and promotion activities with other public policies that attempt to influence structural changes in the economy (e.g. increasing the role of private sector in the economy, improving conditions for SMEs and opportunities for their growth, removing barriers for employment of vulnerable groups in the labour market).

Support and promotion for domestic products and companies should be planned and executed together with improving conditions for foreign trade (goods and services) and foreign investors. Further advancement of national economy's position in the global value chains is the key prerequisite to sustainable recovery and further development.

Time and financial framework

When it comes to interventions by stakeholders, it is important to distinguish between different phases of COVID-19 crisis measures. Deloitte models these phases as follows¹³⁹:

- **Respond:** This phase is depicted by an immediate crisis where stakeholders' responses are moving fast and bypassing many typical procedures: ordering business closures, curtailing travel, reallocating industry capacities to meet urgent needs and providing immediate financial assistance.
- **Recover:** As the immediate danger eases, stakeholders put their focus into the economic recovery and to mitigating the broader impacts of the crisis. Stakeholders will still move rapidly, possibly still shortcutting some traditional controls. However, no unilateral executive actions are expected, and the general feeling is that actions are getting more business as usual context.
- **Thrive:** Having survived the crisis, stakeholders consider long-term improvements in order to ensure they can respond effectively to future crises. Preparedness at all levels is crucial to better understand, build resilience and prepare for the next crisis. Generally low awareness among the BiH business sector for business continuity planning and recovery planning will have to improve in order to identify potential risks and prepare organisations and the entire business ecosystem for their successful management and mitigation in the future. The scale of COVID-19 disruption to BiH economy was immense. However, actions must be taken in order to critically evaluate response measures and to acknowledge lessons learned for the future.

In a nutshell, the response starts with dealing with the health crisis, continues with dealing with the economic crisis and ends with resilience tests in order to keep the businesses operating.

While each group of stakeholders will find its own unique path throughout the three phases, all are likely to face common challenges. For the purpose of this report named Economic Impact Assessment, further on the focus is put on options related to the economy and thus purposely will omit focus to other aspects, e.g. public health measures.

In time of writing of this report, it is assumed that Bosnia and Herzegovina is in the transition from the Respond towards the Recover phase. Thus, focus of the stakeholders and also expectations from the community have been shifting from health and emergency issues towards sustainability of their businesses and workplaces. Moreover, the underlying assumption is that the pandemic and respective containment measures peak in the second quarter and recede in the second half of the year.

The analysis has showed that firms are planning to take labour cost cutting actions, such as wage reduction and layoffs in the short-term time horizon, defined by 3 to 6 months. Having in mind that all three administrative entities in Bosnia and Herzegovina (FBiH, RS, BD) have adopted so-called corona-decisions / corona-laws aimed for supporting the private sector and the economy overall, smooth and swift implementation of these laws is needed in order to provide relief to the business sector as soon as possible. Thus, for options listed in this report, but not covered through existing measures in place, their eventual adoption and implementation has to be done in next 3-6 months. If implemented in this timeframe, measures would target not only the companies that need the support in that period, but also companies that planned potential layoffs (32%) and wage reductions (38%) in period after 6 months. Thus, those companies would be encouraged by the measures to potentially change their mind and do the extra effort to keep the existing employment and wage levels. This is of special importance for unskilled workers as they are more prone to early employment termination.

As some measures are more long-term oriented (e.g. implementation of a loan guarantee fund), it has to be assured that they stand in place for longer than other time period (more than 1 year) in order to be support to the private sector in dealing with the crisis after-effects.

When it comes to financial scale of the measures, the understanding is that initial funds have been allocated for the support towards the economy. However, it is important stressing that the economic crisis triggered by COVID-19 is still being considered as a developing situation, where ultimate effects are still uncertain. Thus, the stakeholders should note that the measures implemented and announced so far might not be enough to meet the targets. Additional waves of the virus and social distancing measures are expected to some extent in the second half of the

¹³⁹ Deloitte Insights, [Governments' response to COVID-19](#)

year, but not at current levels given the future availability of treatments. Thus, when further planning financial scale of options, these notions need to be considered:

- Expectations for possible next waves of coronavirus spread, having in mind that the current packages have been influenced by focusing on first wave of COVID-19 pandemic, while risks from the second or third wave of pandemic are still rather present.
- Most recent GDP, employment and other macroeconomic forecast for short and mid-term period.
- Public health, measures undertaken and generally economic situation in other important markets.
- Lessons learned from implemented shutdown measures and recovery experiences from easing of measures.

Conclusions

1

Predictions indicate that Bosnia and Herzegovina is facing a **recession period**. Different analyses and scenarios of GDP decline have been conducted, one of them being the World Bank projection with baseline scenario anticipating annual growth **decreasing by 3.2%**, whilst downside scenario forecasts the **4.2% drop**. Another scenario by the IMF predicts a fall by 5% in 2020. The actual scenario depends on the **duration of the pandemic and the magnitude of the state programs aimed at stabilizing the economy**.

2

Declines in the demand and production, together with supply chain and international trade and transport disruptions contributed to the **simultaneous fall of aggregate demand and supply** in Bosnia and Herzegovina, which had a significant impact on unemployment rise. The predictions indicate further increase, especially in **the service sectors**.

3

Primary data analysis show that firms employing under 250 workers have already been more adversely affected by the direct impact of the COVID-19 and related containment measures and are **less prepared to deal with the forthcoming indirect impacts**. Therefore, sectors that have a large percentage of SMEs are more prone to larger containment-related economic downturns. Such industries include construction, retail, accommodation, manufacturing (particularly textiles, wood, chemicals, and fabricated metals) and food services. On the other hand, **larger firms** are more prone to **partial disruptions** as a result of more extensive supply chains.

4

Direct impact on the key sectors selected in the methodology shows that the most directly impacted industries have already been those related to **accommodation, food services, retail, and transport**, while **textiles and fabricated metals sectors experienced the worst hit with regard to the supply chain disruptions**. However, in the upcoming months, indirect impact of the crisis is expected to significantly affect the entire economy. Across all key sectors, majority of surveyed firms believe that their **turnover will fall in the 3-month period**. What is also alarming is that in one of the two sectors most directly affected – Accommodation and food services, 43% of all firms believe that they will have to cease operations completely in three months.

5

Majority of the firms in BiH have had their **normal business capacity utilization decline and turnover decrease** as a result of COVID-19 related measures implemented in March and April 2020. Firms from Republika Srpska were slightly more directly affected by shutdown measures than those in the Federation of Bosnia and Herzegovina, which can be linked to more restrictive shutdown measures taken in RS. Firms in rural areas were more likely to be forced to largely or completely shut down operations, while urban-based firms were able to either adjust their operations or implement partial shutdowns. Of the key issues related to negative indirect impact, firms cite containment **measures affecting trade, transport logistics, and sales**, as well as behavioral changes in customers and business partners.

6

Export and import activities were highly affected across majority of sectors, due to the **disruptions in transport and restricted cross-border movement**. Imports of raw materials, semi-finished and finished products were further disrupted with imposition of restrictive measures and lockdowns in countries of origin. Similarly, exports of goods were disrupted in export intensive manufacturing sectors, such as manufacture of textile, metals, and wood. Forecasts indicate that **disruption in supply chains and lower demand from the EU** will cause further **declines in manufacturing and exports of goods and services**. According to the World Bank, exports are projected to **decline by 8.8% and imports by 6.5%** compared to 2018. Reduction in export could result in manufacturing sector turning to **exploring new foreign markets and focusing on serving the local market replacing imported goods**. Reduced imports of production supplies could result in **shifts in supply chains to alternative sources to either foreign or local**.

7

Majority of firms in target industries are having issues with their **supply chain** and the worst hit are **textiles and fabricated metals**. However, disruption in global markets can be considered a chance for BiH **export-oriented companies** to move from traditional, more outsourcing business models to **product owners' models**. This will also trigger higher demand for upskilled workforce and could in the long run potentially tackle the pre-COVID-19 **challenges of brain drain and lack of adequately skilled workforce** in certain industries. With a strong relationship to the EU market, the benefit of geographical proximity, aligned time zones, language skills etc., BiH **can strengthen its competitive position** in products and services that are currently sourced by EU firms from offshore locations.

8

In regards to near future perspectives and based on the primary data, majority of firms are planning to take **labour cost cutting actions**, such as **wage reduction and layoffs in the short-term time horizon**, defined by 3 to 6 months. They nevertheless took the optimistic view that such measures will be temporary as only half of the companies indicated such measures beyond the 6-month period. However, in both the 3-month and 6-month time horizon, more firms in FBiH than in RS noted they are planning wage reductions or layoffs at least to some extent. Near-future outlooks for **rural firms** also show that they will continue to be prone to **larger shutdowns** and they indicated they are more likely to **expect layoffs or wage reductions after 6 months**.

9

Females appear to **be more adversely affected** by the impact of the pandemic on the economy than males. Both female-owned firms and firms with female-majority labour force are showing **deeper initial adverse effect** than male-owned and male-majority firms. However, based on primary data, this difference in trajectory flattens over time. In both the 3 to 6 months and over 6-month perspective, the business expectations of **female-owned and female-majority firms begin to resemble closely their male counterparts**.

10

Employees working **routine-task jobs** that require little formal education and experience are the vulnerable group **most prone to being negatively impacted** as a result of the pandemic-induced economic downturn. Results of the primary data analysis also indicated that COVID-19 will have an adverse impact on the most vulnerable group of workers: **precarious workers**. Explicitly, two specific groups of precarious workers have and will continue to be adversely affected: **young people and unskilled individuals**. In order to address this negative impact, actions targeted at **increasing employment opportunities and providing decent and safe working environments**, specifically for unskilled workers and young individuals on the labour market, are highly necessary.

11

COVID-19 crisis and economic deceleration have exposed **fundamental weaknesses in the global and local systems** and are expected to have a **far-reaching effect on SDGs** realization and efforts. The crisis has already triggered serious negative effects on **SDG 3 – Good health and wellbeing**, as well as the **SDG 8 – Decent work and economic growth in BiH**. Further, negative impact will be reflected on **SDG 1 – No poverty, SDG 5 – Gender equality and SDG 10 – Reduced inequalities**. With all the goals being highly interconnected, the crisis effects are expected to touch the achievement of all SDGs. However, despite some of the gains on the Goals being eroded, SDG framework needs to be an **answer to restoring and strengthening country prosperity and reaching the sustainable recovery** more resilient to pandemics and other global challenges.

12

In the process of taking the right steps and responding to the negative effects of a pandemic and economic crisis, **accurate, consistent, timely and transparent information** is essential, as well as the cooperation at all levels of government and participants from various spheres - **business environment, financial institutions and international organizations**.

13

When addressing rapid response actions, the attention should be given to save businesses and employment via providing enough **liquidity** to the business sector and by **supporting companies via actions that will ease their obligations**. Based on current expenses structure and impact on company liquidity the major items are – **VAT and social security contributions**. Hence, it would be recommendable to assess potential **VAT relief schemes and stronger support in terms of subsidies for social security contributions, salaries or personal income tax relief** for companies that are facing liquidity issues in BiH. Also, financial institutions have a central role to play in not just **supporting customers and employees, but society as well** by focusing on 3 key areas: customer service; support to customers and communities through a pandemic and responding to financial difficulties; scenario planning, establishment of COVID-19 credit policy and operationalization of restructuring possibilities. Furthermore, entity loan guarantees funds, if designed and executed properly via the current banking systems, would facilitate companies' access to finance in the near future. The role of **international organizations** is of great importance in the whole process – from **financial support** the transfer **best practices** in the fight against the pandemic, both in terms of health and in terms of faster economic recovery.

14

Private sector and government innovation can make a significant contribution to the immediate and short-term response to the pandemic and long-term resilience to the crisis. Digital / electronic / cyber initiatives, especially related to legislative and regulatory frameworks, have to be accelerated. **Lack of functioning digital signature** has been widely recognised by the business community as one of the key problems in doing business in Bosnia and Herzegovina, exacerbated during the lockdown measures. Additionally, in the recovery period, businesses will have to **adapt and innovate their business models** to enable digitalization and online distribution channels, as well as make shifts towards new realities and potential opening companies to new markets.

15

Providing the possibility of certain tax relief to newly formed businesses showed as a successful approach in other countries to strengthen **entrepreneurship and start-up culture** as one of the possible ways for sustainable recovery. Support to young, start-up or early stage companies with an innovative component is credible to be an investment that will encourage new employment opportunities. Additionally, the focus of the government support should be on **branding and promoting domestic products** and services, together with **environmentally friendly approach**, development of a green public procurement and changes to environmental taxes, as a sustainable way forward.

Appendices

Appendix 1: Overview of National and International Response

EU response

The European Union (EU) emergency response includes the 4 most important steps:

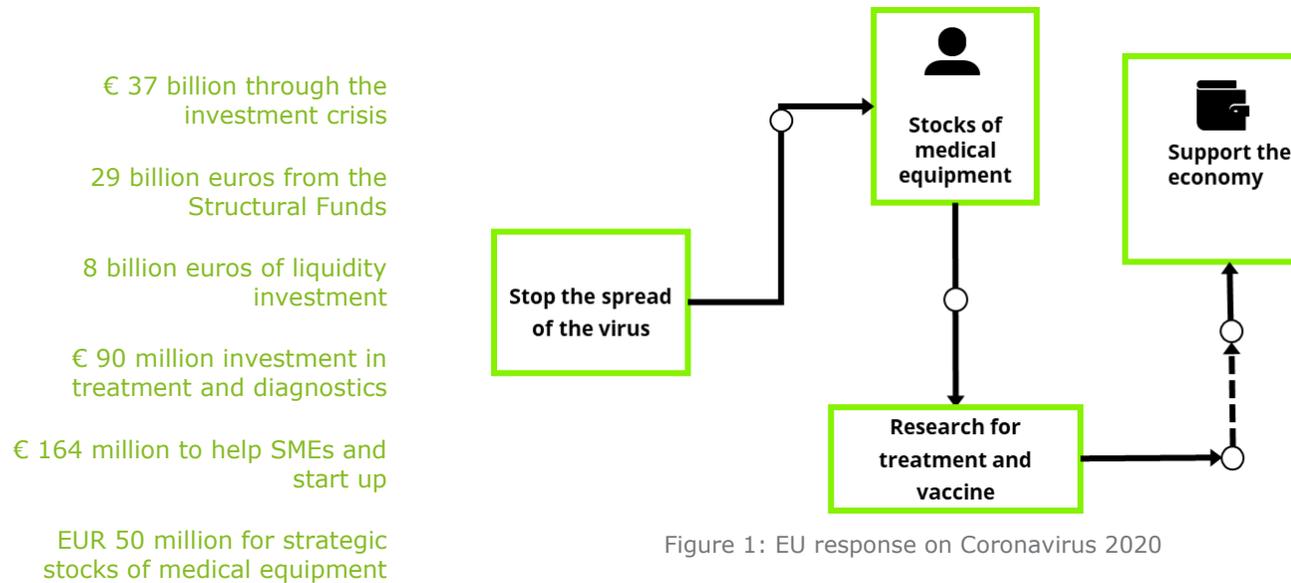


Figure 1: EU response on Coronavirus 2020

The European Commission (EC) coordinates the European common response to the COVID-19 crisis and helps Member States combat the pandemic. Member States are leading the way, but the Commission has proposed an unprecedented set of measures that will allow them to cope with the pandemic better and easier.

European Commission measures	Economic measures	Border measures and travel restrictions	International response and international forums
	<ul style="list-style-type: none"> • <i>Comprehensive economic response to the pandemic (March 13, 2020)</i> <ul style="list-style-type: none"> - ensuring the necessary supply of the health systems of the Member States by preserving the integrity of the single market and the production and distribution of value chains - providing and supporting citizens so that their incomes and jobs are not disproportionately affected and in order to avoid the lasting consequences of this crisis - providing support to companies and ensuring the liquidity of the financial sector for permanent support to the economy - enabling Member States to act decisively in a coordinated manner, using the full flexibility of the State aid framework and • The 37 billion-euro <i>Investment initiative (March 16, 2020)</i>, adopted in response to the coronavirus, will help the health sector, the labour market and small and medium-sized enterprises from all affected sectors. In addition, measures adopted at Member State level will be complemented by the use of existing instruments from the EU budget to help SMEs with liquidity. • <i>Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak the Stability and Growth Pact and the proposal to activate a general waiver clause under the Stability and Growth Pact (March 19, 2020)</i> Activating this clause allows Member States to adopt fiscal policies that facilitate their implementation of all necessary measures to combat the crisis, while remaining within the rules of the Stability and Growth Pact. • The Commission has proposed that the scope of the European Union Solidarity Fund be extended to health crises, with € 800 million made available to the worst-hit Member States. She further suggested that one billion euros be diverted from the EU budget to guarantees to the European Investment Fund as an incentive for banks to participate in preserving the liquidity of SMEs and mid-caps. • <i>On April 2</i>, the European Commission proposed the establishment of a € 100 billion solidarity instrument called <i>SURE</i> to secure workers' benefits and help businesses overcome the crisis. Furthermore, it is suggested that all available funds from the Structural Funds be redirected to coronavirus control. • <i>On 28 April</i>, the European Commission adopted a <i>banking package to help facilitate bank lending to households and businesses throughout the EU</i>. This package ensures that banks can continue to lend money, thereby supporting the economy and significantly mitigating the effects felt by citizens and businesses. • <i>On 6 May</i>, the European Commission published its <i>Spring 2020 Economic Forecast</i>¹⁴⁰. It sets out the effects of the coronavirus pandemic on the global and European Union economies, and presents the expected outcomes and projections for the first part of the year. 	<ul style="list-style-type: none"> • <i>On March 10</i>, the European Commission proposed <i>targeted regulations to prevent the so-called phantom flights</i> operated by airlines with virtually empty planes to comply with the "use or lose" rules, according to which they must use at least 80% of the allocated airport slots to be able to retain them next year. • For external borders, the Commission proposed on <i>16 March</i> a <i>temporary restriction on the travel of third-country nationals if not necessary</i>, and the leaders of the Member States unanimously accepted this on <i>17 March</i>. • In order not to stop freight transport in the EU in the pandemics, on <i>23 March</i> the Commission issued <i>practical advice on the application of the so-called freight transport Green ribbons</i>. Member States are required to immediately declare "green lanes" at all relevant interstate crossings on the trans-European transport network (TEN-T). They must be open to all trucks, regardless of what goods they are transporting. 	<p>The European Commission announced on <i>February 24</i> that the 232m-euro aid package would help the WHO, primarily for global preparation and a response plan. Part of this appropriation (EUR 15 million) was allocated to Africa, e.g. the Senegalese Pasteur Institute in Dakar for measures such as rapid diagnosis and epidemiological surveillance. One hundred million euros were allocated to much-needed research in the field of diagnosis, treatment and prevention. Of this, € 90 million comes from the Innovative Medicines Initiative, a partnership between the European Union and the pharmaceutical industry. Finally, three million euros were allocated to the EU Civil Protection Mechanism for repatriation flights to return EU citizens from the Chinese city of Wuhan.</p>

Table 10: EC measures

¹⁴⁰ "The Spring 2020 Economic Forecast projects that the euro area economy will contract by a record 7¾% in 2020 and grow by 6¼% in 2021. The EU economy is forecast to contract by 7½% in 2020 and grow by around 6% in 2021", European Commission, [Spring 2020 Economic Forecast: A deep and uneven recession, an uncertain recovery](#), 2020.

EU response

Countries of the region / Western Balkans

In the spring of 2020, the countries of the Western Balkans, like most of the rest of the world, were forced to impose strict restrictions on economic activity to combat the COVID-19 pandemic. Due to numerous restrictions in terms of movement, transport and operation of certain activities, the consequences for the economy were very quickly visible. At the beginning of March 2020, with the appearance of the first cases in both BiH and neighbouring countries, the first dismissals of workers in various industries began. Due to the ignorance of the virus and the lack of information on the duration of preventive measures to combat the virus, it was difficult to estimate how serious the economic consequences would be, and thus even more difficult to define mitigation measures. The decrease in economic activity / purchase-payment also causes a decrease in the sources of public finances and increases the government's financial needs. The fact that citizens avoid activities that could expose them to infection raises the problem of reducing demand. On the other hand, given that the situation in the countries of the region is very similar, this directly affects the reduced demand for exports. While for some industries work is explicitly prohibited as a preventive measure against the spread of the virus, it further affects all others, resulting in reduced supply. Overall, as time went on, it became increasingly clear that measures to mitigate the economic crisis needed to be defined as soon as possible.

Looking at the measures of the countries of the region in parallel, the allocation of money to help in the procurement of medical protective equipment and supplies is among the measures originally taken. In most cases, the second package of measures was subsidies on workers' wages in the sectors most affected by the pandemic, helping SMEs to avoid laying off workers. Regarding the monetary and micro financial measures undertaken, banking agencies have announced a 3-6 months loan repayment moratorium for restructuring credit arrangements for individuals, to the most vulnerable borrowers and legal entities which are found to have aggravated circumstances for loan repayments due to COVID-19.

Table 11 below presents some of the key measures of the countries in the region, including Croatia and Slovenia, as neighbouring EU countries. The table does not present all the undertaken measures so far, but only some of the most important ones. As the pandemic situation unfolds, so will the measures in the future.

The first reactions of the governments in the Western Balkans with the appearance of the COVID-19 virus

In BiH, as well as in the neighbouring countries, the governments have declared a state of emergency throughout the country, closed schools and universities, shuttered restaurants and shops, suspended public transportation, banned public gatherings, and imposed severe restrictions on the movement of people.

In response, all six countries introduced restrictions and strict measures of social distancing. International airports in all six countries were closed to passenger traffic. The duration of the initial restrictions has been extended.

Country	Fiscal measure	Monetary and micro financial
Serbia	<p>Fiscal measures adopted so far amount to about RSD 353bn. Key measures include: (i) 10 % wage increase for public healthcare sector and increased healthcare spending; (ii) one-off payment to all pensioners; (iii) universal cash transfer of EUR 100 to each citizen over 18 years old; (iv) three-month deferment of labour taxes and social security contributions for all private companies, to be repaid in 24 instalments starting from 2021; (v) deferment of corporate income tax advance payment during the second quarter of 2020; and (vi) wage subsidies, including payment of minimum wages for all SME employees and entrepreneurs for three months.</p>	<p>On April 9, the National Bank of Serbia cut the policy rate from 1.75 % to 1.5%. It has also provided liquidity to banks through additional EUR/RSD swap auctions and repo purchase auctions of government securities in RSD, and reduced the FX swap interest rates. Moreover, the NBS introduced a 3-month moratorium on all repayments under bank loans and financial leasing agreements.</p>
Montenegro	<p>On April 24, the Montenegrin cabinet approved the second package of measures of EUR 75 million package that includes: (i) subsidies in April and May of 70% of the minimum wage for employees in sectors that are closed because of the pandemic, employees who are unable to work due to childcare for children aged under 11, or people who have to be self-isolated and quarantined; (ii) a subsidy of 50% of the minimum wage for employees in sectors at risk due to the pandemic-related lockdown; (iii) a subsidy of 70% of the gross minimum wage of newly employed workers in SMEs for six months if these workers are registered as unemployed; (iv) state-owned a six-month moratorium on companies will impose the enforcement of claims for companies that are not operating due to the pandemic; (v) energy firms will exempt the fixed portion of electricity bills for businesses that have stopped operating due to the pandemic-related lockdown; (vi) assistance to the agriculture and fisheries sector, including one-off assistance to fishermen and payments for the contributions of insured agricultural workers; and (viii) one-time assistance of EUR 50 to all persons recorded as unemployed in the Employment Agency of Montenegro.</p> <p>Previously announced measures include: (i) the removal of the excise on medical alcohol sold in pharmacies; (ii) the delay of tax payments and social security contributions; (iii) the creation of a new Investment Development Fund (IRF) credit line of EUR 120 million to improve the liquidity of entrepreneurs; (iv) the deferral of lease payments for state-owned real estate; (v) advance payments to contractors for capital projects; (vi) one-off financial assistance to low-income pensioners and social welfare beneficiaries in the amount of EUR 50 each (EUR 1 million has been allocated); (vii) and an increase in the March wages of healthcare workers by up to 15 percent .</p>	<p>The central bank announced a moratorium on loan repayment for a period of up to 90 days. It includes the interim suspension of all payments of obligations based on the loan (principal, interest, default interest, fees, etc).</p> <p>Banks are also allowed to restructure loans and reclassify them as new loans, including by additionally extending the repayment period by up to two years, if the borrower's financial position was impacted by the pandemic and restructuring would improve the credit capacity of the borrower. These measures also apply to leasing and microfinance institutions.</p> <p>The central bank has also announced measures to temporarily prohibit banks from paying dividends to shareholders, except in the form of equity, and to allow banks to increase exposures to a person or group of related parties beyond the prescribed exposure limits with prior central bank approval.</p> <p>Additional measures are being considered, including the extension of the moratorium to the most vulnerable borrowers, securing access to credit lines for the financial system through the EBRD and the International Finance Corporation (IFC).</p>
North Macedonia	<p>The government implemented in March a fiscal package to help address firms' liquidity problems and protect jobs, targeted to affected sectors such as transport, hotel and restaurants for three months starting in April. The measures include a subsidy on social security contributions for firms that maintain employment, postponement of corporate income tax payments by suspending obligations to prepay based on past year's income, and direct financial assistance to firms from the Development Bank, offering loans at zero interest rate. An additional package of fiscal measures was announced on April 1. A wage subsidy equal to the minimum wage is planned to affected companies to help them maintain jobs. Also, vulnerable households who were part of the informal economy and lost their income will receive financial support.</p>	<p>The National Bank of the Republic of North Macedonia (NBRNM) cut its policy rate by 25 basis points to 1.75 % at an extraordinary meeting on March 16. The fees for withdrawing and returning cash to the National Bank's central vault have been abolished to minimize any risk of transmitting the virus infection by coins and bills.</p> <p>In addition, the NBRNM reduced by a third the amount of CB bills offered to banks at the auction held on April 15. On financial sector measures, the NBRNM has revised its credit risk regulation, to encourage banks to restructure loans temporarily, and has relaxed the loan classification standards for NPLs.</p>
Albania	<p>The government has adopted two support packages for people and businesses affected by the COVID-19 pandemic of a combined size of Lek 45 billion consisting of budget spending, sovereign guarantees and tax deferrals. The first package adopted on March 19th include key measures are: (i) additional funding for health sector in the amount of Lek 3.5 billion (ii) Lek 6.5bn for the support</p>	<p>To address the liquidity bottlenecks of companies and individuals, the Bank of Albania announced a temporary change on the provisioning requirements, effective from March 12th to May 31st, enabling clients to ask banks and other financial institutions to defer loan instalments without penalties. On March 25th, the Bank of Albania cut</p>

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	<p>of small businesses/self-employed that are forced to close activities due to the COVID-19 pandemic by paying them minimum salaries, (iii) Lek 2bn of defense spending reallocated toward humanitarian relief for the most vulnerable, (iv) Lek 11bn sovereign guarantee fund for companies to access overdrafts in the banking system to pay wages for their employees for up to 3. The second package adopted on April 15th includes (i) Lek 7bn fund to pay for a one-off transfer of Lek 40,000 to employees of small businesses affected by the pandemic not covered in the first package and employees in the tourism sector; (ii) a sovereign guarantee of Lek 15 billion to provide loans for working capital for the tourism sector.</p>	<p>its key policy rate -the weekly repo, by 50 basis points to a new historic minimum of 0.5 %.</p> <p>The Governor announced that the banking sector is liquid and well capitalized, and the central bank stands ready to provide unlimited liquidity for as long as needed.</p> <p>The Bank of Albania suspended dividend distribution for 2019 and 2020 for banks until the end of June in order to boost capital and support lending during this period. The central bank also halved the salaries of its supervisory board and top management for the duration of the pandemic.</p>
Kosovo	<p>Key spending and tax measures include: (i) allocation of €6 million to the health ministry; (ii) deferrals for corporate income and personal income taxes, and VAT; (iii) advancing payments for social assistance schemes by additional one month's amount (from one month to two months) to support families in need; (iv) removal of VAT on imports of wheat and flour; (v) deferral of public utilities payments until end of April.</p>	<p>The Central Bank of Kosovo (CBK) together with the Kosovo Banking Association decided to suspend the payment of loan instalments for businesses and individuals starting from March 16 until April 30. This suspension could be extended depending on the situation. The CBK will apply regulatory forbearance on loan provisions and capital requirements on reprogrammed loans.</p>
Croatia	<p>Key measures include: deferment of public obligations, free of interest for three months, which can be extended by additional three months if necessary; temporary suspension of payments of selected parafiscal charges; interest free loans to local governments, the Croatian Health Insurance Institute, and the Croatian Pension Insurance Institute to cover the deferred payments; subsidization of net minimum wages for three months to preserve jobs, which could be extended for another three months; and early refund of taxes for individuals. On April 1, the government announced additional measures, including: an increase of the subsidization of the net minimum wage; tax obligations of companies to be reduced or written-off depending on their turnover and loss; VAT payments will not be due until payment is received from customers and the deadline for the 2019 financial reports will be extended to June 30.</p>	<p>The Croatian National Bank (CNB) has provided additional liquidity, supported the government securities market, and temporarily eased the regulatory burden on banks. Liquidity was provided via: (i) the structural repo facility, used for the first time since December 2018; (ii) regular weekly repos used by banks for the first time since December 2017 and (iii) a reduction of the reserve requirement ratio.</p> <p>A moratorium for three months on obligations to banks has been introduced. Banks will not apply enforcement measures during this period.</p> <p>The Croatian Bank for Reconstruction and Development (HBOR) has issued a moratorium on debt service for three months, can provide liquidity loans, export guarantees, and restructure obligations.</p>
Slovenia	<p>As part of an economic stimulus package of € 1 billion announced on March 9, the authorities have adopted some tax and spending measures, including (i) tax deferrals for up to 24 months or tax payments in instalments in 24 months; (ii) wage subsidies for suspended workers due to pandemic-related closures and quarantined people; (iii) government guarantees and credit lines available for financial support to the affected businesses. On April 2, Parliament approved a new economic stimulus package of € 3 billion that also consolidated some earlier measures. On April 28, Parliament adopted another stimulus package of € 2 billion, which focused on providing guarantees to businesses and included amendments to the previous package to relax the conditions and expand to more beneficiaries.</p>	<p>Key Slovenia measures include: (i) affected firms and individuals are allowed to obtain deferrals of bank loan repayments for up to 12 months ; (ii) Bank of Slovenia (BoS) extended all ECB measures to all banks and savings banks in Slovenia; (iii) BoS restricted profit distribution at banks and savings banks ; and (iv) BoS reduced the maximum level of allowed bank account fees, with higher reduction for the more disadvantaged groups .</p>

Table 11: Measures

Bosnia and Herzegovina

The impact on the revenues of companies in Bosnia and Herzegovina is significant, and there are already clear indicators of a slowdown in the global economy. When it comes to reactions to alleviating the economic crisis at the level of BiH, measures have been taken in accordance with the levels of government in BiH. At the level of state government, BiH institutions do not have a large number of instruments for the implementation of certain measures in the field of economy, but it is within the competences of lower levels of government, primarily the entities. Measures presented in table are not final. As the situation changes, in terms of the pandemic itself, so the economic measures adapt to the situation. Mitigation measures will continue to develop after the 'cut off' date of this report. Additionally, not all items from measures undertaken so far have been presented, but only the selected ones, broken down into measures taken in the FBiH, Republika Srpska and Brčko District. Below Tables 12, 13 and 14 - National Measure Response capture the most recent regulations and undertaken measures of BiH related to the prevention of the spread of the COVID-19 disease.

Federation of Bosnia and Herzegovina (FBiH) ¹⁴¹			
General measures	Economic / Fiscal Measures	Employment law and social protection	Criminal law measures
<p>Movement of citizens:</p> <ul style="list-style-type: none"> - On March 21, 2020, the Federal Civil Protection introduced a curfew. According to the order that was issued, the movement of citizens in the territory of the Federation of BiH was prohibited from 6 pm to 5 am - A decision adopted to abolish curfew, on April 24. - Movement of persons under the age 18 is allowed on Tuesdays, Thursdays and Saturdays from 2 PM to 8 PM whilst movement of persons over 65 is allowed on Mondays, Wednesdays and Fridays from 9 AM to 1 PM; persons are obliged to wear masks and keep social distance of 2 meters (Order of the Federal Headquarters for Civil Protection as of 24 April 2020) - All citizens are obliged to wear masks and keep social distance of 2 meters on public surfaces and indoor public facilities (<i>Order of the Federal Headquarters for Civil Protection as of 24 April 2020, applicable until 15 May</i>) - Movement and restraint in the open air of more than one person at a distance of less than 1.5 meters is prohibited <p>Activities of business entities:</p>	<p>Deadlines for filing tax returns and salary specifications have been from February 28 extended to 30 April 2020</p> <p>Trade margins (calculative prices) are determined for certain products; legal entities and individuals are obliged to determine and apply margins in a manner that they do not exceed the level of margins of products as of 5 March 2020</p> <p>Trade margins (calculative prices) are determined for petroleum products; maximum wholesale margin is prescribed in the absolute amount of BAM 0.06 per liter of derivative, while maximum retail margin is prescribed in the absolute amount of BAM 0.25 per liter of derivative.</p> <p>Decisions of the Federal Banking Agency regulate that banks and non-depository financial institutions can approve to clients special measures: a moratorium, a grace period of up to 6 months, granting of an additional amount of exposure to overcome liquidity difficulties.</p>	<p>Series of recommendations: The Government of FBiH has adopted a series of labour recommendations:</p> <ul style="list-style-type: none"> - Implement special protection measures to prevent the adverse effects on employees' health, by shortening working hours, if possible due to work process requirements - Employers who employ a large number of employees should reorganize their working hours, if possible due to work process requirements; labour that is performed in one shift should be split in two shifts, to avoid the concentration of more workers in one place. - Provide employees with the instructions for work from home, if possible due to the nature of work, i.e. work process requirements - Allow employees to take annual leave, as well as to use leave according to the law, collective agreement or labour rulebook 	<p>Criminal Code of the Federation of BiH</p> <p>Transmission of Contagious Disease</p> <p>Whoever fails to comply with regulations or ordinances whereby a competent health care body orders medical examinations, disinfecting, quarantine or other measures for the suppression or prevention of a contagious disease with people, and where consequently a danger of the spreading of a contagious disease occurs, shall be punished by imprisonment for a term not exceeding one year.</p> <p>Failure to Comply with Sanitary Regulations during an Epidemic</p> <p>Whoever at the time of an epidemic of a contagious disease fails to comply with ordinances and decisions passed on the basis of regulations of competent body which regulations establish measures for the suppression or prevention of the epidemic, shall be punished by</p>

¹⁴¹ The most recent regulations and undertaken measures of BiH related to the prevention of the spread of the disease – COVID-19: Paragraf.ba, [Najnoviji PROPISI Bosne i Hercegovine vezani za sprečavanje širenja bolesti - Covid19 \(Korona virus\)](#), 2020.

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- All public gatherings are cancelled
- Provision of following services is suspended until 30 April:
 - services of cinemas, theatres, museums, concert halls, art galleries, public swimming pools and baths, sports and recreation centres, etc.
 - services in catering objects of all categories and in hookahs, cafes and bistros, clubs, discos, casinos, sports betting facilities, etc.
 - services in hairdressing and beauty salons and playrooms
 - public line and non-line traffic of passengers in road and rail traffic, except for registered taxi traffic,
 - Work in the retail sector, except for the explicitly listed types of shops, e.g. grocery stores, pharmacies, bakeries, furniture stores etc.
 - The operation of open markets and premises around them, with the exception of open market premises with agro-food products
 - The work of private dental offices and private dental laboratories

Deadlines and procedures in court proceedings during the state of accident in the FBiH:

Both houses of the Parliament of Federation of BiH have in an emergency procedure adopted the **Law on Deadlines and Procedures in Court Proceedings During the State of Accident in the FBiH (the "Law")**, whose publication in the "Official Gazette of FBiH" is expected. The Law enters into force on the day following the day of publication in the "Official Gazette of FBiH".

Litigation, non-contentious and enforcement proceedings:

During the state of accident, the following deadlines are suspended: filing a lawsuit, motions for initiating non-contentious procedures or enforcement procedures and other time-bound motions.*

***Exceptionally, deadlines in emergency procedures regulated within the Law are not suspended.**

Criminal and misdemeanour proceedings:

During the state of accident, the following deadlines in criminal and misdemeanour proceedings are suspended: filing an appeal against decisions that terminate the proceeding; extraordinary legal remedies and other procedural actions.*

Decreasing the lease amount (i.e. rent) for 50%, for business premises managed by the Office for joint affairs of FBiH authorities and bodies; it is suggested that, if the pandemic would last longer, payment of rent should be completely suspended as of 1 April 2020 until the state of disaster ceases to exist.

Decreasing health contributions for employees who work abroad (i.e. seconded workers) for BAM 10, and decrease of other social security contributions for seconded workers per BAM 10.

The Insurance Supervision Agency of FBiH has issued an official notice that insurance policy is valid even without the signature of the insurance contractor, as regulated within the Obligations Act of FBiH.

Law on Mitigation of Negative Economic Consequences (Official Gazette of FBiH, 28/20, 7 May 2020)

Both houses of the Parliamentary of Federation of BiH have in an emergency procedure adopted the Law on Mitigation of Negative Economic Consequences.

The following measures are introduced by the law: subsidizing mandatory contributions; cessation of calculation and payment of default interest on public revenues; abolition of the obligation to pay corporate income tax advance payment; abolition of the obligation to pay personal income tax advance payment, from an independent business activity (i.e. self-employment); suspension of calculation of default interest on late payments, in debtor-creditor relations; suspension of enforced of pecuniary claims; keeping the stability of individual payments; delayed application of regulations; establishment of a Guarantee Fund.

Brief overview of potentially important remarks for business entities:

- **Right to a subsidy:** Business entities are entitled to the subsidy of social security contributions, in the amount prescribed by the Law, starting from the calculation and payment of the gross salary for April, if there is a decrease in entity's turnover of 20% or more in the

- Allow employees, parents of children under 10 years, **absence from work** to one parent, in case both parents are employed
- **Cancel all business trips**, in the country and abroad, especially business trips of workers with diagnosed chronic diseases.
- Employers are obliged to, pursuant to labour-protection regulations, ensure regular and intensive implementation of **hygiene measures**
- **Cancel meetings** organized for a larger number of participants. Meetings which are necessary to be held, should be organized in as large area as possible, ensuring distance between participants (1 – 2 meters)
- The Federal Ministry of Health has published **Guidelines for Regulation of Temporary Disability for Work** based on which temporary disability for work is medically indicated also for insured individuals, subject to prevention measures from coronavirus spreading (**including e.g home isolation, health surveillance, isolation, hospitalization, quarantine, etc.**).

imprisonment for a term not exceeding one year.

Employing Persons Suffering from Contagious Disease

Whoever, in a hospital, maternity hospital, boarding school, school, business enterprise or another legal entity, or with an individual as an entrepreneur, in a business activity in which foodstuffs are handled or that provides cleaning services or in a similar activity, in contravention of sanitary regulations employs or keeps employed a person suffering from a contagious disease, and where consequently a danger of transmission of a contagious disease occurs, shall be punished by imprisonment for a term not exceeding one year.

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**Exceptionally, deadlines in emergency procedures regulated within the Law are not suspended. In misdemeanour matter, deadlines regulated within Articles 57, 58, 59, 60 and 61 of Law on Misdemeanours are not suspended.*

Administrative disputes:

During the state of accident, deadlines in administrative disputes that relate to undertaking procedural actions and fulfilling material liabilities are suspended.*

In administrative disputes, oral hearings will not be held, except in emergency proceedings regulated within the Law.

**Exceptionally, deadlines in emergency procedures regulated within the Law are not suspended.*

Legal remedies:

During the state of accident, the following deadlines are suspended: filing ordinary and extraordinary legal remedies, application for restitution or other procedural actions in litigation, non-contentious, enforcement proceedings and administrative disputes regulated within the Law.

Limitation period

Limitation periods, regulated within civil-law regulations, are suspended during the state of accident.

Validity of the Law

The Law applies until the termination of state of accident in the Federation of BiH.

month for which the payroll is calculated, compared to the realized turnover in the same month in 2019*. The entity would be entitled to a right to subsidy under the condition that it has settled contributions and personal income tax payables, conclusively with February 2020.

**Tax Authority of FBiH determines the realized turnover, based on data on recorded turnover in the fiscal system.*

> **Request for a subsidy**

By the tenth day of the current month for the previous one, business entities are obliged to submit to the Tax Authority a request for subsidy, together with tax returns regulated within the personal income tax and contributions' legislation.*

**10 days upon the Law enters into force, the Tax Authority of FBiH shall adopt instructions on the manner of submission of the request and required documents.*

> **Abolition of the obligation to pay corporate income tax advance payment**

Obligation to pay corporate income tax advance payment is abolished for those business entities that use the subsidy.

> **Validity of the Law**

The Law ceases to apply 60 days after the date of the declaration of termination of the state of accident.

Table 12: National Measure Response

General measures	Economic / Fiscal Measures	Employment law and social protection	Criminal law measures
<p>The Decree-Law on time limits and procedure in court proceedings during a state of emergency and the Decree-Law on misdemeanour of causing panic and disorder are adopted and published in the „Official Gazette of RS“, no. 32/20 as of 6 April 2020</p> <p>Movement of citizens</p> <ul style="list-style-type: none"> - Movement of persons of the age of 65 and over is prohibited, as well as moving of all persons from 8 PM to 5 AM, with certain exemptions, as well as moving of persons outside of their residence address/temporary stay address from Saturday 12 AM to Sunday 6 PM, with certain exemptions (Conclusion of the Republican Headquarters for Emergency Situations as of 27 April 2020, applicable until 11 May) - Public transport of persons in road traffic on republic bus (routes up to 50 kilometres) is suspended - The gathering of three or more persons in public places is prohibited; all citizens are obliged to keep the distance of 2 meters and wear masks and gloves <p>Activities of business entities</p> <ul style="list-style-type: none"> - Measures for business entities aiming to prevent the spread of virus disease "COVID-19" are stipulated within the Conclusion and they refer to prohibition of performing activities of numerous categories of business entities until 11 May 2020, and to time limitation of working hours of business entities - All entities that work directly with citizens are obliged to implement health protection measures – disinfection, wear masks and gloves and secure masks and gloves to their clients <p>Deadlines and procedures in court proceedings during the state of emergency in Republika Srpska During the state of emergency, deadlines are suspended for:</p> <ul style="list-style-type: none"> ➤ Filing a lawsuit, motions for initiating non-contentious procedures or enforcement 	<p>The Decree on Price Control ("Official Gazette of the RS", no. 30/20) which has entered into force on 2 April, regulates margin limits for all goods and products specified in the Decree; the Decree stipulates penalty provisions for retailers in the amount up to BAM 10,000 and repeals the previous Decree on Return of Prices to the Previous Level ("Official Gazette of the RS", no. 25/20)</p> <ul style="list-style-type: none"> - Margins in sale of petroleum products (maximum wholesale margin is determined in the amount of BAM 0.06 per litter and maximal retail margin in the amount of BAM 0.25 per litter) - Urgent payment of tax and social security contributions refund, for increase of salaries in 2019, has began on 16 March 2020 <p>Deadline for filing annual tax returns has been extended to 30 April 2020, pursuant to Decision as of 20 March 2020</p> <p>Deferral of payment of corporate income tax and all liabilities under the final account for 2019 is enabled until 30 June 2020, as well as payment in instalments until the end of 2020; the Tax Authority of RS has issued an announcement on submitting the statement for deferred payment of tax liability</p> <p>Lump-sum payment of tax on the total income of small entrepreneurs with one or two employees is decreased for 60%</p> <p>Pursuant to Decision as of 20 March 2020, all borrowers from IRB-managed funds have been granted a three-month repayment moratorium, commencing as of 1 April 2020</p> <p>Pursuant to Decision as of 20 March 2020, banks can approve to clients special measures: a moratorium at least until the end of extraordinary situation, a grace period of up to 6 months, granting of an additional amount of exposure to overcome liquidity difficulties; similar decision has been adopted for microcredit organizations</p> <p>The Government of RS has announced that:</p> <ul style="list-style-type: none"> ➤ Funds raised the Solidarity Fund from voluntary payments of public sector employees should be used solely to assist 	<p>No special measures or recommendations have been announced in regard to employment law and social protection yet</p> <p>Presidency of the Confederation of Trade Unions of RS has submitted a request to the Ministry of Labour, War Veterans and Disabled Persons' Protection of RS, to clarify and explain on their official website institutes stipulated within the Labour Law, applicable during the state of emergency</p>	<p>Criminal Code of Republika Srpska</p> <p>Transmission of Contagious Disease Whoever fails to abide by the regulations or ordinances whereby a competent body orders medical examinations, disinfecting, quarantine or some other measures for suppressing or preventing contagious diseases in people, and who by doing so causes a contagious disease to be transmitted, shall be punished by a fine or imprisonment for a term not exceeding two years.</p> <p>Failure to Comply with Sanitary Regulations during an Epidemic Whoever, at the time of an epidemic of a contagious human disease, fails to abide by the regulations, ordinances and decisions which order measures for its suppression or prevention, shall be punished by a fine or imprisonment for a term not exceeding two years.</p> <p>Failure to Apply Measures for Prevention of Contagious Disease Whoever, in a hospital, maternity hospital, boarding school, school, company or another organization or a store handling foodstuffs or providing cleaning services, in contravention of sanitary regulations, fails to apply hygienic measures or employs or keeps employed a person suffering from a contagious disease and</p> <p>who by doing so causes the contagious disease to be transmitted, shall be punished by a fine or imprisonment for a term not exceeding one year.</p>

¹⁴² Ibid

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<ul style="list-style-type: none"> ➤ procedures and other time-bound motions, except in emergency proceedings ➤ Filing a motion for prosecution and request for initiation of misdemeanour proceedings ➤ In criminal and misdemeanour proceedings, except in emergency procedures: filing an appeal against decisions that terminate the proceeding; extraordinary legal remedies and other procedural actions ➤ Undertaking procedural actions and fulfilling material liabilities in administrative disputes, except in emergency proceedings ➤ Filing ordinary and extraordinary legal remedies, application for restitution or other procedural actions in litigation, non-contentious, enforcement proceedings and administrative disputes, except in emergency proceedings ➤ Statute of limitation, pursuant to civil-law regulations 	<ul style="list-style-type: none"> ➤ employees in the real sector, affected by extraordinary measures ➤ The Government will pay taxes and social security contributions to employees of entities directly affected by Government decisions (e.g. catering, retail, small entrepreneurs) under condition that their employers pay out net salary ➤ It will actively work on establishing the Fund for economy aid, which should be operational in May
<p>Deadlines and procedures in administrative proceedings and other proceedings regulated within special regulations</p> <ul style="list-style-type: none"> - Parties in administrative proceedings and other proceedings regulated within special regulations shall not deal with the consequences of failing to act within prescribed deadlines - In cases when it is not possible to secure unimpeded involvement of a party in the proceeding or if the party cannot participate in the proceeding due to objective reasons, following deadlines are suspended (with certain exceptions): undertaking administrative actions; delivery of letters; notification actions; termination of administrative proceedings; filing ordinary and extraordinary legal remedies; deciding upon filed motions - Deadlines regulated within special regulations regarding the organization of public access and holding public hearings are suspended during the state of emergency, with certain exceptions - The Decree-Law applies to procedures of determination, payment and control of public revenues of taxpayers only to the extent of filing legal remedies against the first instance decisions and conclusions of the tax authority 	<p>The Ministry of Agriculture, Water Management and Forestry of RS has diverted BAM 2.2 million of current IFAD Project loan funds, to encourage agriculture production.</p> <p>The Ministry of Finance, during the session of Republican Headquarters for Emergency Situations, held on 31 March 2020 announced that it will:</p> <ul style="list-style-type: none"> ➤ Reconcile taxes and duties for March 2020, for all employees of companies that have been prohibited to perform their business activities ➤ Secure a minimum wage with taxes and mandatory contributions for April 2020 <p>On 10 April 2020, the President of RS has adopted a Decree Law on Tax Measures for Mitigation of Economic consequences of COVID-19, which:</p> <ul style="list-style-type: none"> ➤ Compiles earlier decisions on deferred filing and payment of tax liabilities; ➤ Postpones deadlines for payment of forestry fees, firefighting fees, and certain republic and local taxes; ➤ Defers the payment of the first instalment of real estate transfer tax; ➤ Reduces lump sum of annual personal income tax from BAM 600 to BAM 240; ➤ For business entities whose performance of business activities is prohibited, the payment taxes and contributions on net salaries for March, and payment of the minimum salary, taxes and contributions for April from the Solidarity Fund is secured <p>The Decree-Law on Solidarity Fund of Republika Srpska („Official Gazette of RS“, no. 37/20) has been adopted on 15 April</p>

Table 13: Republika Srpska

Brčko District (BD) ¹⁴³			
General measures	Economic / Fiscal Measures	Employment law and social protection	Criminal law measures
<p>Movement of citizens</p> <ul style="list-style-type: none"> - The gathering and joint movement of three or more persons in public places is prohibited (Order of Brčko District Crisis Staff as of 22 March 2020) - Movement of persons within the area of Brčko district from 9 PM to 5 AM is prohibited (Order of Brčko District Crisis Staff as of 22 March 2020) - A special Order for drivers of vehicles in international transport has been adopted <p>Activities of business entities</p> <ul style="list-style-type: none"> - Measures for business entities aiming to prevent the spread of virus disease "COVID-19" are stipulated within the Order of Brčko District Crisis Staff; they refer to prohibition of performing activities of numerous categories of business entities, and to time limitation of working hours of business entities - Brčko District Crisis Headquarters has adopted two orders on 27 and 28 April 2020: on plan of measures for permitting performance of business activities of business entities; and on procedure for preventing spread of COVID-19 pandemic in premises of business entities, institutions, public services, etc. 	<p>On 18 March 2020, the Decision on Return of Prices to the Previous Level, i.e. to the level as of 5 March 2020, has been adopted</p> <p>Deadline for filing tax returns have been extended</p> <p>The Government of Brčko District of BiH has adopted the following measures for remediation of economy:</p> <ul style="list-style-type: none"> ➤ All business entities whose performance of business activities has been prohibited, will be entitled to a refund of minimal gross salary (meaning net salary in the amount of BAM 520 plus taxes and social security contributions) for March 2020 ➤ All other business entities (which are not explicitly exempt, e.g. banks, public institutions, entities that laid off employment contract for at least one employee, etc.) will be entitled to a 30% subsidy on paid taxes and social security contributions for March 2020 <p>On 6 April 2020, the Department for Economic Development, Sport and Culture of the Government of Brčko District of BiH announced a Public Call, for allocation of funds for business entities whose business activities are limited due to pandemic</p> <p>On 5 May, the Assembly of Brčko District of BiH has adopted the Law on Mitigation of Negative Economic Consequences</p>	<p>No special measures or recommendations have been announced in regard to employment law and social protection yet</p>	<p>Criminal Code of Brčko District of BiH</p> <p>Transmission of Contagious Disease A person who fails to abide by regulations or orders by which the competent body of the health service prescribes check-ups, disinfection, isolation of a patient or some other measures for suppressing or preventing contagious diseases among people and thereby causes the transmitting of a contagious disease, shall be sentenced to prison up to one year.</p> <p>Failure to Comply with Health Care Regulations during an Epidemic A person who during the epidemic of any contagious disease fails to abide by orders or decisions issued on the basis of the competent body's regulations which establish the measures for suppression or prevention of epidemic, shall be sentenced to prison up to one year.</p> <p>Hiring Persons Infected with Contagious Disease A person who hires or keeps a person infected with a contagious disease at work, contrary to the health care regulations, thus causing danger of transmitting the contagious disease in a hospital, maternity hospital, public center, school, business enterprise or other legal entity, craft and trade shops or a private business that deals with food products or which renders sanitary services or in a similar business shall be sentenced to prison up to one year</p>

Table 14: Brčko District

¹⁴³ Ibid

Appendix 2: Target Groups and Audience

Sections	Divisions	Description	Gross Value Added, 2018 ¹⁴⁴ (BAM, thousands)
A	01-03	Agriculture, forestry and fishing	1,968,330
B	05-09	Mining and Quarrying	592,344
C	10	Manufacture of food products	611,436
	11	Manufacture of beverages	179,653
	12	Manufacture of tobacco products	6,537
	13	Manufacture of textiles	133,280
	14	Manufacture of wearing apparel	180,549
	15	Manufacture of leather and related products	229,313
	16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	323,482
	17	Manufacture of paper and paper products	153,019
	18	Printing and reproduction of recorded media	102,213
	19	Manufacture of coke and refined petroleum products	18,207
	20	Manufacture of chemicals and chemical products	189,242
	21	Manufacture of pharmaceuticals, medicinal chemical and botanical products	116,963
	22	Manufacture of rubber and plastic products	206,955
	23	Manufacture of other non-metallic mineral products	202,785
	24	Manufacture of basic metals	267,686
	25	Manufacture of fabricated metal products, except machinery and equipment	730,851
	26	Manufacture of computer, electronic and optical products	19,965
	27	Manufacture of electrical equipment	19,965

¹⁴⁴ BHAS, [Gross Domestic Product by Production, Income, and Expenditure Approach 2018](#).

	28	Manufacture of machinery and equipment n.e.c.	127,874
	29	Manufacture of motor vehicles, trailers and semi-trailers	142,668
	30	Manufacture of other transport equipment	11,754
	31	Manufacture of furniture	229,591
	32	Other manufacturing	60,934
	33	Repair and installation of machinery and equipment	73,947
D	35	Electric, gas, steam and air conditioning supply	1,461,315
E	35	Water supply; sewerage, waste management and remediation activities	358,238
F	36-39	Construction	136,647
G	45-47	Wholesale and retail trade; repair of motor vehicles and motorcycles	4,687,231
H	49-53	Transportation and storage	1,204,551
I	55-56	Accommodation and food service activities	687,750
J	58-63	Information and communication	1,377,011
K	64-66	Financial and insurance activities	1,280,880
L	68	Real estate activities	1,667,237
M	69-75	Professional, scientific and technical activities	925,000
N	77-82	Administrative and support service activities	299,475
O	84	Public administration and defence; compulsory social security	2,463,619
P	85	Education	1,387,481
Q	86-88	Human health and social work activities	1,544,526
R	90-93	Arts, entertainment and recreation	469,373
S	94-96	Other service activities	377,355
T	97-98	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	N/A
U	99	Activities of extraterritorial organizations and bodies	N/A

Table 15: Gross Value added by sectors

Appendix 3: Methodology

ASSESSMENT FINDINGS & RECOMMENDATIONS	
BASELINE SITUATION	
Analytical process - steps	Methodologies & data sources
1.1. Pre-selection of target industries (economic sectors)	<ul style="list-style-type: none"> Review of available analyses, forecasts and scenarios (both quantitative and qualitative) Review and analysis of the secondary data (statistics from the National Statistical Office and other reliable sources)
1.2. Final selection of target industries (economic sectors)	<ul style="list-style-type: none"> Review of existing survey data
1.3. Selection of key indicators¹⁴⁵ regarding demand- and supply-side	<ul style="list-style-type: none"> Review and analysis of the secondary data (statistics from the National Statistical Office and other reliable sources) Review of existing survey data Indicators will be gender disaggregated to extent determined by data availability SDG aspects will also be addressed through data on SDGs and review of existing studies
1.4. Selection of additional relevant indicators (cyclical and structural, demand- and supply-side)	<ul style="list-style-type: none"> Review and analysis of the secondary data (statistics from the National Statistical Office and other reliable sources) Review of existing survey data Literature review – preferably empirical studies or analyses conducted by international financial institutions
1.5. Identification of key institutional factors and their influence	<ul style="list-style-type: none"> Literature review – preferably empirical studies or analyses conducted by international financial institutions Review of existing survey data
EARLY FINDINGS PHASE	
Included time horizons	
Immediate horizon transposed into the rapid actions	Short-term horizon (three months up to six months) Medium-term horizon (beyond six months)
Analytical process - steps	Methodologies & data sources
2.1. Identification and specification of demand- and supply-side effects (on the macroeconomic and industry-level)	<ul style="list-style-type: none"> Review and analysis of the secondary data (statistics from the National Statistical Office and other reliable sources) Review of existing survey data Survey study, interviews & analysis of primary data The survey also links questions to SDGs directly and indirectly, and focus group interviews include SDG related feedback gathering.
2.2. Analysis of key indicators¹⁴⁶ regarding demand- and supply-side	<ul style="list-style-type: none"> Review and analysis of the secondary data (statistics from the National Statistical Office and other reliable sources) Review of existing survey data Survey study, interviews & analysis of primary data

¹⁴⁵ Listed in RFP.

¹⁴⁶ Listed in RFP.

2.3. Analysis of additional relevant indicators (cyclical and structural, demand- and supply-side)	<ul style="list-style-type: none"> • Review and analysis of the secondary data (statistics from the National Statistical Office and other reliable sources) • Review of existing survey data • Literature review – preferably empirical studies or analyses conducted by international financial institutions • Survey study, interviews & analysis of primary data
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INTERPRETATION OF THE FINDINGS and IMPLICATIONS FOR THE ECONOMY

Included time horizons	
Immediate horizon transposed into the rapid response actions	Short-term horizon (three months to six months) up Medium-term horizon (beyond six months)

Analytical process - steps	Methodologies & data sources
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3.1. Identification of business sector responses, their outcomes and implications for the economy	<ul style="list-style-type: none"> • Review of existing survey data • Survey study, interviews & analysis of primary data
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3.2. Identification of policy responses, their outcomes and implications for the economy	<ul style="list-style-type: none"> • Review of documents • Survey study, interviews & analysis of primary data
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3.3. Identification of gaps regarding responses to the crisis and their implications (including structural factors)	<ul style="list-style-type: none"> • Literature review – preferably empirical studies or analyses conducted by international financial institutions • Survey study, interviews & analysis of primary data
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RECOMMENDATIONS FOR THE INTERVENTIONS

Included time horizons	
Immediate horizon transposed into the rapid response actions	Short-term horizon (three months to six months) up Medium-term horizon (beyond six months)

Analytical process - steps	Methodologies & data sources
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4.1. Elaboration of guiding principles and priorities for sustainable recovery	<ul style="list-style-type: none"> • Review of documents • Survey study, interviews & analysis of primary data (particularly interviews)
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4.2. Map of the stakeholders and their responsibilities-field of action	<ul style="list-style-type: none"> • Review of documents • Literature review • Survey study, interviews & analysis of primary data (particularly interviews)
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4.3. Summary of key assumptions and	<ul style="list-style-type: none"> • Review of documents
--	---

constraints regarding summarisations and options	<ul style="list-style-type: none"> • Review and analysis of the secondary data (statistics from the National Statistical Office and other reliable sources) • Survey study, interviews & analysis of primary data (particularly interviews)
4.4. Formulation of options for interventions by stakeholders	<ul style="list-style-type: none"> • Review of documents • Survey study, interviews & analysis of primary data (particularly interviews)

Table 16: Overview of the analytical framework (scope, methodologies and data sources)

Source: Author's own elaboration

Approach to primary data analysis

Following the review of the data from the UNDP Economic Pulse Survey and from the survey created for the purpose of this assessment, the following final methodology was accepted for analyzing the primary data samples.

Identifying sample distribution

Both surveys were analyzed in regard to the sample distribution across sectors, firm demographics, and regional aspects. This is done in order to identify whether the sample in particular sections is large enough to be representative and to determine whether there is a representative distribution of answers. To determine whether the sample as a whole is representative of the Bosnian economy, the distribution of employees was compared by sector in the surveys and distribution of the employees by sector in the Bosnian economy, according to the most recent statistics.¹⁴⁷

This section of the analysis will also yield descriptive statistics for each survey, which will act as the initial element of the survey analysis.

Calibrating the samples

The Raking Method was employed for the calibrating of the sample. The Raking Method is a popular model-based approach that calculates sample weights according to actual population distributions. It is used by various research institutions, including the Pew Research Center.¹⁴⁸ It allows us to use known population distribution of employment across sectors in Bosnia & Herzegovina, and adjust the sampling weights in a way that will ensure the sample as a whole will match the structure of the Bosnian economy. The weights for each sector are calculated as such:

$$W_s = \frac{N_s}{n_s}$$

where,

N_s is the actual share of employment in a given sector in Bosnia & Herzegovina, and

n_s is the share of employment in a given sector in the sample size

The Raking Method is applied separately to the UNDP Economic Pulse survey and to the project-dedicated survey, as to calculate appropriate weights for both survey samples. Due to the very limited sample size in particular industries (below 10 observations) for non-key industries, the sample size used for analyses requiring a calibration of the data (ANOVA and selected cross-sections), will only include the key sectors identified for the analysis. This is done in order to ensure that few observations collected for certain sectors are not treated as representative for that given sector. Specifically, this relates to the sectors: Public Administration and Defence (O), Education (P), Q (Human Health and Social Work), and Other Service Activities (S).

Cluster Analysis

A cluster analysis was performed on selected categorical variables in the UNDP Economic Pulse survey. The clusters to be presented in the report will be selected according to the clarity of their results (i.e. that specific differences

¹⁴⁷ BiH Statistical Office, February 2020. Employment by NACE Rev. 2 sector.

¹⁴⁸ [Pew Research Center](#)

between groups are identified). Cluster analysis is also expected to be done on the project-dedicated survey, however, due to a limited sample size, the results may be omitted in the report due to lack of significance.

The results will be presented in the form of matrix tables and cluster dendrograms in order to visualize the scale of the differences between clusters of certain characteristics. These charts and graphs will be complemented by an interpretation of the results in the text of the report.

ANOVA

The ANOVA analysis will be limited to the UNDP Economic Pulse survey, as categorical sample sizes in the project-dedicated survey are too small to carry out such an analysis that will yield credible results.

In order for ANOVA to be carried out, dependent variables must be continuous and independent variables must be categorical. Majority of the survey questions are structured as categorical. The only exception is the question that pertains to the numbers of employees, which is continuous. Therefore, the ANOVA analysis will only be carried out in relation to topics related to firm size e.g. the effect of turnover on SMEs, or the scale of layoffs and reductions across firms of different size.

The ANOVA analysis results will be presented as a table showing the different independent variables taken into consideration, the statistical results (p-values), and information on whether the differences between the independent and the dependent variables are statistically significant or not. Two separate tables for one-way and two-way ANOVA analysis results will be provided. The information in the tables will be complemented by an interpretation of the results in the text of the report.

Cross-sectional analysis

The important part of the analysis will be the cross-sectional analysis. The analysis will cover all topics within both survey and provide distribution of answers across different questions regarding vulnerable groups, sector differences, firm characteristics, and regional differences (including urban-rural differences).

All cross-section results that pertain to aspects of the Bosnian economy as a whole will be weighted accordingly using the Raking Method described above. Cross-sections that focus on sector differences will be weighted, as they pertain to differences between sectors and not the whole economy. For all cross-sections, the n-sample size will be provided in order for the reader to be aware of the different sample sizes across topics.

Appendix 4: Baseline situation – Production volume

The industrial production volume prior to the outbreak of COVID-19 and subsequent crisis, encompass data overview of 2019 along with disposable data of the first month of 2020. It is important to note that, due to the changes in preliminary data results for Republika Srpska for 2020, the final results for BiH may not be equally adjusted. Therefore, the following overview of data from 2020 serves as an initial snapshot of the situation regarding production volume for industrial sectors, and with support of data from 2019, it forms a preliminary picture of the state of BiH prior to the outbreak situation.

According to BHAS preliminary data,¹⁴⁹ in December 2019, BiH recorded a 5.1% decrease in physical volume of industrial production compared to the December 2018 (see Chart 8). Although during this period the production of Energy increased by 1.2%, the output of other main industrial groups including production of Consumer durables, Consumer non-durables, Capital and Intermediate goods decreased by 25.6%, 4.1%, 6.2% and 8.3% respectively.¹⁵⁰ Additionally, the industrial production volume in 2019 increased by 4.4% in Electricity and gas supply and by 2.0% in Mining and Quarrying sector. The gradual weakening of economic activity in the external environment in the second half of 2019 consequently reflected in the Manufacturing industry which slumped 9.8%.¹⁵¹ Similarly, when observing seasonally adjusted monthly volume and comparing it to the situation in November 2019, the industrial production

¹⁴⁹ Agency for Statistics of Bosnia and Herzegovina, BHAS: [Volume Index of Industrial Production in Bosnia and Herzegovina December 2019 - Preliminary Results](#)

¹⁵⁰ Ibid

¹⁵¹ BiH Directorate for Economic Planning, [Economic Reform Program of Bosnia and Herzegovina 2020 – 2022 \(2020\)](#)

in December 2019 fell by 1.8%, with a 0.1% decrease in Mining and Quarrying, 4.3% decrease of Manufacturing and increase by 3.3% in Electricity and gas supply.¹⁵² Overall, whilst considering full 2019, industrial activity advanced 7.2% when compared with 2018, indicating signs of improvement and eventual optimistic future activity.

Below Chart 8 on the right-hand side captures the overview of industrial production volume for the period of last year, indicating a slight rebound in industrial production activity as per the beginning of 2020.

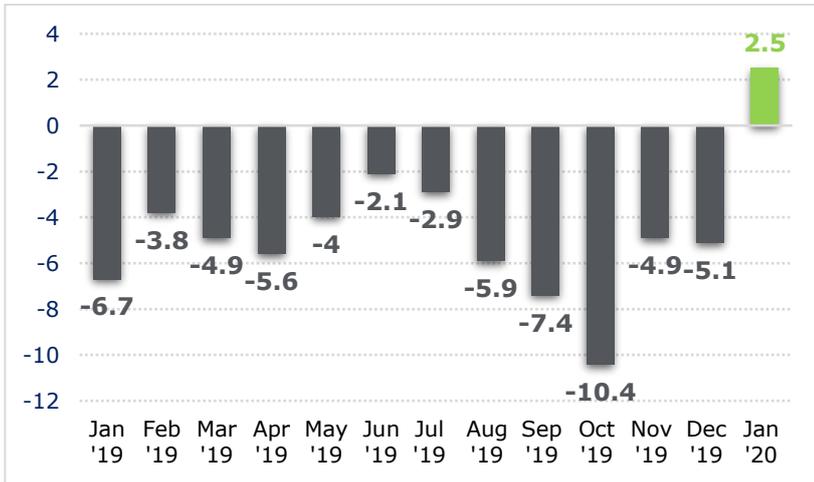


Chart 8: % change of BiH Industrial Output between January 2019 and January 2020

Source: Agency for Statistics of Bosnia and Herzegovina

Furthermore, on a seasonally adjusted monthly basis, in 2020, BiH recorded an increase of 4.1% in industrial activity, compared to the December 2019, with the increase of Energy and production of 5.10%, whereas it shown a decrease in Consumer durables and non-durables by 19.0% and 4.0% respectively.¹⁵³ Additionally, the below Chart 9 manifests the monthly change rates for total industry and subsequent sectors throughout the period of one year. Overall, although production activity in BiH has shown signs of the improvement at the very beginning of the new year, the coming period that has been hit by the crisis will most likely encounter major problems and eventual slowdown of industrial activity that will reflect most of the sectors.

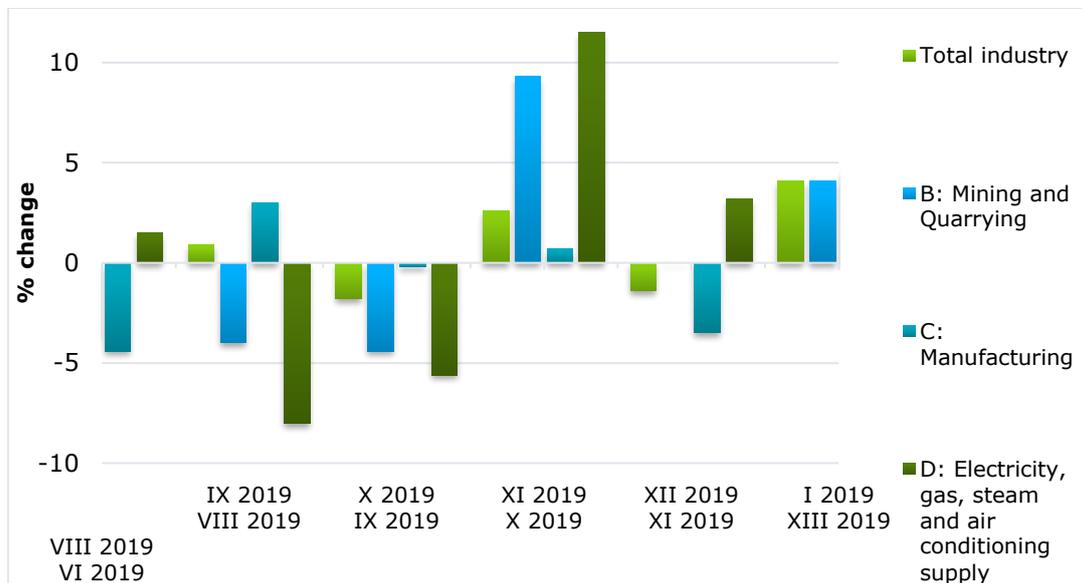


Chart 9: Monthly % changes calculated from seasonally adjusted indices for Total Industry and specific sectors

Source: Agency for Statistics of Bosnia and Herzegovina

¹⁵² BHAS, [Volume Index of Industrial Production in Bosnia and Herzegovina December 2019 - Preliminary Results](#)

¹⁵³ BHAS, [Volume Index of Industrial Production in Bosnia and Herzegovina January 2020 - Final Results](#)

Appendix 5: Baseline situation – Supply of raw materials

When it comes to the supply and production of raw materials in BiH, according to the data of BHAS, the production of raw materials at the end of 2019 recorded a decrease of 8.3% compared to December 2018.¹⁵⁴ Moreover, whilst considering monthly comparisons of the industrial production volume index, the production of raw materials decreased by 2.9% in December 2019 compared to the previous month, manifesting a slight slow-down of economic activity by the end of the year. However, in January 2020 the production of raw materials rebounded with an upturn of 7.7% compared to December 2019, recording an overall increase of 5.0% in comparison to the same period last year.¹⁵⁵ Although the minor slow-down by the end of 2019 could have been understood as an early sign of upcoming crisis, the beginning of 2020 bounced back with an increase in the production of raw materials, promising a very uncertain period to follow.

Similarly, as for the production of raw materials, in January 2020, the total producer prices of raw materials slightly declined by 0.1% compared to December 2019.¹⁵⁶ Additionally, whilst observing the annual change as of January 2019, the producer prices of raw materials increased by 3.8% in January 2020. When considering the domestic market, in the first month of the current year, the producer prices of raw materials recorded a decrease of 0.4% and 2.8% compared to December 2019 and January 2019, respectively.¹⁵⁷ Moreover, on the non-domestic market, in January 2020 the decrease of 0.5% was recorded compared to December 2019, and a subsequent decrease of 4.6% compared to the January of the previous year.¹⁵⁸

Accordingly, when observing the import and export of raw materials prior to the outbreak of COVID-19 crisis, both of those remained almost at the same level in January 2020, compared to the same period of the previous year. On the one hand, in January 2020, the export of raw materials totalled to BAM 315.83 million¹⁵⁹, compared to the January 2019 when it amounted to BAM 327.99 million.¹⁶⁰ On the other hand, the import of raw materials in January 2020 recorded almost the same amount as in January 2019, indicating that no significant fluctuations occurred during the one-year period. Furthermore, when considering the trend of an annual external trade, below Chart 10 manifests a 31.88% increase of export and 27.88% increase of import of raw materials from 2015 until 2019. However, the last year recorded a slight decrease in both import and export of raw materials by 0.98% and 0.99% respectively compared to 2018.

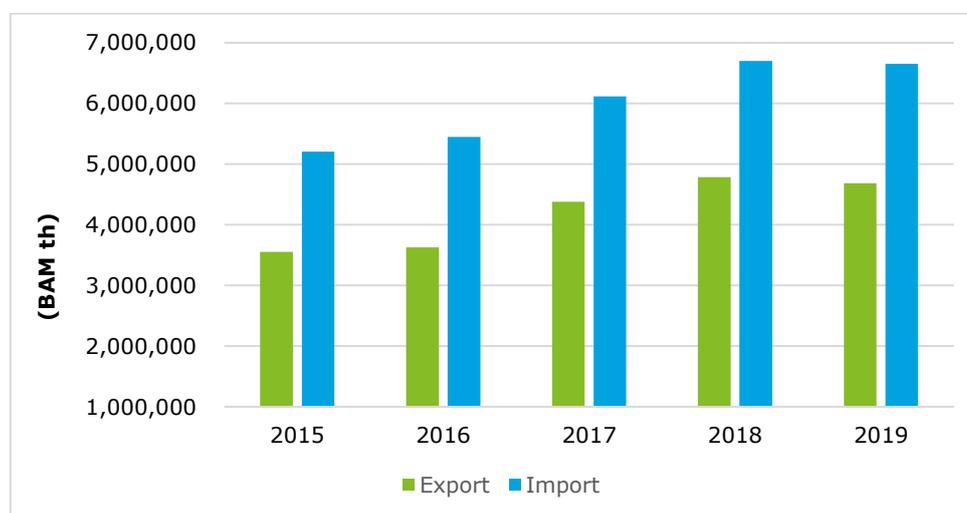


Chart 10: Total export and import of raw materials 2015-2019

Source: Agency for Statistics of Bosnia and Herzegovina

¹⁵⁴ BHAS, [Volume Index of Industrial Production in Bosnia and Herzegovina December 2019 - Preliminary Results](#)

¹⁵⁵ Ibid

¹⁵⁶ BHAS, [Producer Price Index in Bosnia and Herzegovina in January 2020](#)

¹⁵⁷ Ibid

¹⁵⁸ Ibid

¹⁵⁹ BHAS, [BiH International Trade in Goods Statistics - January 2020](#)

¹⁶⁰ BHAS, [BiH International Trade in Goods Statistics - January 2019](#)

Appendix 6: Baseline situation – The growth of the sectors

The following industries have been noted by governmental bodies and private-sector groups to have experienced a significant growth (or growth potential).

Metal and Automotive

The Foreign Trade Chamber of Bosnia and Herzegovina suggests that the metal processing and electrical industry has perhaps the most promising potential of the country – continuously strengthening and utilizing national resources. Capabilities include the production of a vast range of metals including iron, steel and aluminium, as well as the production of various precious metals and non-ferrous metals. The industry also possesses broad capabilities in metal processing and manufacture, from forging, pressing, stamping and rolling, to milling, forming and coating. This enables the industry to manufacture many elements and structures used in sub-sectors such as construction, energy, defence, and automotive. The automotive industry has experienced strong growth and profitability.¹⁶¹ When other sectors saw stagnation, “companies engaged in auto components manufacture prosper year by year”.¹⁶² The defence industry has been a strong driver for growth and investment in the metals sector. The Foreign Trade Chamber in fact regards metal (production and processing) and auto-parts manufacture to be two main pillars of the BiH economy. The highest growth in industry was registered in “applied industry”, which involves the production of machines, mechanical tools, devices, and miscellaneous parts. Automotive parts are a well-cited export, which has enjoyed good growth in recent years, with a growth of 11.8% in 2018.¹⁶³

ICT

According to the Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA BiH), ICT is a flourishing sector, which has shown significant growth in recent years. In fact, FIPA BiH notes that the IT sector (when also including related activities like consulting) has seen a total growth of 72% in the last 5 years,¹⁶⁴ making it one of the fastest growing economic areas for BiH. Operational revenues for companies in this sector have increased by 60% since 2010 and have increased their employed headcounts by nearly 97% (for that same period). It is now estimated that between 2,500 and 3,500 programmers operate in BiH, and IT engineers are regarded as possessing elite-tier skills, knowledge, experience, and insight into modern trends.¹⁶⁵ According to BIT Alliance (an association of IT companies in BiH), growth in revenues is even higher, ranging from 200% to as high as 1400% in the past few years, with as much as a six-fold increase in employment headcount.¹⁶⁶

Tourism/Travel

The tourism sector of BiH has been recognized as a key priority to address in national economic development policy, as it is noted to hold an enormous development potential – enough to play a significant role in the Bosnia and Herzegovina’s economy. According to the World Tourism Organization (UNWTO), Bosnia and Herzegovina finds itself among the top 10 countries recording the most significant increase in tourist arrivals.¹⁶⁷ Tourist arrivals and overnight stays increased 13.7% and 12.3% respectively, from 2016 to 2017.¹⁶⁸ Various worldwide publications (such as the Guardian, Business Insider, and Lonely Planet), have featured Bosnia in best destination shortlists. Tourism segments FIPA regards as showing great investment promise include ski and mountain tourism, ecotourism, cultural heritage and religious tourism, adventure and sports tourism, sea tourism, and spa tourism. BiH has made significant efforts to create a favourable business and investment environment in these areas.

Wood & Furniture Manufacturing

One of the strongest industries in Bosnia and Herzegovina is the wood industry (and the particularly domestic furniture manufacturers it supplies). This sector provides BiH with a large surplus in foreign trade. The Foreign Trade

¹⁶¹ Foreign Investment Promotion Agency, [Bosnia and Herzegovina: Automotive Industry](#), Bosnia and Herzegovina Investment Opportunities, 2015.

¹⁶² Ibid

¹⁶³ Ibid

¹⁶⁴ Foreign Investment Promotion Agency of Bosnia and Herzegovina, [Attractive Sectors](#)

¹⁶⁵ Ibid

¹⁶⁶ Ibid

¹⁶⁷ Foreign Investment Promotion Agency, [Bosnia and Herzegovina: Investment Opportunities](#), online brochure, 2018.

¹⁶⁸ Ibid

Chamber of BiH considers domestic companies to have invested great efforts into developing this sector, and notes their use of not only national, but also prominent international designers.¹⁶⁹

Agriculture & Food Processing

Developments of fruit and vegetable production have opened new opportunities for investment, and expansion of production volumes – making it a key strategic component for BiH. Bosnia and Herzegovina’s food processing sector has enjoyed rapid growth. There is a good basis for development of wine production on account of favourable conditions for domestic viticulture, and the south has already earned a good reputation in wine markets.¹⁷⁰

Chemicals industry

Bosnia and Herzegovina has a well established chemicals industry, with well-respected manufacturing of products such as detergents, hygiene products, soda, and coal. The chemical industry is very much export-oriented, as is the pharmaceutical branch, which possesses valuable experience and employs modern technology in production processes.¹⁷¹

Appendix 7: Baseline situation - Markets – Export and Import

The negative trade balance has been persistent in BiH for many years and although the export to import ratio increased between 2016 and 2018, it dropped again in 2019 to 59.72%, as seen on below Chart 11.¹⁷²

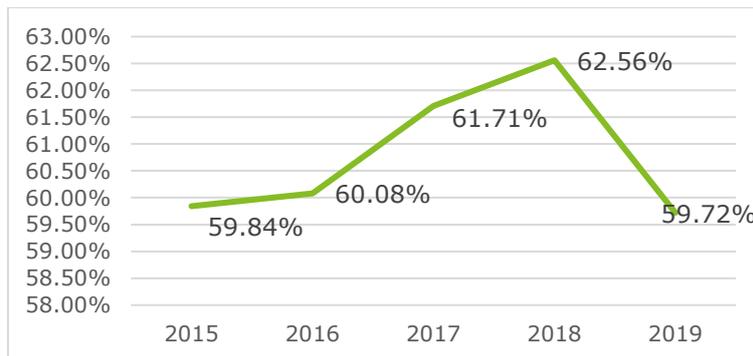


Chart 11: Export/Import Ratio of BiH (2015-2019)

Source: Foreign Trade Chamber of Bosnia and Herzegovina, “Bosnia and Herzegovina Fact Sheet”, online factsheet 2018.

According to CEIC¹⁷³, Bosnia and Herzegovina’s Agriculture, Forestry and Fishing exports totalled BAM 13.68 million while imports amounted to BAM 54.88 million in January 2019.¹⁷⁴ The exports reached their 69.09 million. The close of the year following October saw exports averaging a monthly decline of 17.6%, which in January 2020 amounted to BAM 12.50 million¹⁷⁵ However, while imports declined steadily from September at an average rate of 11.89%, November 2019 saw an upsurge of imports in this sector, eventually rising to BAM 65.93 million in January 2020.¹⁷⁶ Nevertheless, the year 2019 overall sustained a downtrend in importing and exporting activities during peak seasons that has crawled along since 2017. Imports noted the worst performing year over the last five years while exports displayed tendency to decline in short-term, as displayed in Chart 12.

¹⁶⁹ Foreign Trade Chamber of Bosnia and Herzegovina, [Business Sectors](#)

¹⁷⁰ Ibid

¹⁷¹ Ibid

¹⁷² Foreign Trade Chamber of Bosnia and Herzegovina, [Bosnia and Herzegovina Fact Sheet](#)

¹⁷³ CEIC, [Bosnia and Herzegovina – Exports – Nace 2, Agriculture, Forestry, Fishing,](#)

¹⁷⁴ CEIC, [Bosnia and Herzegovina – Imports – Nace 2, Agriculture, Forestry, Fishing,](#)

¹⁷⁵ CEIC, [Bosnia and Herzegovina – Exports – Nace 2, Agriculture, Forestry, Fishing,](#)

¹⁷⁶ CEIC, [Bosnia and Herzegovina – Imports – Nace 2, Agriculture, Forestry, Fishing,](#)

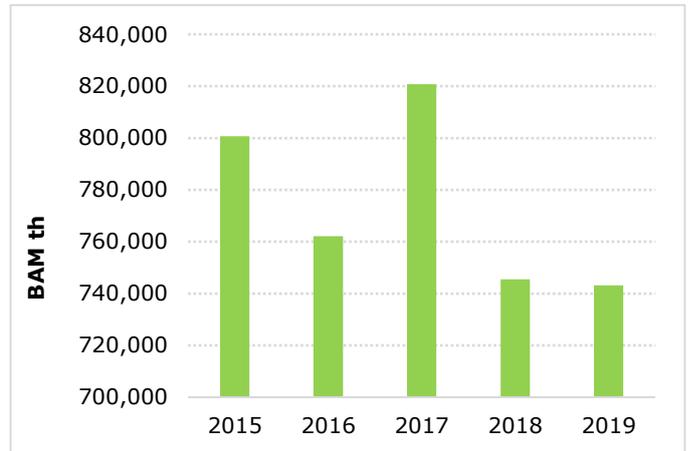
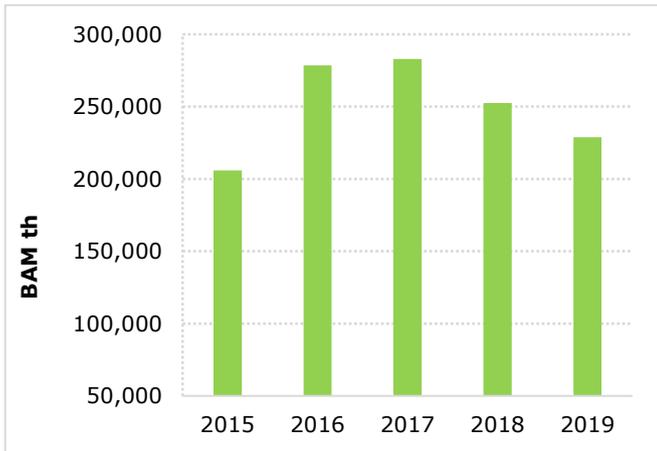


Chart 12: Annual Export and Import for Agriculture, Forestry and Fishing Sector

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

The beginning of 2019 recorded an increase of exports in Mining and Quarrying from BAM 4.86 million in January to BAM 9.34 million in April.¹⁷⁷ At the same time, imports displayed a temporary increase from initial BAM 73.67 million that was followed by a decline until June 2019. In July 2019, exports reached a trough amounting to BAM 5.84 million while imports rose marginally.¹⁷⁸ However, exports recovered again eventually reaching an annual maximum of BAM 9.47 million in December 2019. From a net annual perspective, the size of imports varied monthly but overall, it followed a trend of steady decline to BAM 53.78 million in December 2019. Finally, the year closed with both exporting and importing activities contracting abruptly between December 2019 and January 2020, amounting to BAM 4.89 million and BAM 4.40 million respectively.^{179,180} Overall, the autumnal peak in exports and imports in Mining and Quarrying sector reflected a more than 50% drop compared to the previous year, which halted the period of steady growth that had been looming since 2016. Both exports and imports recorded the worst performing year in international trade, as displayed in Chart 13 and 14.

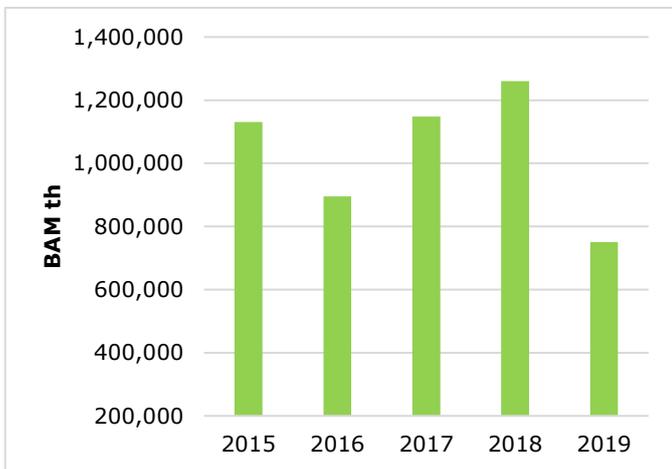


Chart 13: Annual Exports for Mining and Quarrying Sector Chart 14: Annual Imports for Mining and Quarrying Sector

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

¹⁷⁷ CEIC, [Bosnia and Herzegovina – Exports – Nace 2 Mining, Quarrying](#)

¹⁷⁸ CEIC, [Bosnia and Herzegovina – Imports – Nace 2 Mining, Quarrying](#)

¹⁷⁹ CEIC, [Bosnia and Herzegovina – Exports – Nace 2 Mining, Quarrying](#)

¹⁸⁰ CEIC, [Bosnia and Herzegovina – Imports – Nace 2 Mining, Quarrying](#)

The Manufacturing sector exported volume worth BAM 718.19 million in January 2019 while recording imports of BAM 1,051 million.^{181,182} Both exports and imports saw a rise in the first quarter of 2019 that was followed by occasional seasonal variations. After reaching an annual peak in exports in May at BAM 935.30 million, exports experienced an annual trough in August amounting to BAM 702.60 million.¹⁸³ In the same month, imports were also at the lowest point since January totalling BAM 1,347 million.¹⁸⁴ The close of the year saw manufacturing exports displaying another increase from December 2019 to January 2020, while imports decreased in the same period. The respective values amounted to BAM 728.78 million and BAM 1,120 million in January 2020.¹⁸⁵ Overall, manufacturing exports in 2019 ended a positive trend since 2015 as displayed in Chart 15, while imports maintained a marginal yearly ascent in volume. In 2015, CEIC noted an abnormal influx of imports in manufacturing sector, more than a hundredfold greater than in averagely-performing importing year, as displayed by disparate performances in Chart 16.

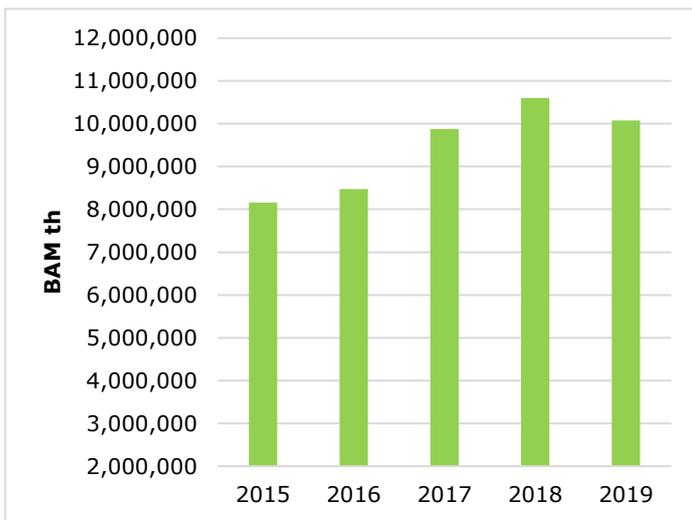


Chart 15: Annual Exports for Manufacturing Sector

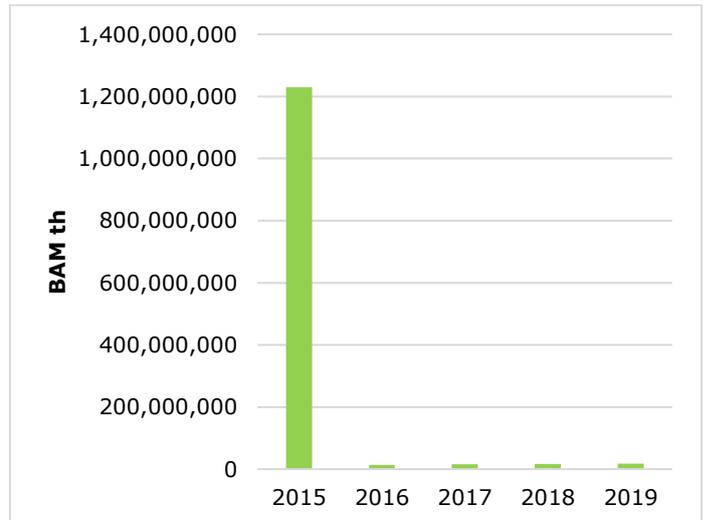


Chart 16: Annual Imports for Manufacturing Sector

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

The industry for Electricity, Gas, Steam and Air conditioning supply varied with seasonal demands in 2019. Exports initially displayed an increased activity in January 2019 at BAM 57.82 million that was followed by a decline until the midway through the year.¹⁸⁶ In the same period imports of electricity, gas, steam and air conditioning rose to BAM 37.57 million in February, eventually decreasing until May 2019 when they reached the peak at BAM 38.18 million.¹⁸⁷ The same month was followed by stagnated efforts that led to an increase in exporting activities over the summer season, while imports recorded an annual trough in September at BAM 3.81 million. While imports improved sevenfold in two months, the end of the year saw their quantity declining again to BAM 7.61 million in January 2020.¹⁸⁸ At the same time, winter season led to recovery of exporting activities from their lowest in November, consequently recording peak exports in January 2020 at BAM 58.78 million.¹⁸⁹ At this same time this was the record month for electricity, gas, steam, and air conditioning supply exports and reflects a continued uptrend since 2016, as displayed in Chart 17. On the other hand, imports were slightly lower during winter season but higher in summer compared to previous years, yet remaining bound to upward sloping trail in relation to the year before, as seen in Chart 18.

¹⁸¹ CEIC, [Bosnia and Herzegovina - Exports - Nace 2 Manufacturing](#)

¹⁸² CEIC, [Bosnia and Herzegovina - Imports - Nace 2 Manufacturing](#)

¹⁸³ CEIC, [Bosnia and Herzegovina - Exports - Nace 2 Manufacturing](#)

¹⁸⁴ CEIC, [Bosnia and Herzegovina - Imports - Nace 2 Manufacturing](#)

¹⁸⁵ Ibid

¹⁸⁶ CEIC, [Bosnia and Herzegovina, - Exports - Nace 2, Electricity, Gas, Steam, Air conditioning Supply](#)

¹⁸⁷ CEIC, [Bosnia and Herzegovina, - Imports - Nace 2, Electricity, Gas, Steam, Air conditioning Supply](#)

¹⁸⁸ CEIC, [Bosnia and Herzegovina, - Exports - Nace 2, Electricity, Gas, Steam, Air conditioning Supply](#)

¹⁸⁹ CEIC, [Bosnia and Herzegovina, - Imports - Nace 2, Electricity, Gas, Steam, Air conditioning Supply](#)

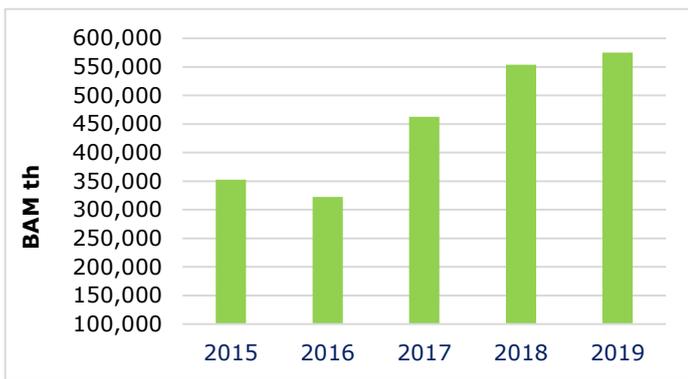


Chart 17: Annual Exports for Electricity, Gas, Steam and Air Conditioning Supply Sector

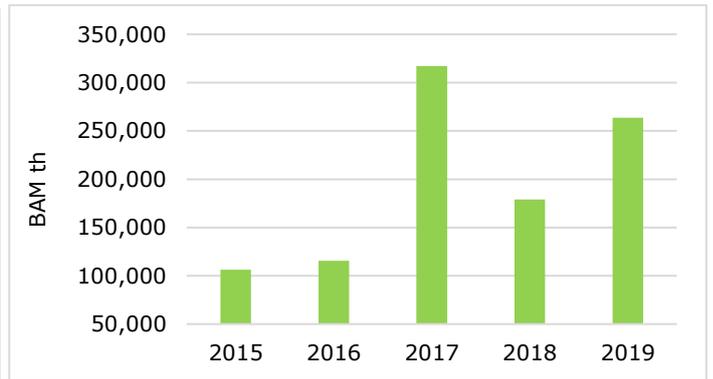


Chart 18: Annual Imports for Electricity, Gas, Steam and Air Conditioning Supply Sector

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

January 2019 was the worst month for both exports and imports of Water supply, Sewerage, Waste management and remediation activities, recording BAM 12.85 million and BAM 555 million respectively.¹⁹⁰ However, the rest of the year displayed encouraging activities from both sides. In March 2019, exports and imports were at the peak of BAM 27.57 million and BAM 2.41 million.¹⁹¹ This was followed by periods of varying quantities until both exports and imports reached the lowest points since January 2019. However, the remainder of the year saw quantities of exports and imports increasing again until December, when both activities decreased slightly. Exports recovered towards the advent of 2020 to record BAM 22.93 million while imports continued decreasing until they reached BAM 1.16 million in January 2020.^{192,193} Overall, exports of water supply, sewerage, waste management and remediation activities in 2019, albeit underperforming somewhat, have managed to break the growth that has been present since 2016, as visible on Chart 19. On the other hand, import volume displayed a rising tendency toward the close of 2019, setting the record annual performance over the last five years, as presented in Chart 20.

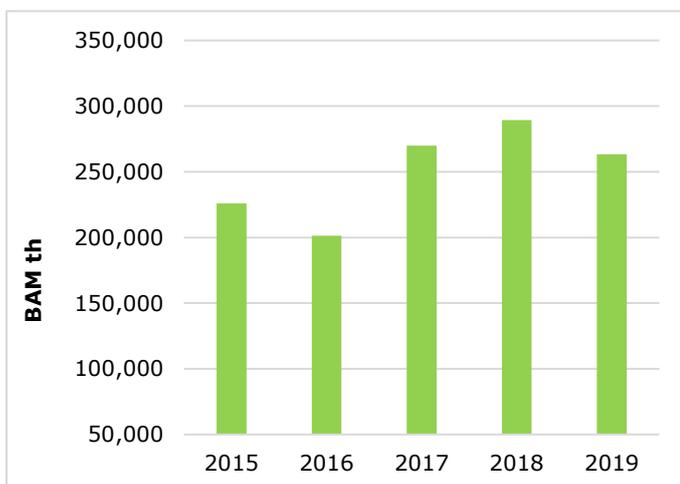


Chart 19: Annual Exports for Water Supply, Sewerage, Waste Management and Remediation Sector

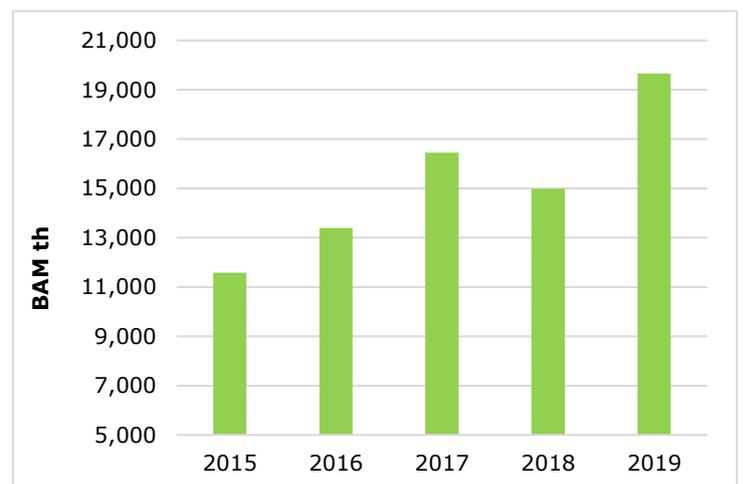


Chart 20: Annual Imports for Water Supply, Sewerage, Waste Management and Remediation Sector

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

¹⁹⁰ CEIC, [Bosnia and Herzegovina, - Exports - Nace 2, Water Supply, Sewerage, Waste Management and Remediation Activities](#)

¹⁹¹ CEIC, [Bosnia and Herzegovina, - Imports - Nace 2, Water Supply, Sewerage, Waste Management and Remediation Activities](#)

¹⁹² CEIC, [Bosnia and Herzegovina, - Exports - Nace 2, Water Supply, Sewerage, Waste Management and Remediation Activities](#)

¹⁹³ CEIC, [Bosnia and Herzegovina, - Imports - Nace 2, Water Supply, Sewerage, Waste Management and Remediation Activities](#)

Information and Communication exports recorded a number of fluctuations throughout 2019, starting the year at BAM 2.83 million.¹⁹⁴ Importing activities have followed an inclining pattern since the year outset when in January, the quantity imported totalled BAM 3.70 million. After periods of varying performance, both imports and exports experienced an annual trough in June and July respectively. Exports recovered swiftly to hit the peak quantity worth BAM 5.98 million in July while imports were the most favourable in October at BAM 5.14 million.¹⁹⁵ However, both importing and exporting activities declined towards the close of the year, being valued at BAM 4.27 million and BAM 3.62 million respectively in January 2020. Overall, information and communication exports activities have pursued the positive trajectory and registered a record annual performance in 2019 over the last five years, as visible in Chart 21. Nevertheless, imports were lower than in previous year as displayed in Chart 22, and what is more, the January 2020 underperformance does not signal short-term recovery.

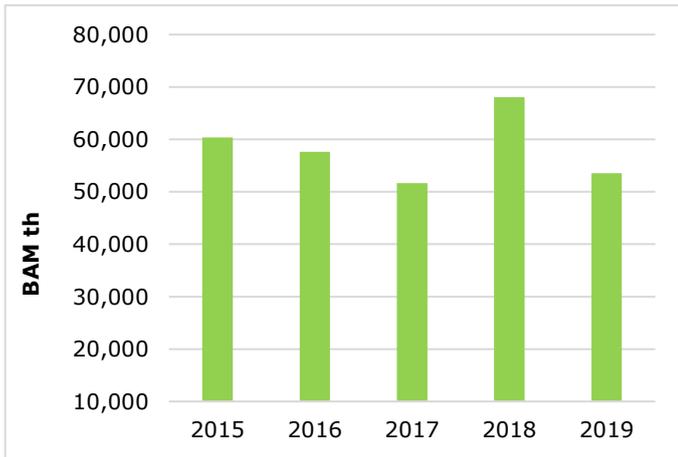


Chart 21: Annual Exports for Information and Communication Sector

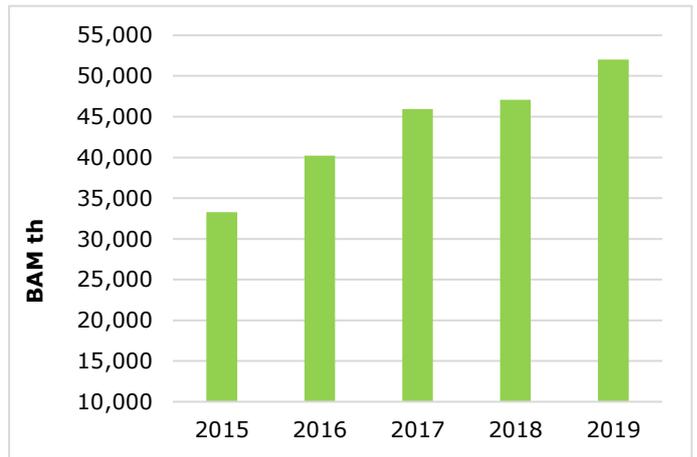


Chart 22: Annual Imports for Information and Communication Sector

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

Exporting efforts for Professional, Scientific and Technical activities registered BAM 36 million in January 2019 while imports entered the year recording BAM 1 million.¹⁹⁶ The year saw exporting activities reaching a trough in June when no activities were exported. Over the same period, quantity of imports grew to reach the peak amount in May at BAM 147 million.¹⁹⁷ Exports subsequently recovered over the remainder of the year, eventually reaching annual high at BAM 99 million in October, while imports remained below the average. The close of the year saw both imports and exports declining, recording quantities worth BAM 3 million and BAM 1 million in January 2020.^{198,199} The year 2019 has witnessed a recovery of exported quantities in this market compared to the 2018, as shown in Chart 23. Similarly, imports experienced a similar pattern logging a 12% growth relative to 2018, as displayed in Chart 24.

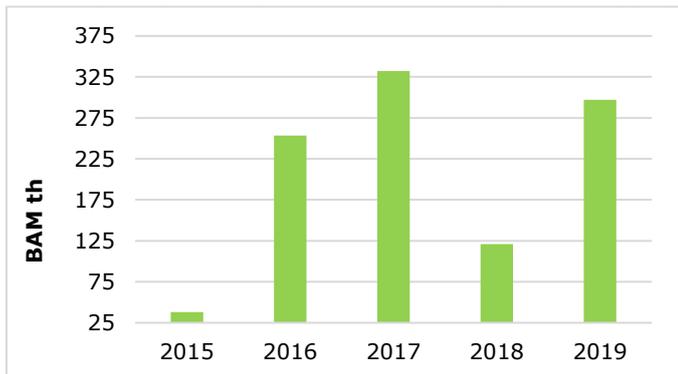


Chart 23: Annual Exports for Professional, Scientific and Technical Sector

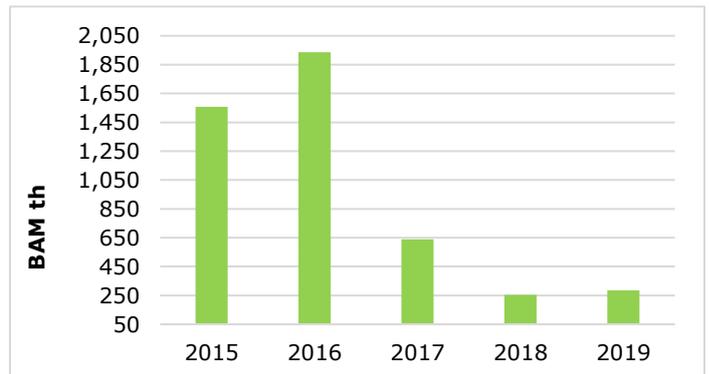


Chart 24: Annual Imports for Professional, Scientific and Technical Sector

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

¹⁹⁴ CEIC, [Bosnia and Herzegovina, – Exports – Nace 2, Information and Communication](#)

¹⁹⁵ CEIC, [Bosnia and Herzegovina, – Imports – Nace 2, Information and Communication](#)

¹⁹⁶ CEIC, [Bosnia and Herzegovina, – Exports – Nace 2, Professional, Scientific and Technical Activities](#)

¹⁹⁷ CEIC, [Bosnia and Herzegovina, – Imports – Nace 2, Professional, Scientific and Technical Activities](#)

¹⁹⁸ CEIC, [Bosnia and Herzegovina, – Exports – Nace 2, Professional, Scientific and Technical Activities](#)

¹⁹⁹ CEIC, [Bosnia and Herzegovina, – Imports – Nace 2, Professional, Scientific and Technical Activities](#)

At the outset of 2019, Arts, Entertainment and Recreation industry exporting and importing activities totalled BAM 1 million and BAM 9 million respectively.²⁰⁰ Both quantities featured relatively stable patterns until the midway through the year, when exports recorded an annual peak in May 2019 at BAM 93 million. Imports noted their peak in August at BAM 214 million, although such performance did not foretell consistency. In fact, imports declined below their average, rounding off the year at BAM 17 million in January 2020.²⁰¹ On the other side, exports experienced another successful month in August registering BAM 44 million. However, their performance quickly declined to the point when no exports were registered in December 2019, but the first month of 2020 saw marginal increase in exports to record BAM 4 million. Overall, the year 2019 featured record performances for exports over the last five years, as displayed in Chart 25, registering more than 300% growth compared to 2018. However, as Chart 26 indicates, imports have gone below BAM 450 million and recorded lower than previous year's performance.

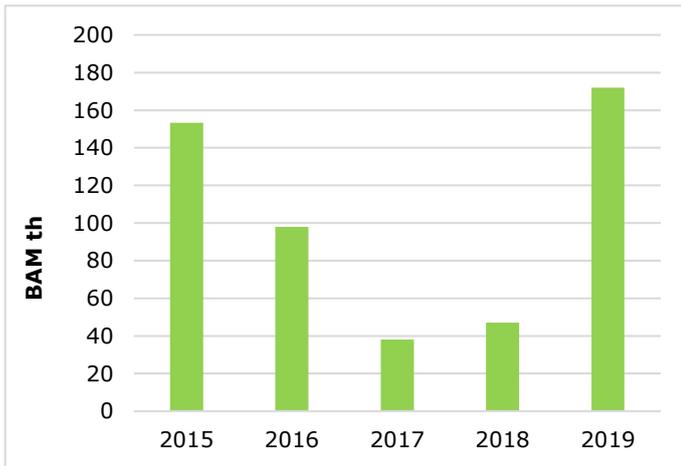


Chart 25: Annual Exports for Arts, Entertainment and Recreation Sector

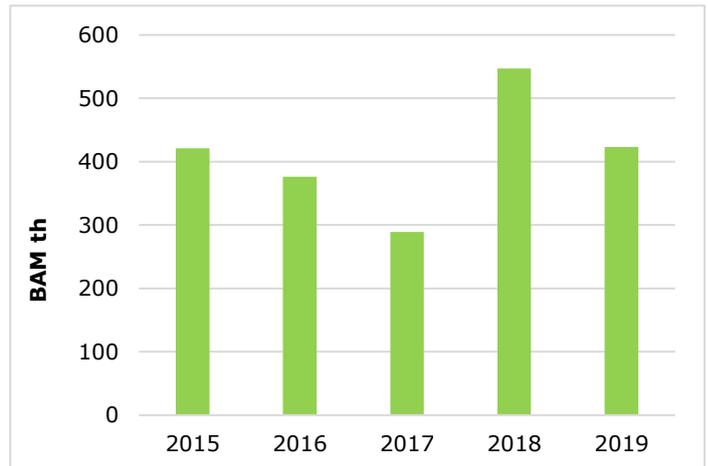


Chart 26: Annual Imports for Arts, Entertainment and Recreation Sector

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

Appendix 8: Baseline situation - Wages and Salaries

Further, when observing the changes in average wages over the period of last two years, below Chart 27 captures a 4.03% nominal increase in average gross wage in BiH for January 2020, when compared to January 2018 when the average gross wage in BiH amounted to BAM 1,351.²⁰² Such growth of average wage is stimulated by the wage in both entities. Particularly, in FBiH the average gross wage has nominally increased by 4.18% when compared to January 2018 when it amounted to BAM 1,363. Similarly, in Republika Srpska the average *gross wage* has nominally increased by 3.79% compared to January 2018, when it amounted to BAM 1,321.²⁰³ Overall, the trend of average wage in BiH in the last two years reflects the comprehensive economic activity with several fluctuations, indicating the first signs of impact effects from the coming crisis.

²⁰⁰ CEIC, [Bosnia and Herzegovina, - Exports - Nace 2, Arts, Entertainment and Recreation](#)

²⁰¹ CEIC, [Bosnia and Herzegovina, - Imports - Nace 2, Arts, Entertainment and Recreation](#)

²⁰² BHAS, [Average Monthly Gross Earnings of Persons in Employment January 2020](#)

²⁰³ Ibid

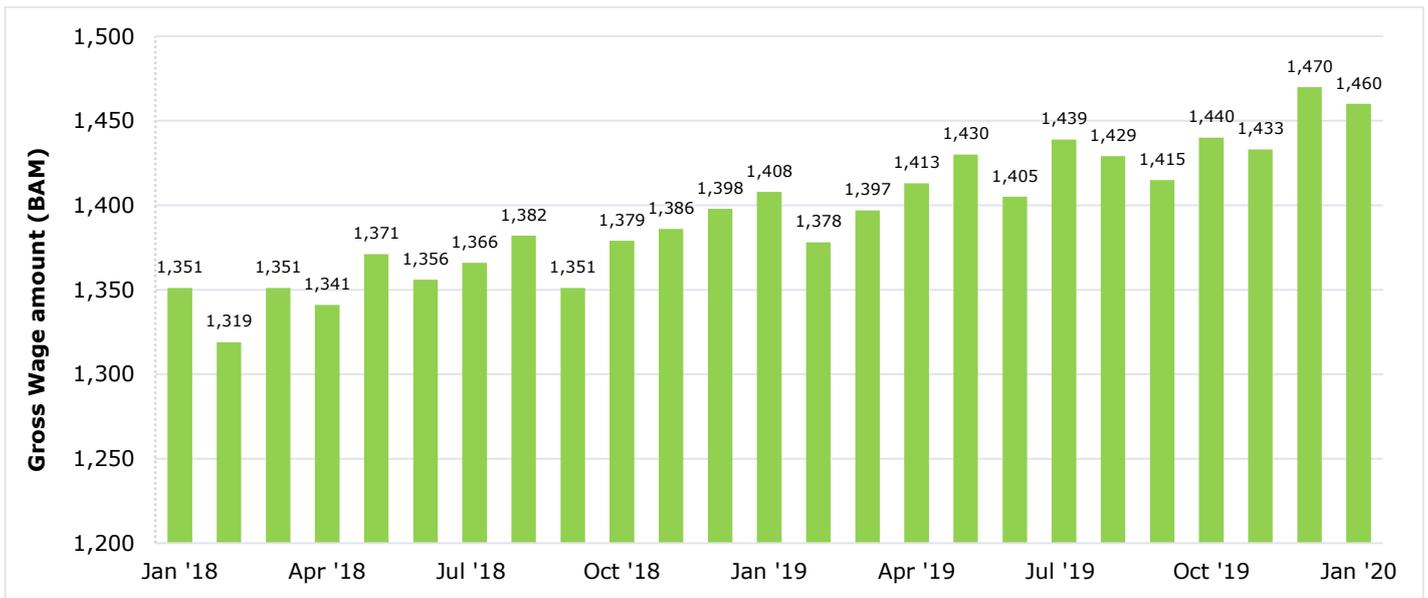


Chart 27: Average monthly gross wages in Bosnia and Herzegovina for the period between January 2018 and January 2020

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

Similarly, as shown at the Chart 28 below, the average net wage in BiH in January 2020 has nominally increased by 4.3% when compared to January 2018 when the average net wage amounted to BAM 870.²⁰⁴ Such growth of average wage is stimulated by the wage in both entities. In FBiH the average *net wage* has nominally increased by 7.88% when comparing to January 2018 when it amounted BAM 888. Additionally, in Republika Srpska the average *net wage* has nominally increased by 5.39% since January 2018 when it amounted to BAM 925.²⁰⁵

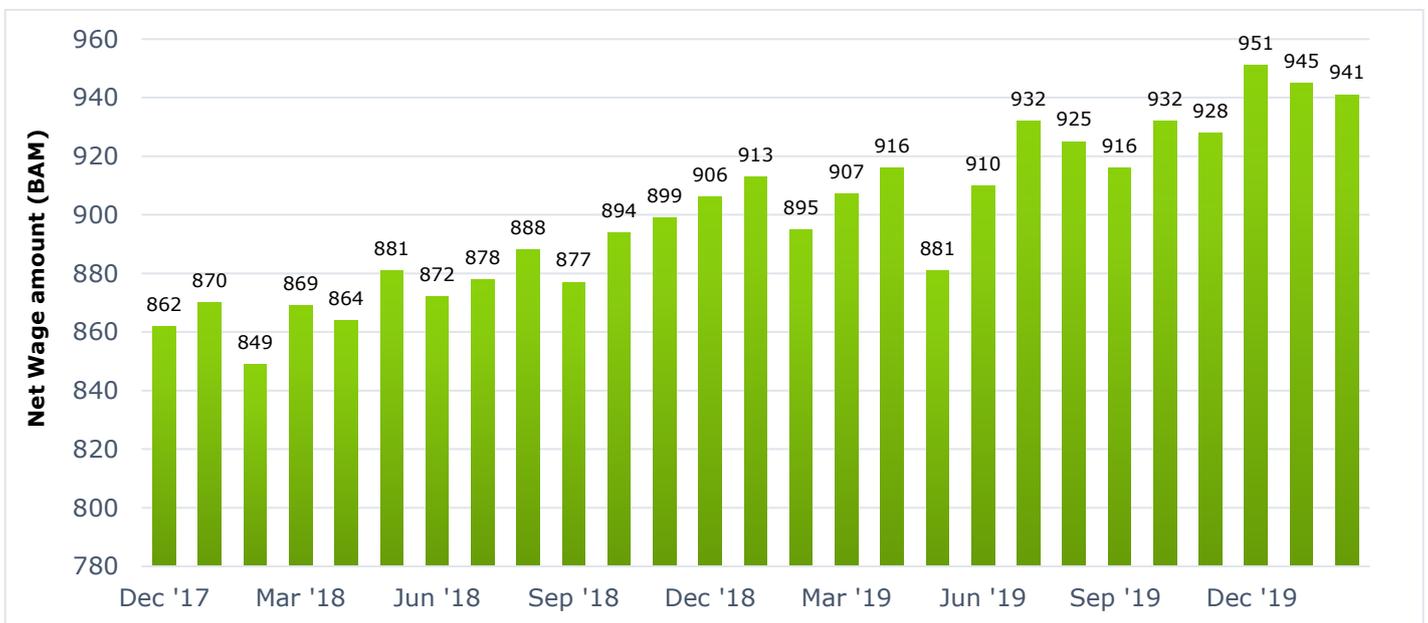


Chart 28: Average monthly net wages in Bosnia and Herzegovina for the period between January 2018 and January 2020

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

²⁰⁴ BHAS, [Average monthly paid off Net Earnings of Persons in Employment January 2020](#)

²⁰⁵ Republika Srpska Institute of Statistics, [Average Wages of Employees – January 2018](#)

When observing the changes in average wages according to the classified sectors for the period of last 5 years, the nominal growth is evident in almost all of the sectors, as seen in Chart 29 and 30. The greatest nominal growth rates of average wages in BiH are recorded in the Manufacturing, Construction, Wholesale & Retail trade and Professional, Scientific & Technical sectors, amounting to nominal increases of 3.80%, 3.77%, 3.65% and 3.39% respectively.²⁰⁶ Although the difference in *net wages* in 2019 for both entities and Brčko District for above mentioned sectors are fairly small, they are more evident in sectors such as Finance and Insurance where the average *net wage* in BD amounted to BAM 1,104 whereas in RS and FBiH they amounted to BAM 1,409 and BAM 1,652 respectively. This indicates better positioning of FBiH compared to Brčko District within this sector and its overall contribution to the BiH industry. Similarly, in Human Health and Social work sector the average *net wages* differ, amounting to BAM 1,403 (BD), BAM 1,080 (RS) and 1,284 (FBiH)²⁰⁷. When it comes to the average *gross wages* in 2019, they significantly differ in district and both entities for the sectors as Arts, Entertainment and Recreation, amounting to BAM 769.58 (BD), BAM 980 (RS) and BAM 1,123 (FBiH) and Administrative and Support sector, amounting to BAM 1,217 (BD), BAM 1,049 (RS) and BAM 934 (FBiH).²⁰⁸

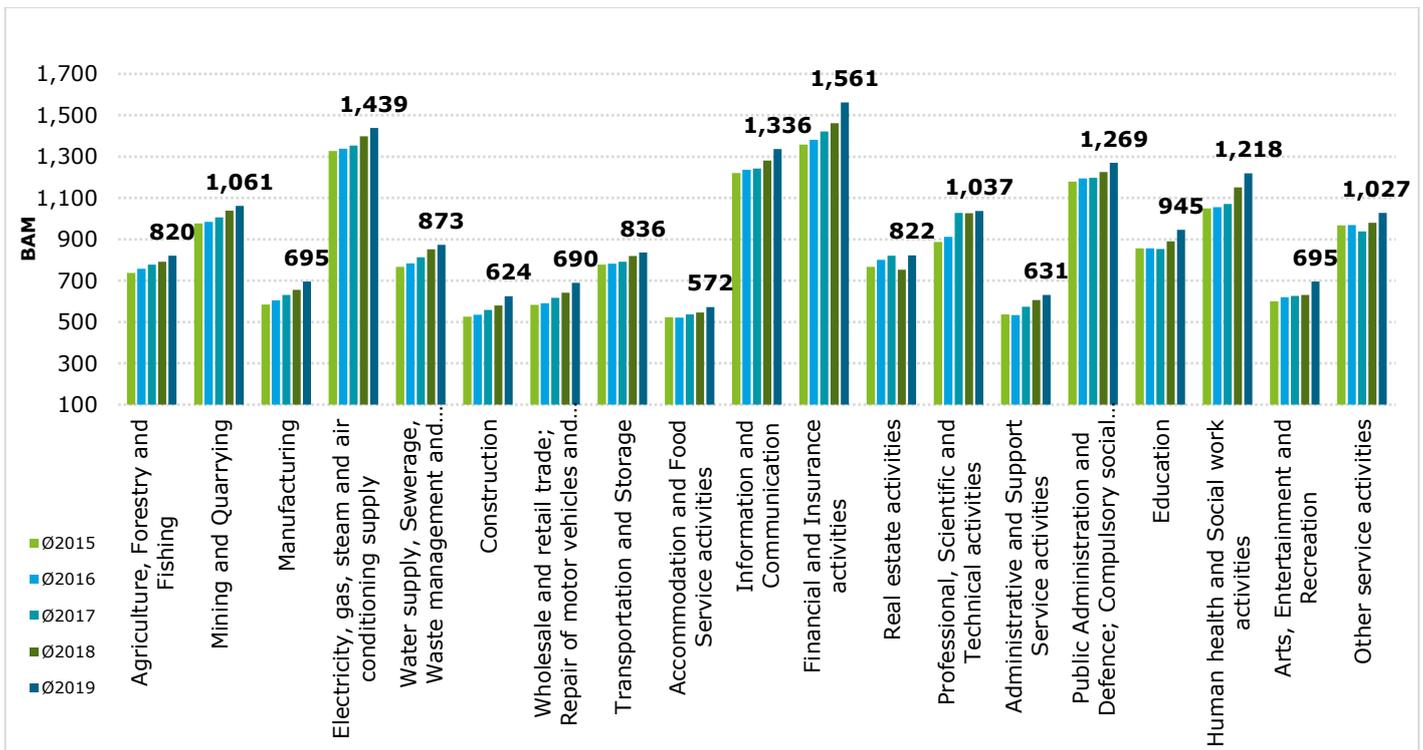


Chart 29: Total net earnings according to classified sectors for the last 5 years

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

²⁰⁶ Calculated by author, from the data from Agency for Statistics of Bosnia and Herzegovina, BHAS

²⁰⁷ Data computed from 3 different sources: 1) Institute for Statistics of FBiH, [Average monthly paid off Net And Gross Wage of Persons in Paid Employment by KD BiH 2010, 2019](#). 2) Republika Srpska Institute of Statistics, [Average Wages of Employees](#) 3) BHAS, Bulletin - Statistical Data of Brčko District, XIX, 1, 2019, p. 17

²⁰⁸ Ibid

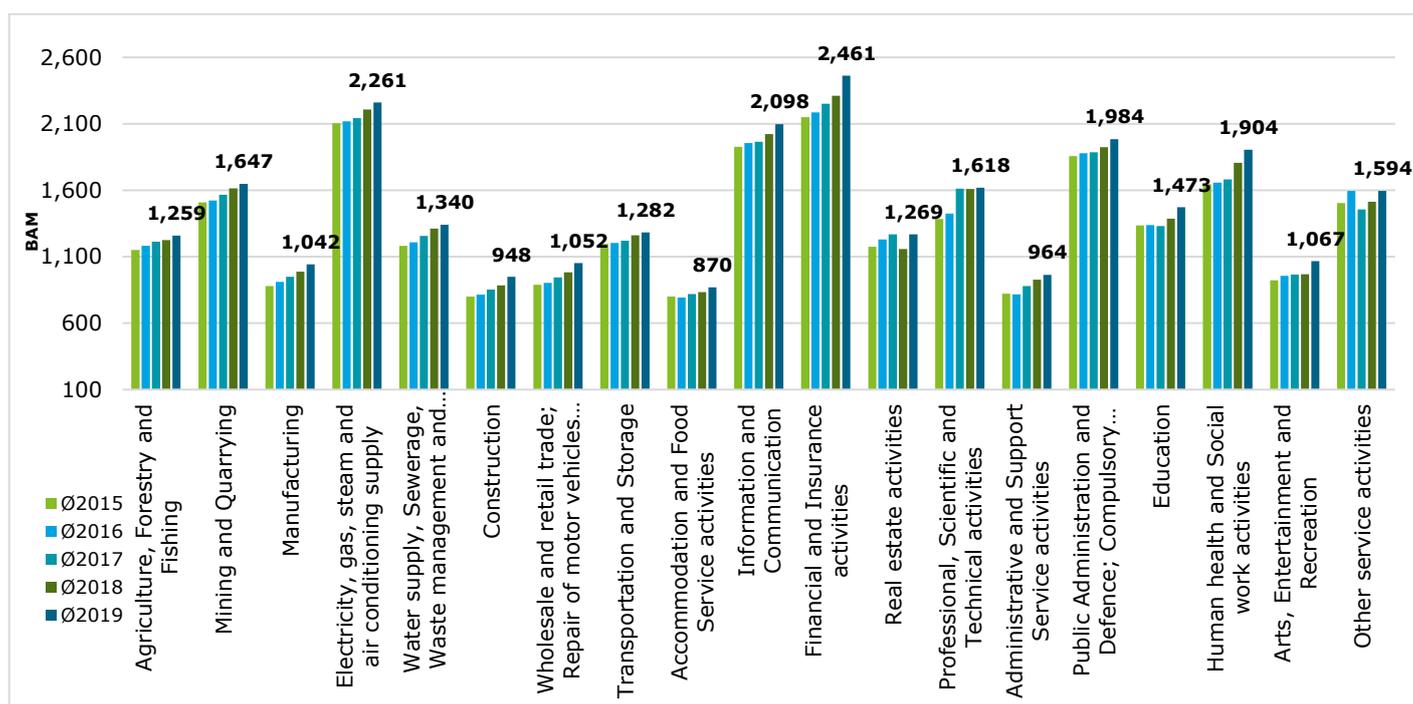


Chart 30: Total gross earnings according to classified sectors for the last 5 years

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

Appendix 9: Baseline situation – Employment

When it comes to consideration of people employed within target sectors in 2020 and 2019, below Table 17 represents a detailed overview of the number and percentage of people employed, specifying the number of women working within each sector. In particular, according to the data from January 2020, it is evident that the greatest number of people are employed within Manufacturing (20.14%) and Wholesale and Retail trade (18.64%). Additionally, besides majority of women working within these 2 sectors, 22% and 17% respectively, the rest of their employment is mostly dispersed between Education (13%), Health and Social care (11%) as well as Public administration and defence (8%).

Classified sectors	Ø2019				2020 - I			
	Total	Women	% of employees per sector	% of employed women per sector	Total	Women	% of employees per sector	% of employed women per sector
All sectors	823,130	353,408	100%	100%	833,909	361,352	100.00%	100.00%
A: Agriculture, Forestry and Fishing	19,705	4,065	2.39%	1.15%	19,468	4,101	2.33%	1.13%
B: Mining and Quarrying	18,376	1,642	2.23%	0.46%	17,846	1,587	2.14%	0.44%
C: Manufacturing	167,118	61,675	20.30%	17.45%	167,970	62,854	20.14%	17.39%

D: Electricity, gas, steam and air conditioning supply	17,846	4,133	2.17%	1.17%	17,738	4,154	2.13%	1.15%
E: Water supply; sewerage, waste management and remediation activities	13,818	2,370	1.68%	0.67%	13,677	2,333	1.64%	0.65%
F: Construction	39,626	3,863	4.81%	1.09%	39,782	4,058	4.77%	1.12%
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	152,063	76,146	18.47%	21.55%	155,420	78,333	18.64%	21.68%
H: Transportation and storage	38,451	6,780	4.67%	1.92%	38,409	6,837	4.61%	1.89%
I: Accommodation and food service activities	42,011	20,796	5.10%	5.88%	44,796	22,597	5.37%	6.25%
J: Information and communication	21,963	8,202	2.67%	2.32%	22,603	8,524	2.71%	2.36%
K: Financial and insurance activities	18,251	11,371	2.22%	3.22%	18,312	11,450	2.20%	3.17%
L: Real estate activities	3,913	1,435	0.48%	0.41%	4,021	1,432	0.48%	0.40%
M: Professional, scientific and technical activities	25,033	11,033	3.04%	3.12%	25,933	11,108	3.11%	3.07%
N: Administrative and support service activities	15,952	5,164	1.94%	1.46%	16,279	5,437	1.95%	1.50%
O: Public administration and defence; compulsory social security	75,363	29,834	9.16%	8.44%	75,780	30,000	9.09%	8.30%
P: Education	67,646	46,367	8.22%	13.12%	68,718	47,443	8.24%	13.13%
Q: Human health and social work activities	54,429	38,790	6.61%	10.98%	55,046	39,226	6.60%	10.86%
R: Arts, Entertainment and recreation	14,735	9,814	1.79%	2.78%	14,522	9,626	1.74%	2.66%
S: Other service activities	16,821	9,927	2.04%	2.81%	17,643	10,252	2.12%	2.84%

Table 17: Number of persons in paid employment according to classified sectors and gender

Source: Adjusted by author, data from Agency for Statistics of Bosnia and Herzegovina, BHAS

Additionally, below Chart 31 represents the overview of changes in the number of people employed in each target sector over the period of the last 5 years.

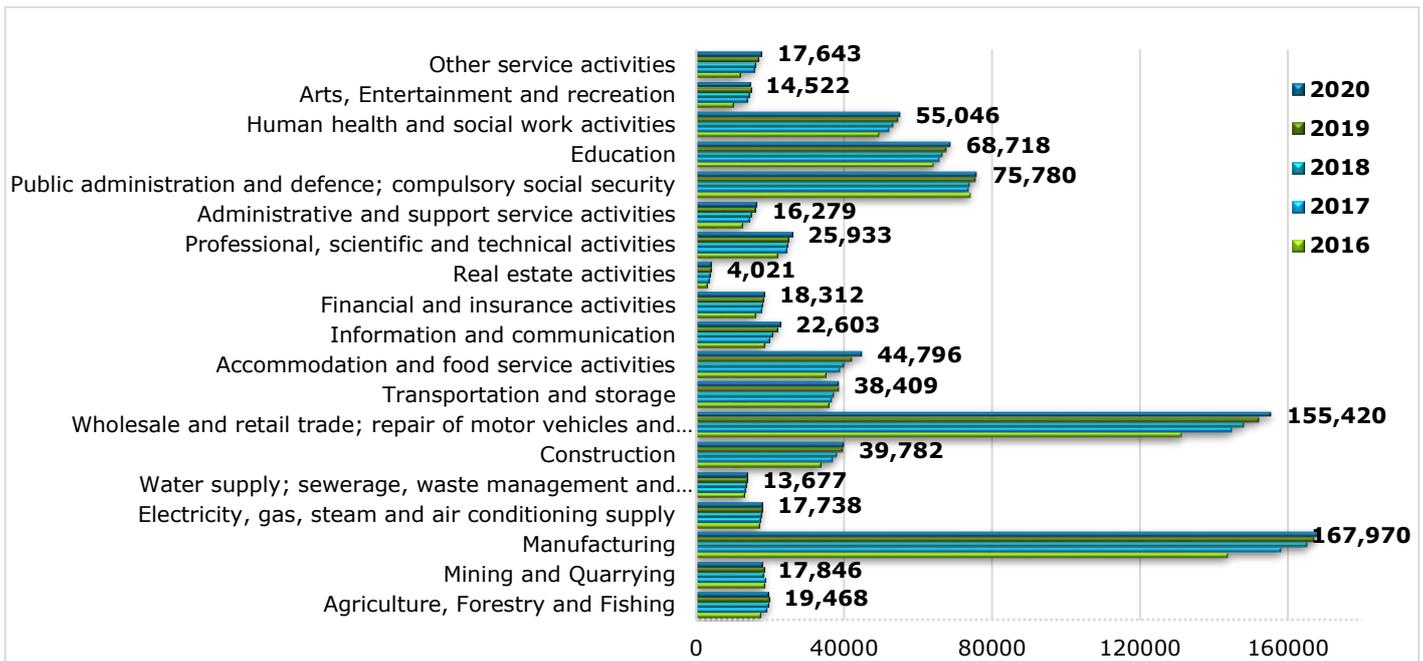


Chart 31: Number of people employed per sector: 2016 - 2019

Source: Agency for Statistics of Bosnia and Herzegovina, BHAS

Appendix 10: Baseline Situation – Labourforce structure

Overall state of the labour market

The ILO describes the labour market of Bosnia and Herzegovina as one of the most challenging in the region, where job creation has not kept up with economic growth in recent years. Despite downward trends, unemployment remains high, particularly among young people – a quarter of whom have no education, employment, or training (NEET). Outward migration and a rapidly aging population are already straining social security system.

The development of the economy of Bosnia and Herzegovina is undermined by a number of structural weaknesses, which prevents the utilization of full economic potentials. High unemployment is a clear indication of those weaknesses, but this is exacerbated, if not in part caused, by a poor business environment resulting from inadequate legal frameworks and a weak rule of law. Nearly half the working-age population is inactive, which shows the dire need for policies supporting entry into the labour market. The high unemployment of young people (including university graduates) indicates a misalignment between the education systems and the needs of the market.²⁰⁹ The Strategic Platform for the Development of Adult Education (2014-2020) suffered stunted implementation; a lack of adequate resources has been exacerbated by an absence of a nationwide qualifications system – undermining much needed progress. As a result, upskilling pathways for adults (looking to increase their value on the labour market) have been inhibited, with adult participation in education and training remaining low or even falling (in recent years).

Labour legislation reforms undertaken in 2015 were criticized as a detriment to workers’ rights. It was alleged that the reforms were passed without agreement with social partners, and that the result was deregulation of employment protection legislation. This triggered protest, as the reforms were initially hoped to address maladies endemic in the labour market, such as: undermining of collective bargaining, consistently unpaid overtime, irregular pay checks, deprivation of rights to annual leave, and debt in paying salaries (Vasa Prava, 2016).²¹⁰

Public employment services are under-funded and under-staffed. The provision of Active Labour Market Programmes (ALMP) is limited, with little outreach or coverage of support services. Expenditure on ALMP has nearly doubled since

²⁰⁹ World Bank, [Bosnia & Herzegovina: Economic Mobility, Jobs and Gender](#), 2016.

²¹⁰ Women Organizing for Change in Bosnia and Herzegovina of the Women’s International League for Peace and Freedom, [A feminist perspective on post-conflict restructuring and recovery: the case of Bosnia and Herzegovina](#), 2017.

2013 but remains low (at 0.19% of GDP in 2017). Many people therefore seek work outside the country. Both men and women report a perception that finding a job in Bosnia and Herzegovina is difficult as a result of a lack of jobs and opaque hiring practices.²¹¹ Entrepreneurship is not viewed as a route out of poverty, on account of high barriers to establishment of a business.²¹²

The informal economy is a notable problem for Bosnia and Herzegovina's businesses. The ILO estimates that the share of total employment falling under the informal economy is around 30%. The informal economy undermines the creation of jobs in the *formal* economy. SMEs are far more likely to be involved in the informal economy on account of the high costs of regulatory compliance for smaller firms. This naturally can tie back into the wider contextual problem of an unfavourable business environment, whether by poor rule of law, overregulation, or other barriers to entry. The public also views the government as corrupt and accuses it of misusing taxpayer money. This motivates many people to remain within the large informal economy.²¹³

Although the most recent data upon the scale of informal economy within particular sectors in BiH is not available, the previous research indicated the significant presence of informal economy in sectors such as tourism and catering services, agriculture and construction. In particular, the research upon the informal economy within tourism sector in FBiH in 2016 estimates the level of informal economy in tourism to range between 40% and 60% of GDP, based on the analysis of nonregistered overnight stay capacities, percentage of utilization of capacities and collected incomes from the taxes.²¹⁴ However, it is important to take into a consideration that such findings are not comparable to any research on the level of grey economy due to the usage of specific estimates that were not previously used for similar analyses in the region, emphasizing the scarcity of available qualitative data. When it comes to the agricultural sector that plays an important source of employment in informal economy due to the majority of BH population living in rural areas, the available research from 2010 indicated the highest concentration of undeclared work within this sector, amounting to 55%.²¹⁵ The following concentration of informal economy were recorded within construction and services, amounting to 23% and 12% respectively. The more recent data indicate the informal employment to be higher in Republika Srpska (35,05%) compared to the FBiH (22,45%) due to the higher employment in agriculture that majorly contributes to informal economy.²¹⁶

Gender differences in employment

Women face different hurdles to men, as a result of persistent gender norms and ideas relating to gender roles. While more prevalent in rural areas, women throughout the country are typically pressured to balance their primary responsibility, for managing domestic issues and childcare, with their need or desire to work. According to the voluntary review of the implementation of the Sustainable Development Agenda in Bosnia and Herzegovina (2019), one of the main reasons for economic inactivity amongst women is their role as a housewife (38.4%). In addition to the fact that women are therefore less likely to seek work in the first place, young women and mothers reportedly face severe disadvantages in hiring processes (at times constituting outright discrimination).²¹⁷ Research findings suggest that gender-based discrimination in hiring practices exists, often taking the form of questions pertaining to family planning, marital status and family status during job interviews.²¹⁸ Sometimes job advertisements openly discriminated against women applicants. Women reported being asked to attach their photo to job application forms.²¹⁹ According to survey data, 70.2% of women respondents, who had attended at least one job interview, had experience with questions that might imply discrimination (compared to 56.5% of men)²²⁰. In 2019, the Westminster Foundation for Democracy published a study which found that there is a real divide between de jure labour laws and their de facto application or implementation.²²¹

Workers of both sexes faced unpaid overtime, work on holidays and weekends, and limited daily breaks. This is a symptom of a wider legal environment where the pursuit of one's rights is encumbered. While BiH has a relatively low gender pay gap (with the ILO estimating that the pay gap for managers is around 0%, and for the total work force around 12%), there remains an underrepresentation of women at the managerial level. In 2019, 16.6% of firms had

²¹¹ World Bank, [Bosnia & Herzegovina: Economic Mobility, Jobs and Gender](#), 2016.

²¹² World Bank, [Bosnia & Herzegovina: Economic Mobility, Jobs and Gender](#), 2016.

²¹³ Ibid

²¹⁴ Miličević and Galić, A Research of the Level of Informal Economy in the Tourism Sector in the Federation of Bosnia and Herzegovina, 2016, pp. 163-190

²¹⁵ Ministarstvo Civilnih Poslova BiH (MCPBiH), [Strategija zapošljavanja u Bosni i Hercegovini 2010-2014](#)

²¹⁶ Ekonomski Institut Sarajevo, [Dijagnoza tržišta rada](#), 2015.

²¹⁷ World Bank, [Bosnia & Herzegovina: Economic Mobility, Jobs and Gender](#), 2016.

²¹⁸ Lejla Gačanica, 2019. Gender-based Discrimination and Labour in Bosnia and Herzegovina. Helsinki Citizens Assembly Banja Luka.

²¹⁹ Ibid

²²⁰ Ibid

²²¹ The Westminster Foundation for Democracy (WFD), [Getting Better Rights for Women Workers in Bosnia and Herzegovina](#), 2019.

a female top manager, and 24.9% of firms had female participation in ownership. The female share of employment in senior and middle management in 2019 was 24.43%. This appears to be a slight growth compared with the statistic from the ILO, which estimated the share of women in management to be at about 22% in 2015 (ILOSTAT).²²² Interestingly, the ILO also reported that there were more female employers than there were female managers (albeit for an unspecified year), suggesting that perhaps barriers to advancement are sufficiently great that it is easier for a woman become an employer herself, than receive promotion.

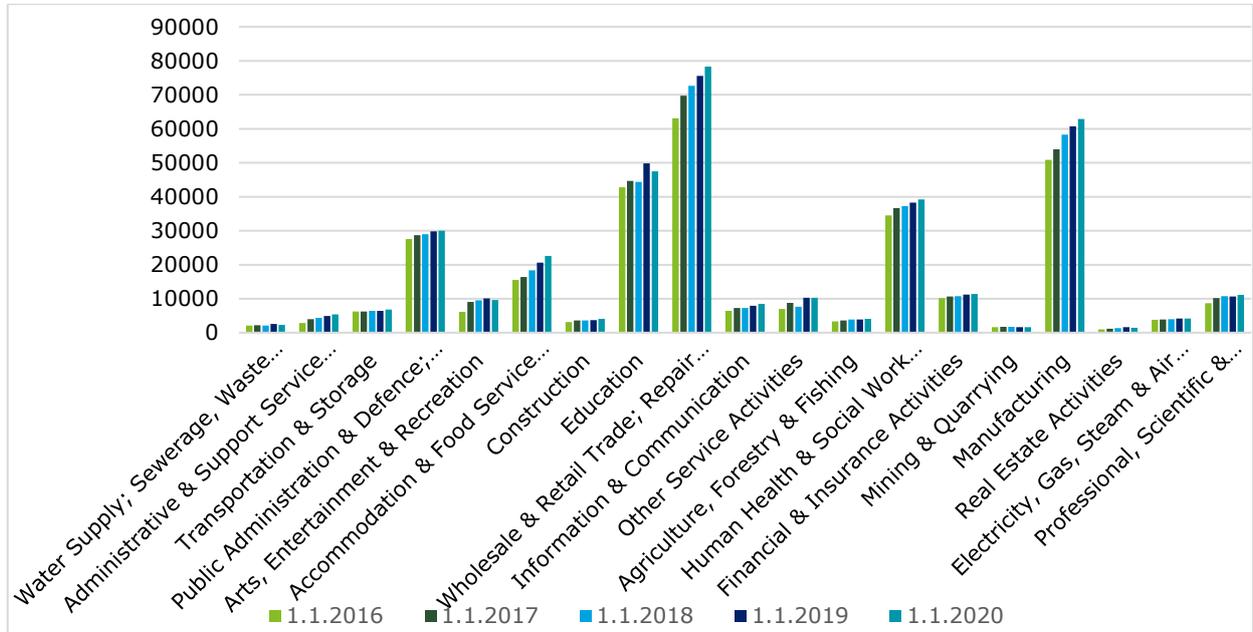


Chart 32: Female employment by Sector

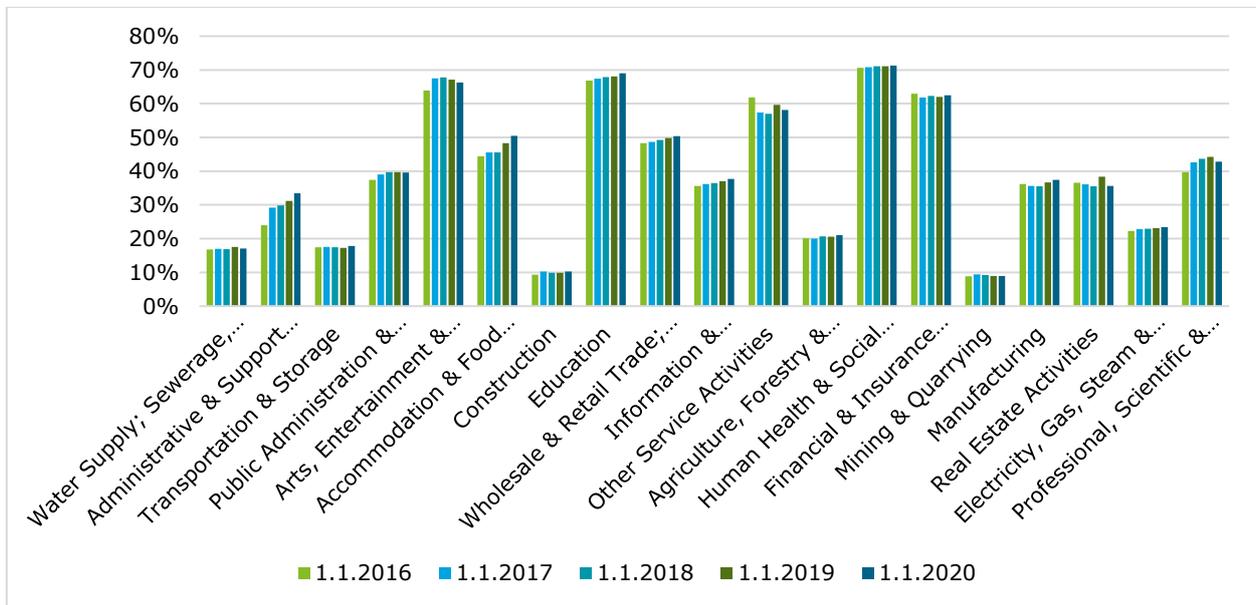


Chart 33: Female Representation by Sector

²²² ILOSTAT

Differences in the labour market situation of the disabled by region

In the Federation of Bosnia and Herzegovina, the law is based on quotas, and every employer (whether public or private) has an obligation to employ at least one person with disabilities for every 16 employees, or otherwise they were liable to pay fines for non-compliance.²²³ Of the roughly 200,000 persons with disabilities in the Federation of Bosnia and Herzegovina, only around 6,500 are registered as unemployed. In the light of the Federation's high unemployment rates, this relatively low figure (for a vulnerable class) could be seen as a good indicator of the efficacy of the measures taken to date.²²⁴

In Republika Srpska, persons with disabilities are provided with incentives for employment from the public fund for professional rehabilitation, in addition to support for self-employment. Public sector employers have an obligation to employ persons with disabilities. Since 2009 (when the new law was adopted in Republika Srpska), 51 companies had been established for the employment of persons with disabilities, receiving various incentives from the professional rehabilitation fund.

However, the unemployment rate for persons with disabilities is increasing.²²⁵ This might be a result of pressures to reduce the public sector. Ranka et al (2018) found that the public sector in The Republika Srpska is typically more welcoming of disabled persons than the private sector. Survey data showed that 50% of private sector employers would not hire persons with disabilities, whereas this figure was 15% for public sector employers. In response to the question of whether persons with disabilities had the right to apply to all jobs, 50% of private sector employers said yes, whereas 75% of public sector employers said yes. Startlingly, 8.1% of private sector employers felt persons with disabilities should be paid less than persons without disabilities (with 1.7% of employers feeling the same way in the public sector).²²⁶ This survey data emphasizes that existing efforts notwithstanding, there is a long way to go in order to combat the discrimination persons with disabilities face.

Appendix 11: SDG indicators

The Sustainable Development Goals (SDGs) or Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.²²⁷ Along with 192 UN member states, Bosnia and Herzegovina committed to the implementation of the 2030 Agenda for Sustainable Development that consists of 17 SDGs and 169 targets. This 15-year plan presents the most comprehensive global sustainable and transformational development agreement that seeks to help countries commit, align and measure their respective contribution towards such an ambitious yet enormously crucial endeavour.²²⁸ The 17 SDGs are integrated which means they recognize that action in one area will affect outcomes in others, emphasizing the need for development to balance social, economic and environmental sustainability.²²⁹ Therefore, SDGs stress on ending poverty and deprivations, reducing inequality, improving health and education, and spurring economic growth, while tackling climate change and working to preserve the oceans and forests. In a way, SDGs have become a vital element of global governance and governance at all levels.

In 2016, Bosnia and Herzegovina officially embarked on its participatory Agenda 2030 journey, recognizing Agenda's fundamental connective and collaborative process as a crucial help to progress further with its development.²³⁰ Whilst taking into a consideration the track of meeting 17 SDGs along with the accompanying 169 targets, it is necessary to define relevant indicators to measure progress in achieving the goals set. According to the OECD, an indicator is defined as "a parameter, or a value derived from parameters that points to, provides information about and/or describes the state of a phenomenon/environment/area"²³¹, serving the purpose to track the progress of determined goals. With 17 SDGs being interrelated through its own targets that emphasize key issues that need to be addressed, each target encompasses between 1 and 4 respective indicators.

²²³ Ibid

²²⁴ Ibid

²²⁵ Perućica, Ranka, Biljana Sladoje Bošnjak, and Ivana Zecevic. [Employment of People with Disabilities in Private and Public Sectors](#). *Sociology and Anthropology* 6.5 (2018): 459-464.

²²⁶ Ibid

²²⁷ [UNDP](#)

²²⁸ UN, [Sustainable Development Goals Knowledge Platform](#)

²²⁹ [UNDP](#)

²³⁰ UN, [Sustainable Development Goals Knowledge Platform](#)

²³¹ Organisation for Economic Co-operation and Development (OECD), [Annual report](#)

The progress of BiH in reporting on SDG activities globally so far was achieved by developing the first BiH Voluntary Review in July 2019²³², which is a requirement of all UN Member States to submit at least twice by 2030. The purpose of this report is to exchange experiences, along with challenges, successes and lessons learned whilst aiming to accelerate the implementation of Agenda 2030.²³³ In 2018, BHAS published its first review of the selected indicators to measure progress in BiH²³⁴ that served as an initial baseline towards creating a uniformed system of measurement. Later on, in 2019, for the purpose of producing above mentioned Voluntary National Review, BHAS released the second enhanced review of respective indicators. Indicators varied among the contextual - indicating broader setting under which the measured activity is performed, operational - indicating vital elements of the measure implementation process and indicators representing used resources in the implementation, along with their direct and indirect effects.²³⁵ Below Table 18 is a representative summary of corresponding targets and subsequent indicators compiled from BHAS data release and Global Indicator Framework,²³⁶ used to produce the Voluntary National Review that informed on the process undertaken in the country and succeeded to engage thousands of people.

Sustainable Development Goals	Targets ²³⁷	Indicators ²³⁸
<p>1</p> <p>No poverty</p> <p><i>End poverty in all its forms everywhere</i></p>	<p>1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p>1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable</p>	<p>1.2.1. Proportion of population living below the national poverty line, by sex and age (%) - Data show that women in BiH are exposed to twice as high risk of poverty than men. Looking at the same indicator according to age, it is evident that children and young people are exposed to higher poverty risks than adults and elderly people, and that employment is not a guarantor of poverty protection.</p> <p>1.3.1 Proportion of unemployed persons receiving unemployment cash benefit, by sex (%) - The number of persons covered by the social protection system, including the levels of social protection in Bosnia and Herzegovina in the period from 2001 to 2011 has been increased.</p>
<p>2</p> <p>Zero hunger</p> <p><i>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</i></p>	<p>2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round</p> <p>2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons</p>	<p>2.1.1 Prevalence of undernourishment (%) Undernourishment is the main cause of poor health and illness. Data for Bosnia and Herzegovina show decline since 2001-2008. From 2009 to 2016 the respective values have not changed</p> <p>2.2.1 Proportion of children moderately or severely stunted (%) - Data show that the prevalence of stunting of children is constantly decreasing in Bosnia and Herzegovina.</p>
<p>3</p> <p>Good health and well-being</p> <p><i>Ensure healthy lives and promote well-being for all at all ages</i></p>	<p>3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p> <p>3.2 By 2030, end preventable deaths of new-borns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births</p>	<p>3.1.1 Maternal mortality ratio - Data for Bosnia and Herzegovina show a moderate decrease in the maternal mortality rate from amounting 17% in 2000, to 10% in both 2015 and 2017.</p> <p>3.2.1 Under-five mortality rate - Under-five mortality rate per 1000 live births in Bosnia and Herzegovina is on the rise, comparing the rate in 2014 which amounted to 5.9%, in 2015 it amounted to 7% and in 2016 it amounted to 6.7%.</p>
<p>4</p> <p>Quality Education</p> <p><i>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</i></p>	<p>4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and</p>	<p>4.2.2 Participation rate in organized learning (one year before the official primary entry age), by sex The indicator measures children's exposure to organized learning activities in the year prior to the start of primary school. The overall participation rate in organized learning for the academic year of 2015/2016 was less than 50%, amounting to 33.7% for males and 34.5% for females.</p>

²³² Voluntary Review: Implementation of Agenda 2030 and the Sustainable Development Goals in Bosnia and Herzegovina, 2019.

²³³ UN, Sustainable Development Goals Knowledge Platform

²³⁴ BHAS, Multi domain statistics, UN Sustainable Development Goals: Selected indicators to measure progress in Bosnia and Herzegovina, XIII, 13, 2018.

²³⁵ BHAS, Statistics for Sustainable Development Goals Bosnia and Herzegovina, Thematic Bulletin, ISSN 1840-104X, 2019, pp. 5-64

²³⁶ Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development, E/CN.3/2019/2

²³⁷ Ibid

²³⁸ Computed and adapted from: BHAS, Statistics for Sustainable Development Goals Bosnia and Herzegovina, Thematic Bulletin, ISSN 1840-104X, 2019, pp. 5-64

		quality technical, vocational and tertiary education, including university	4.3.1 Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex - Data for participation rate of youth and adults in 2016 are relatively small, show that men (8.9%) are more involved in formal and non-formal education in Bosnia and Herzegovina than woman (8.5%).
5	Gender Equality <i>Achieve gender equality and empower all women and girls</i>	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	5.5.1 Proportion of seats held by women in national parliaments (%) - The highest value of this indicator in Bosnia and Herzegovina was 23.81% and was reached in the convocation of the parliamentary assembly for 2014-2018, and it needs to be 50% to achieve the equality. 5.5.2 Number of seats held by women in national parliaments - The number of seats held by women in BiH Parliaments is on the rise, achieving the largest number in 2016 (10 out of 42 mandates).
6	Clean Water and Sanitation <i>Ensure availability and sustainable management of water and sanitation for all</i>	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	6.1.1 Proportion of population using safely managed drinking water services, divided by urban/ rural population (%) - Urban population has a score (65.31%) of twice better access to rural drinking water Services (34.69%). 6.3.1 Proportion of wastewater safely treated - The mean value was given for the period 2000-2016 and amounted to 25.3%. The peak value of 59.3% in 2017 is due to activation of new wastewater treatment plants in BiH.
7	Affordable and Clean Energy <i>Ensure access to affordable, reliable, sustainable and modern energy for all</i>	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services 7.3 By 2030, double the global rate of improvement in energy efficiency	7.1.1 Proportion of population with access to electricity - In BiH, according to the latest estimates, the proportion of population with access to electricity reached 100%. 7.3.1 Energy intensity measured in terms of primary energy and GDP - Global energy intensity decreased by 2.8% from 2014 to 2015, double the rate of improvement seen between 1990 and 2010. According to data based on estimates, there is no continuous decline of energy intensity in Bosnia and Herzegovina.
8	Decent Work and Economic Growth <i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</i>	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	8.2.1 GDP per person employed (constant 2011 PPP \$) - This indicator shows a positive trend for Bosnia and Herzegovina in the period from 2010 (when it was \$32,000) to 2018 (when it was \$38,000). 8.5.2 Unemployment rate, by sex and age (%) - Unemployment rate in BiH recorded growth in the period from 2010 to 2014. In BiH in 2018 continued to fall for the fourth year in a row and now stands at 18.4%. Compared to 2014, when it was 28.4%, the unemployment rate was reduced by a third.
9	Industry, Innovation and Infrastructure <i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</i>	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	9.5.1 Research and development expenditure as a proportion of GDP (%) - Investments in research and development allocations recorded a downward trend since 2013. Outlays on research and development are mainly incurred higher education (ca. 49% of total domestic expenditure in 2017). 9.5.2 Researchers (in full-time equivalent) per million inhabitants - The number of researchers in full-time equivalent is increasing compared to 2012. On research and development in BiH employed 1,626.9 researchers in full-time equivalent.
10	Reduced Inequalities <i>Reduce inequality within and among countries</i>	10.b Encourage official development assistance and financial flows, including foreign direct investment to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries in accordance with their national plans and programmes	10.b.1 Total resource flows for development, by recipient and donor countries and type of flow - Total assistance flows for development, by recipient and donor countries and type of flow comprises of Official Development Assistance (ODA), other official flows (OOF) and private flows. Total assistance for development was the highest in the period from 2006 to 2008 (amounting to 1,300), whereas it 2016, it amounted to 650. 10.5.1 Liquid assets to short-term liabilities (%) - Data for Bosnia and Herzegovina show a slight decrease of liquid assets to short-term liabilities.
11	Sustainable Cities and Communities <i>Make cities and human settlements inclusive, safe, resilient and sustainable</i>	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	11.6.1 Proportion of urban solid waste regularly collected and with adequate final discharge out of total urban solid waste generated, by cities - Indicator is defined as proportion of total municipal solid waste generated which is regularly collected, with adequate treatment and disposal. This indicator should be seen in

			terms of the trend of total reduction of municipal waste in BiH, in the main cities including Sarajevo, Tuzla, Mostar and Banja Luka.
12	Responsible Consumption and Production <i>Ensure sustainable consumption and production patterns</i>	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	12.2.2 Domestic material consumption per unit of GDP - It was BAM 0.8 per kilogram, referent 2017, and decrease of 9.9% compared to 2010. 12.2.2 Domestic material consumption, by type of material - The economy of Bosnia and Herzegovina, referent 2017, is consumed 37 million tons of natural resources, which is 23.8% more compared to the base year. Domestic extraction of non-metallic minerals increased by 30.1% compared to the base year. Imports of natural resources has increased by 16.3% compared to the base year, observed by category of material resources the largest share was recorded in imports of fossil fuel.
13	Climate Action <i>Take urgent action to combat climate change and its impact</i>	N/A	No data available
14	Life below water <i>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</i>	N/A	No data available
15	Life on land <i>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</i>	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements 15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development	15.1.1 Forest area as a proportion of total land area - Forest area as percentage of total land area may be used as a rough proxy for the extent to which the forests in Bosnia and Herzegovina are being conserved or restored, amounting to 54.62% in 2015. 15.4.2 Mountain Green Cover Index - The Mountain Green Cover index provides information on the changes in the vegetation cover and an indication of the status of the conservation of mountain environments.
16	Peace, Justice and Strong Institutions <i>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</i>	16.1 Significantly reduce all forms of violence and related death rates everywhere	16.1.1 Number of victims of intentional homicide per 100,000 population, by sex (No/100.000 inhabitants) - Data until 2017 show an increase in suicides in men (1.75%) and a decrease in women (0.55%) compared to 100,000 inhabitants. 16.1.1 Number of victims of intentional homicide, by sex (number) - The data until 2017 show that suicides are more prey to women (10) than men (30).
17	Partnerships for the goals <i>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</i>	Technology 17.6 Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism 17.8 Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology	17.6.2 Fixed Internet broadband subscriptions per 100 inhabitants, by speed - The fixed broadband internet access rate indicator, in terms of speed, refers to the number of subscriptions to fixed broadband access to the public Internet, divided according to the downloaded download speed. 17.8.1 Proportion of individuals using the - Internet Data show significant growth of Internet users for the period 2016-2018, (used the internet in the last 3 months) where the proportion in 2016 amounted to 55 and in 2018 it amounted to 70.

Table 18: SDG indicators, 2018

Additionally, according to the 2018 SDG Index 5 and Dashboard Report produced by the Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung, BH Voluntary Review highlighted the important fact of BiH being ranked 71st out of 156 countries reviewed, having a total score of 67.3 (see below Figure 2).²³⁹ When comparing the average score of 69.5 for Eastern Europe and Central Asia, BiH score is slightly below the average, but is also below the scores of the countries in the region. Among the countries in the region, Slovenia was ranked 8th, scoring 80, followed by the Croatia (21st/76.5), Serbia (40th/72.1), Republic of North Macedonia (61st/69), Albania (62nd/68.9) and Montenegro (69th/67.6). Whilst comparing it to Sweden, the highest-ranking country of an overall index score of

²³⁹ [Voluntary Review: Implementation of Agenda 2030 and the Sustainable Development Goals in Bosnia and Herzegovina](#), 2019.

85, BiH is on average 67.3% on the way towards achieving the best possible outcomes across all 17 SDGs.²⁴⁰ As visible on the below Figure 2, BiH along with most countries in Eastern Europe scored well on addressing poverty, improving health and on providing access to key infrastructure, however, data suggested that the greater effort is required to decouple economic growth from negative environmental impact. Such is directly related to the unavailability of adequate indicators for SDG 13 and SDG 14 in table above, that presents a major challenge for BiH economy and overall society.

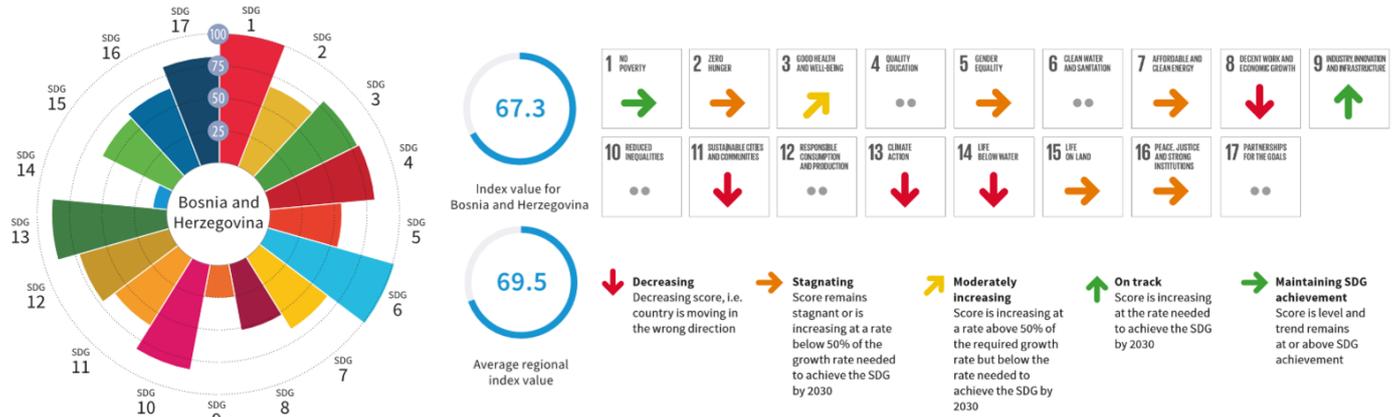


Figure 2: SDG BiH Progress Dashboard, 2018

Source: Voluntary National Review, 2019

Following the Voluntary National Review released in 2019 and monitored progress of BiH in 2018 as seen in above figures, a Sustainable Development Report for 2019 offered updated version on BiH progress towards achieving Agenda 2030. Such highlights that BiH has made small improvements in comparison to 2018, recording the score of 69.4 and being ranked 69th out of 162 countries on the global scale (see below Figure 3). Again, when comparing the average score of 70.4 for Eastern Europe and Central Asia, BiH score is somewhat below the average. As such, BiH has made a progress and is on the way of achieving SDG1, and is moderately improving towards the achievement of SDG2, SDG3, SDG6, SDG7 and SDG11. However, it is stagnating in terms of achieving gender equality, decent work and economic growth, building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation. As emphasized in its progress in 2018, BiH is still stagnating to protect the ecosystems, combat desertification, land degradation, halt the biodiversity losses and promote peaceful and inclusive societies, along with providing access to justice and building effective and inclusive institutions.

²⁴⁰ Ibid

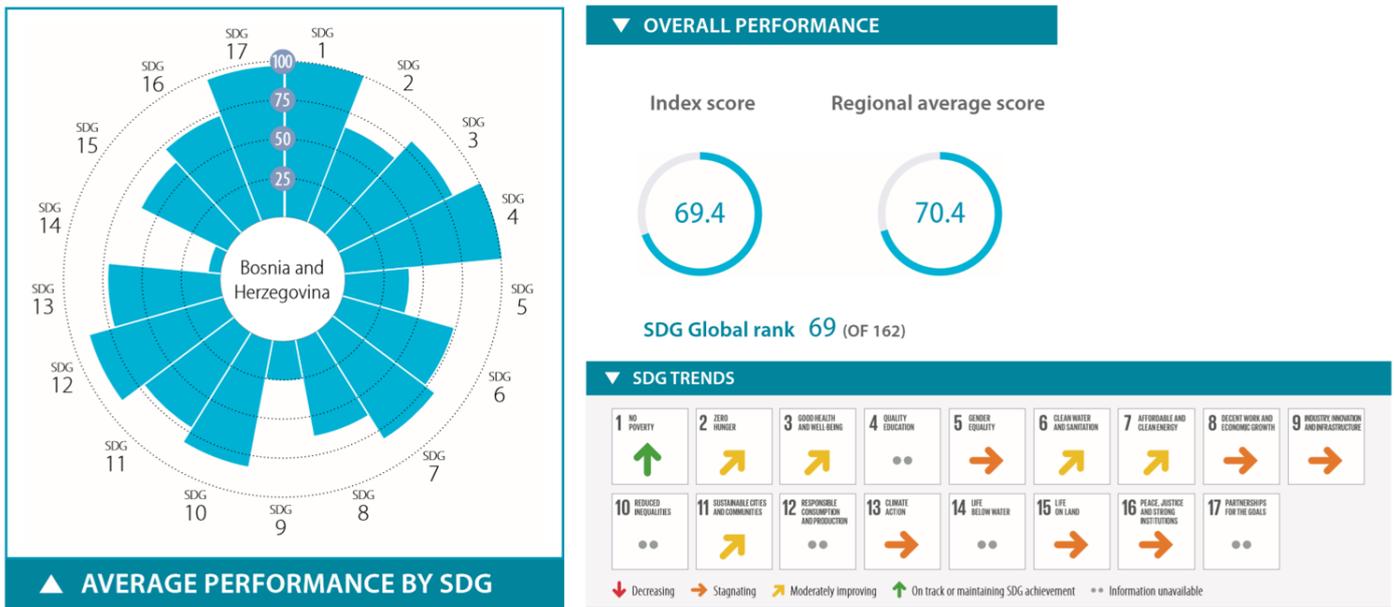


Figure 3: SDG BiH Progress Dashboard, 2019

Source: Bertelsmann Stiftung and Sustainable Development Solutions Network, Sustainable Development Report for 2019, Transformations to achieve the Sustainable Development Goals

Furthermore, below Table 19 is a representative overview of BiH progress according to the performance indicators for 2019. This suggests that respective indicators have been updated since 2018 (Table 18), aiming to provide more relevant and adequate measure to monitor BiH progress towards achieving Agenda 2030.

Using abovementioned global indicators, each UN member state is required to develop its own national indicators, further tailored to country's specific national setting. In order to monitor the progress of BiH, UN Project's Statistics Subgroup²⁴¹ preliminary selected 71 domestic indicators within 48 targets that were derived from UN global indicators. However, as emphasized in a performance audit²⁴², conducted with the purpose to assess the activities that need to be taken in the future to achieve the implementation of SDGs, these indicators are not final nor have the decision makers verified them. Performance audit suggested that the possible dilemmas account the uncertainty whether to use the EU average or the average of the countries of Southeast Europe as the ultimate target to be accomplished by 2030.²⁴³

Nevertheless, besides abovementioned considered indicators, BiH still needs to adopt the country-wide vision for sustainable development in order to accelerate the process of achieving the respective progress. This comes without saying that the upcoming SDG Framework in BiH, which is in the process of being developed, will be of a great importance to further clarify relevant indicators and inform all strategic planning processes that the institutions of BiH, RS, FBiH and Brčko District were embarking upon in 2019.²⁴⁴

²⁴¹ SDGs Roll-out Support and Private Sector Engagement

²⁴² Audit Office of the Institutions of Bosnia and Herzegovina, [Preparedness of the institutions of Bosnia and Herzegovina to respond to commitments made under the 2030 Agenda](#), 2019.

²⁴³ Ibid, p.21

²⁴⁴ UN, [Sustainable Development Goals Knowledge Platform: Bosnia and Herzegovina](#)

BOSNIA AND HERZEGOVINA

Performance by Indicator

Indicator	Value	Rating	Trend	Indicator	Value	Rating	Trend
SDG1 – End Poverty				SDG9 – Industry, Innovation and Infrastructure			
Poverty headcount ratio at \$1.90/day (% population)	0.1	●	↑	Population using the internet (%)	69.5	●	↑
Poverty headcount ratio at \$3.20/day (% population)	0.2	●	↑	Mobile broadband subscriptions (per 100 inhabitants)	43.4	●	↑
SDG2 – Zero Hunger				Logistics performance index: Quality of trade and transport-related infrastructure (1=low to 5=high)	2.4	●	↓
Prevalence of undernourishment (% population)	2.5	●	↑	The Times Higher Education Universities Ranking, Average score of top 3 universities (0-100)	0.0	●	●
Prevalence of stunting (low height-for-age) in children under 5 years of age (%)	8.9	●	↑	Number of scientific and technical journal articles (per 1,000 population)	0.1	●	↓
Prevalence of wasting in children under 5 years of age (%)	2.3	●	↑	Research and development expenditure (% GDP)	0.2	●	↓
Prevalence of obesity, BMI ≥ 30 (% adult population)	17.9	●	↓	SDG10 – Reduced Inequalities			
Cereal yield (t/ha)	5.2	●	↑	Gini Coefficient adjusted for top income (1-100)	33.8	●	●
Sustainable Nitrogen Management Index	0.9	●	●	SDG11 – Sustainable Cities and Communities			
Human Trophic Level (best 2-3 worst)	2.2	●	↔	Annual mean concentration of particulate matter of less than 2.5 microns of diameter (PM2.5) in urban areas (µg/m ³)	27.7	●	↔
SDG3 – Good Health and Well-Being				Nitrogen production footprint (kg/capita)	16.5	●	●
Maternal mortality rate (per 100,000 live births)	11	●	↑	Net imported emissions of reactive nitrogen (kg/capita)	-19.2	●	●
Neonatal mortality rate (per 1,000 live births)	4.0	●	↑	SDG13 – Climate Action			
Traffic deaths rate (per 100,000 population)	16.6	●	↔	Energy-related CO ₂ emissions per capita (tCO ₂ /capita)	6.3	●	↔
Life Expectancy at birth (years)	77.3	●	↔	Imported CO ₂ emissions, technology-adjusted (tCO ₂ /capita)	0.2	●	●
Adolescent fertility rate (births per 1,000 women ages 15-19)	10.4	●	↑	People affected by climate-related disasters (per 100,000 population)	14,030.1	●	●
Births attended by skilled health personnel (%)	99.9	●	↑	CO ₂ emissions embodied in fossil fuel exports (kg/capita)	0.3	●	●
Percentage of surviving infants who received 2 WHO-recommended vaccines (%)	69	●	↓	SDG14 – Life Below Water			
Universal Health Coverage Tracer Index (0-100)	76.6	●	↔	Mean area that is protected in marine sites important to biodiversity (%)	0.0	●	↔
Subjective Wellbeing (average ladder score, 0-10)	5.9	●	↑	Ocean Health Index Goal-Clean Waters (0-100)	41.0	●	↔
SDG4 – Quality Education				Percentage of Fish Stocks overexploited or collapsed by EEZ (%)	NA	●	●
Net primary enrolment rate (%)	NA	●	●	Fish caught by trawling (%)	NA	●	●
Lower secondary completion rate (%)	NA	●	●	SDG15 – Life on Land			
Literacy rate of 15-24 year olds, both sexes (%)	99.7	●	●	Mean area that is protected in terrestrial sites important to biodiversity (%)	12.0	●	↔
SDG5 – Gender Equality				Mean area that is protected in freshwater sites important to biodiversity (%)	40.0	●	↔
Demand for family planning satisfied by modern methods (% women married or in unions aged 15-49)	21.9	●	↔	Red List Index of species survival (0-1)	0.9	●	↑
Female to male mean years of schooling, population age 25+ (%)	78.9	●	↔	Permanent Deforestation (5 year average annual %)	0.0	●	●
Female to male labour force participation rate (%)	59.9	●	↓	Imported biodiversity threats (per million population)	3.8	●	●
Seats held by women in national parliaments (%)	21.4	●	↔	SDG16 – Peace, Justice and Strong Institutions			
SDG6 – Clean Water and Sanitation				Homicides (per 100,000 population)	1.3	●	↑
Population using at least basic drinking water services (%)	97.7	●	↑	Unsentenced detainees (%)	0.2	●	↑
Population using at least basic sanitation services (%)	94.8	●	↔	Population who feel safe walking alone at night in the city or area where they live (%)	67.1	●	↓
Freshwater withdrawal as % total renewable water resources	1.4	●	●	Property Rights (1-7)	3.1	●	●
Imported groundwater depletion (m ³ /year/capita)	NA	●	●	Birth registrations with civil authority, children under 5 years of age (%)	99.5	●	●
Anthropogenic wastewater that receives treatment (%)	0.0	●	●	Corruption Perception Index (0-100)	38	●	↔
SDG7 – Affordable and Clean Energy				Children 5-14 years old involved in child labour (%)	5.3	●	●
Access to electricity (% population)	100.0	●	↑	Transfers of major conventional weapons (exports) (constant 1990 US\$ million per 100,000 population)	0.1	●	●
Access to clean fuels & technology for cooking (% population)	63.4	●	↔	Freedom of Press Index (best 0-100 worst)	27.4	●	↑
CO ₂ emissions from fuel combustion / electricity output (MtCO ₂ /TWh)	1.3	●	↔	SDG17 – Partnerships for the Goals			
SDG8 – Decent Work and Economic Growth				Government Health and Education spending (% GDP)	NA	●	●
Adjusted Growth (%)	-0.2	●	●	High-income and all OECD DAC countries: International concessional public finance, including official development assistance (% GNI)	NA	●	●
Prevalence of Modern Slavery (victims per 1,000 population)	3.4	●	●	Other countries: Government Revenue excluding Grants (% GDP)	38.1	●	↑
Adults (15 years+) with an account at a bank or other financial institution or with a mobile-money-service provider (%)	58.8	●	↔	Tax Haven Score (best 0-5 worst)	0	●	●
Unemployment rate (% total labor force)	26.1	●	↔				
Fatal work-related accidents embodied in imports (deaths per 100,000)	0.1	●	●				

*Imputed data point

Table 19: BiH SDG Performance by indicators

Source: Bertelsmann Stiftung and Sustainable Development Solutions Network, Sustainable Development Report for 2019, Transformations to achieve the Sustainable Development Goals

Appendix 12: World Bank forecasts for BiH

BiH	2019e	2020f	2021f
Real GDP growth (%)	2.8	-3.2	3.4
Composition (% points):			
• Consumption	2.6	-2.6	3.5
• Investment	0.4	-1.1	0.0
• Net exports	-0.2	0.5	-0.1
• Exports	-0.1	-3.1	0.3
• Imports	0.1	-3.6	0.3
Goods export (% of GDP)	29.0	27.2	27.0
Goods import (% of GDP)	51.8	49.3	49.1
Net services exports (% of GDP)	7.5	6.8	7.2
Trade balance (% of GDP)	-15.2	-15.3	-14.9
GDP per capita, PPP (current international \$)	13,775	14,258	14,550

Table 20: World Bank Forecasts

Source: World Bank

Appendix 13: Export and Import according to Nace Rev.2

NACE	Export				Import			
	III 2020	III 2020/ II 2020	I-III 2020	I-III 2020/ I-III 2019	III 2020	III 2020/ II 2020	I-III 2020	I-III 2020/ I-III 2019
Total	848,342	91.8	2,628,202	94.8	1,479,762	94.4	4,283,811	92.8
A AGRICULTURE, FORESTRY AND FISHING	13,279	106.1	38,293	85.8	79,140	105.8	219,840	111.5
B MINING AND QUARRYING	8,183	107.1	20,803	108.1	60,938	103.8	161,042	71.4
C MANUFACTURING	751,938	92.9	2,314,465	93.6	1,323,163	93.1	3,863,423	94.7
C10 Manufacture of food products	57,395	101.1	169,389	108.4	173,902	113.6	463,411	104.0
C11 Manufacture of beverages	6,156	116.2	14,901	99.4	24,313	107.5	69,541	102.9

C12 Manufacture of tobacco products	383	57.1	1,106	171.2	7,314	91.3	20,556	131.0
C13 Manufacture of textiles	10,675	94.0	30,637	116.0	54,298	88.1	163,749	94.8
C14 Manufacture of wearing apparel	35,189	78.9	125,586	96.1	34,944	72.1	117,168	98.7
C15 Manufacture of leather and related products	50,248	80.6	179,307	86.2	44,889	73.2	151,809	92.4
C16 Manufacture of wood and of products of wood and cork, except furniture	46,568	94.4	140,833	96.6	20,122	86.8	61,353	88.7
C20 Manufacture of chemicals and chemical products	52,959	93.5	157,202	89.6	131,120	112.7	335,462	94.9
C21 Manufacture of pharmaceuticals, medicinal chemical and botanical products	7,497	159.5	17,893	110.9	88,742	159.5	191,986	128.4
C25 Manufacture of fabricated metal products, except machinery and equipment	95,172	99.53	287,385	107.9	56,894	87.6	168,135	92.3
C27 Manufacture of electrical equipment	68,703	108.8	187,085	107.6	64,584	84.7	198,159	95.7
C31 Manufacture of furniture	60,213	74.1	213,851	93.0	12,475	71.1	42,143	80.9
D ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	52,565	79.0	177,860	112.2	9,098	149.0	18,924	19.8
E WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	19,117	80.6	65,781	99.8	4,039	194.7	7,268	182.2
J INFORMATION AND COMMUNICATION	3,259	79.3	10,987	99.2	3,334	61.8	13,031	101.4
M PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	-	-	1	1.8	29	15.7	218	282.0
R ARTS, ENTERTAINMENT AND RECREATION	-	-	6	107.9	20	80.0	63	252.3

Table 21: Export and Import

Source: Agency for statistics for Bosnia and Herzegovina

Appendix 14: Scenarios and Projections

Realistic scenario	Q1 - 0%			Q2 - 15%			Q3 - 13%			Q4 - 10%		
2020	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation
C Manufacturing	1,105.80	166,062	623.4	939.9	141,153	529.9	962.0	144,474	542.4	995.2	149,456	561.1
G Retail and Wholesale	1,171.80	150,491	536.3	996.0	127,917	455.8	1,019.50	130,927	466.5	1,054.60	135,442	482.6
H Transportation and storage	301.1	37,538	177.9	255.9	31,907	151.2	262.0	32,658	154.7	271	33,784	160.1
G+H Distribution services	1,472.90	188,029	714.1	1,252.00	159,825	607.0	1,281.40	163,585	621.3	1,325.60	169,226	642.7
J ICT	344.3	21,124	164.4	309.8	19,012	148.0	316.7	19,434	151.3	327.0	20,068	156.2
K Financial and insurance	320.2	17,982	154.9	320.2	17,982	154.9	320.2	17,982	154.9	320.2	17,982	154.9
L Real estate business	416.8	3,841	18.7	354.3	3,265	15.9	362.6	3,342	16.2	375.1	3,457	16.8
M Professional, scientific and technical	231.4	24,733	126.9	208.3	22,260	114.2	208.3	22,260	114.2	208.3	22,260	114.2
J+K+L+M Knowledge-based services	1,312.70	67,680	464.9	1,192.6	62,518	432.9	1,207.80	63,017	436.6	1,230.60	63,766	442.1
P Education	346.9	72,648	318.9	312.2	72,648	287	312.2	72,648	287.0	312.2	72,648	287.0
Q Human health and social work	386.1	53,889	334.9	347.5	53,889	301.4	347.5	53,889	301.4	347.5	53,889	301.4
P+Q Education and healthcare	733.0	126,537	653.8	659.7	126,537	588.4	659.7	126,537	588.4	659.7	126,537	588.4
N Administrative and support service	74.9	15,326	51.9	67.4	15,326	46.7	67.4	15,326	46.7	67.4	15,326	46.7
O Public administration and defense	615.9	74,371	570.9	554.3	74,371	513.8	554.3	74,371	513.8	554.3	74,371	513.8
N+O Public administration and administrative services	690.8	89,697	622.7	621.7	89,697	560.5	621.7	89,697	560.5	621.7	89,697	560.5
R Arts, entertainment and recreation	117.4	14,518	57.6	35.2	4,355	17.3	58.7	7,259	28.8	82.1	10,163	40.3
S Other service activities	94.4	16,049	63.9	28.3	4,815	19.2	56.6	9,629	38.3	66.0	11,234	44.7
P+Q+N+O+R+S Personal and social services	211.7	30,567	121.5	63.5	9,170	121.5	121.5	16,888	121.5	121.5	21,397	121.5
A Agriculture	492.1	19,481	84.1	492.1	19,481	84.1	492.1	19,481	84.1	492.1	19,481	84.1
B Mining	148.1	18,075	115.7	148.1	18,075	115.7	148.1	18,075	115.7	148.1	18,075	115.7
D Electric, gas, steam and air conditioning supply	365.3	18,158	158.5	365.3	18,158	158.5	365.3	18,158	158.5	365.3	18,158	158.5
E Water supply	89.6	13,864	71.1	89.6	13,864	71.1	89.6	13,864	71.1	89.6	13,864	71.1
F Construction	341.7	38,135	160.4	290.4	32,415	136.3	297.2	33,177	139.5	307.5	34,322	144.3
I Accommodation and food service activities	172.0	41,088	90.9	51.6	12,326	27.3	86.0	20,544	45.5	120.4	28,762	63.6
A+B+D+E+F+I Other sectors	1,608.70	148,801	680.6	1,437.00	114,319	592.9	1,478.30	123,299	614.3	1,522.90	132,661	637.3
Total GVA	7,136	817,373	3,881	6,166	703,219	3,433	6,332	727,498	3,485	6,477	752,74	3,553
Taxes on products, services and imports	5,299	Projection of GDP decline				-8.31%			Projection of employment decline			64,633
GDP simulation	31,411											

Table 22: Realistic scenario

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Pessimistic scenario	Q1 - 0%			Q2 - 15%			Q3 - 13%			Q4 - 10%		
2020	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation
C Manufacturing	1,105.80	166,062	623.4	884.6	132,85	498.7	906.7	136,171	511.2	939.9	141,153	529.9
G Retail and Wholesale	1,171.80	150,491	536.3	937.4	120,393	429.0	960.90	123,403	439.7	996.0	127,917	455.8
H Transportation and storage	301.1	37,538	177.9	240.9	30,030	142.3	246.9	30,781	145.8	255.9	31,907	151.2
G+H Distribution services	1,472.90	188,029	714.1	1,178.30	150,423	571.3	1,207.80	154,184	585.6	1,252.00	159,825	607.0
J ICT	344.3	21,124	164.4	309.8	19,012	148.0	309.8	19,012	148.0	309.8	19,012	148.0
K Financial and insurance	320.2	17,982	154.9	320.2	17,982	154.9	320.2	17,982	154.9	320.2	17,982	154.9
L Real estate business	416.8	3,841	18.7	333.4	3,073	14.9	341.8	3,150	15.3	354.3	3,265	15.9
M Professional, scientific and technical activities	231.4	24,733	126.9	208.3	22,260	114.2	208.3	22,260	114.2	208.3	22,260	114.2
J+K+L+M Knowledge-based services	1,312.70	67,680	464.9	1,171.8	62,326	432.0	1,180.10	62,403	432.4	1,192.60	62,518	432.9
P Education	346.9	72,648	318.9	312.2	72,648	287	312.2	72,648	287.0	277.5	72,648	255.1
Q Human health and social work	386.1	53,889	334.9	347.5	53,889	301.4	347.5	53,889	301.4	347.5	53,889	301.4
P+Q Education and healthcare	733.0	126,537	653.8	659.7	126,537	588.4	659.7	126,537	588.4	625.0	126,537	556.5
N Administrative and support service	74.9	15,326	51.9	67.4	15,326	46.7	67.4	15,326	46.7	67.4	15,326	46.7
O Public administration and defense	615.9	74,371	570.9	492.7	74,371	456.7	505.0	74,371	468.1	523.5	74,371	485.2
N+O Public administration and administrative services	690.8	89,697	622.7	560.1	89,697	503.4	572.4	89,697	514.8	590.9	89,697	531.9
R Arts, entertainment and recreation	117.4	14,518	57.6	35.2	4,355	17.3	58.7	7,259	28.8	70.4	8,711	34.6
S Other service activities	94.4	16,049	63.9	28.3	4,815	19.2	47.2	8,025	31.9	56.6	9,629	38.3
P+Q+N+O+R+S Personal and social services	211.7	30,567	121.5	63.5	9,170	121.5	121.5	15,284	121.5	121.5	18,340	121.5
A Agriculture	492.1	19,481	84.1	492.1	19,481	84.1	492.1	19,481	84.1	492.1	19,481	84.1
B Mining	148.1	18,075	115.7	148.1	18,075	115.7	148.1	18,075	115.7	148.1	18,075	115.7
D Electric, gas, steam and air conditioning supply	365.3	18,158	158.5	365.3	18,158	158.5	365.3	18,158	158.5	365.3	18,158	158.5
E Water supply	89.6	13,864	71.1	89.6	13,864	71.1	89.6	13,864	71.1	89.6	13,864	71.1
F Construction	341.7	38,135	160.4	273.3	30,508	128.3	280.2	31,271	131.5	290.4	32,415	136.3
I Accommodation and food service activities	172.0	41,088	90.9	51.6	12,326	27.3	86.0	20,544	45.5	86.0	20,544	45.5
A+B+D+E+F+I Other sectors	1,608.70	148,801	680.6	1,419.90	112,412	584.9	1,461.20	131,393	606.3	1,471.40	122,537	611.1
Total GVA	7,136	817,373	3,881	5,938	683,415	3,300	6,109	705,668	3,360	6,193	720,606	3391
Taxes on products, services and imports	5,149	Projection of GDP decline			-9.53%			Projection of employment decline			96,767	
GDP simulation	30,525											

Table 23: Pessimistic scenario

Scenario based on intervention assistance	Q1 - 0%			Q2 - 15%			Q3 - 13%			Q4 - 10%					
2020	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation	GVA (mil. BAM)	Number of employees	Employee compensation			
C Manufacturing	1,105.80	166,062	623.4	995.2	149,456	561.1	1017.3	152,777	573.6	1,050.5	157,759	592.3			
G Retail and Wholesale	1,171.80	150,491	536.3	1054.6	135,442	482.6	1,078.10	138,452	493.4	1,113.2	142,966	509.4			
H Transportation and storage	301.1	37,538	177.9	271.0	33,784	160.1	277.0	34,535	163.6	286	35,661	169.0			
G+H Distribution services	1,472.90	188,029	714.1	1,325.60	169,226	642.7	1,355.10	172,987	657.0	1,399.30	178,628	678.4			
J ICT	344.3	21,124	164.4	327.0	20,068	156.2	316.7	19,434	151.3	327.0	20,068	156.2			
K Financial and insurance	320.2	17,982	154.9	320.2	17,982	154.9	320.2	17,982	154.9	320.2	17,982	154.9			
L Real estate business	416.8	3,841	18.7	375.1	3,457	16.8	366.8	3,380	16.4	396.0	3,649	17.7			
M Professional, scientific and technical	231.4	24,733	126.9	231.4	24,733	126.9	231.4	24,733	126.9	231.4	24,733	126.9			
J+K+L+M Knowledge-based services	1,312.70	67,680	464.9	1,253.8	66,240	454.8	1,235.10	65,529	449.5	1,274.60	66,432	455.7			
P Education	346.9	72,648	318.9	312.2	72,648	287.0	312.2	72,648	287.0	312.2	72,648	287.0			
Q Human health and social work	386.1	53,889	334.9	386.1	53,889	334.9	386.1	53,889	334.9	386.1	53,889	334.9			
P+Q Education and healthcare	733.0	126,537	653.8	689.3	126,537	621.9	698.3	126,537	621.9	698.3	126,537	621.9			
N Administrative and support	74.9	15,326	51.9	67.4	15,326	46.7	67.4	15,326	46.7	67.4	15,326	46.7			
O Public administration and defense	615.9	74,371	570.9	554.3	74,371	513.8	554.3	74,371	513.8	554.3	74,371	513.8			
N+O Public administration and administrative services	690.8	89,697	622.7	621.7	89,697	560.5	621.7	89,697	560.5	621.7	89,697	560.5			
R Arts, entertainment and recreation	117.4	14,518	57.6	58.7	7,259	28.8	76.3	9,437	37.5	93.9	11,614	46.1			
S Other service activities	94.4	16,049	63.9	47.2	8,025	31.9	61.3	10,432	41.5	75.5	12,839	51.1			
P+Q+N+O+R+S Personal and social services	211.7	30,567	121.5	105.9	15,284	121.5	121.5	19,869	121.5	121.5	24,454	121.5			
A Agriculture	492.1	19,481	84.1	492.1	19,481	84.1	492.1	19,481	84.1	492.1	19,481	84.1			
B Mining	148.1	18,075	115.7	148.1	18,075	115.7	148.1	18,075	115.7	148.1	18,075	115.7			
D Electric, gas, steam and air conditioning supply	365.3	18,158	158.5	365.3	18,158	158.5	365.3	18,158	158.5	365.3	18,158	158.5			
E Water supply	89.6	13,864	71.1	89.6	13,864	71.1	89.6	13,864	71.1	89.6	13,864	71.1			
F Construction	341.7	38,135	160.4	307.5	34,322	144.3	314.3	35,084	147.5	341.7	38,135	160.4			
I Accommodation and food service activities	172.0	41,088	90.9	86.0	20,544	45.5	111.8	27,118	59.1	137.6	32,870	72.7			
A+B+D+E+F+I Other sectors	1,608.70	148,801	680.6	1,488.50	124,444	619.1	1,521.10	131,780	636.0	1,574.30	140,583	662.4			
Total GVA	7,136	817,373	3,881	6,489	740,883	3,581	6,570	759,176	3,620	6,740	784,089	3693			
Taxes on products, services and imports	5,467	Projection of GDP decline				-3.97%				Projection of employment decline				33,284	
GDP simulation	30,402														

Table 24: Scenario based on intervention assistance

In addition, Charts 34 and 35 show the projected GDP rates decline and quarter-to-quarter employment movements according to the described scenarios.

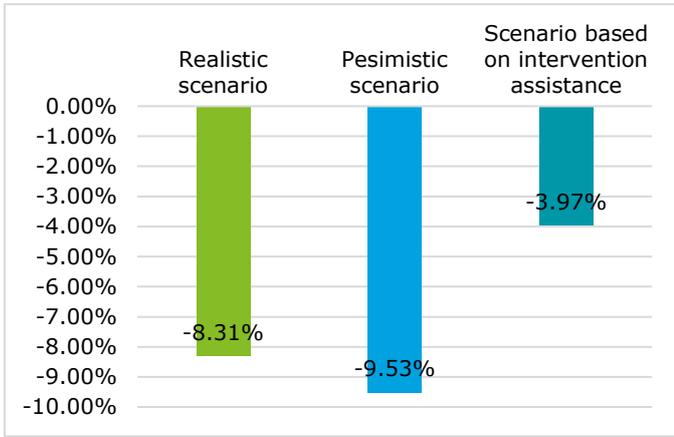


Chart 34: Projections of GDP decline

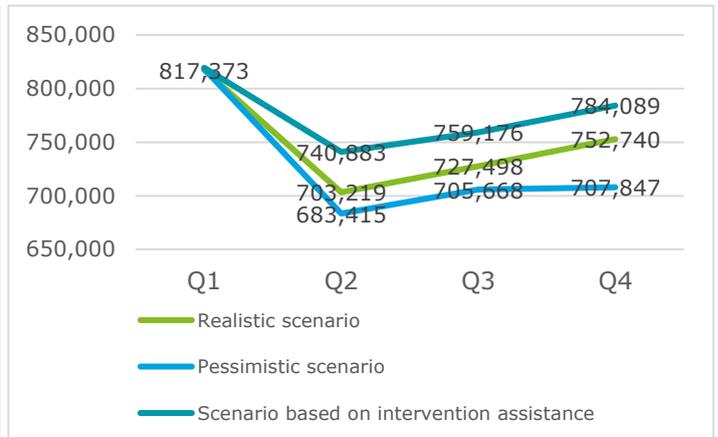


Chart 35: Quarter-to-quarter employment movement

Appendix 15: Primary Data Analysis

Overall COVID-19 Impact

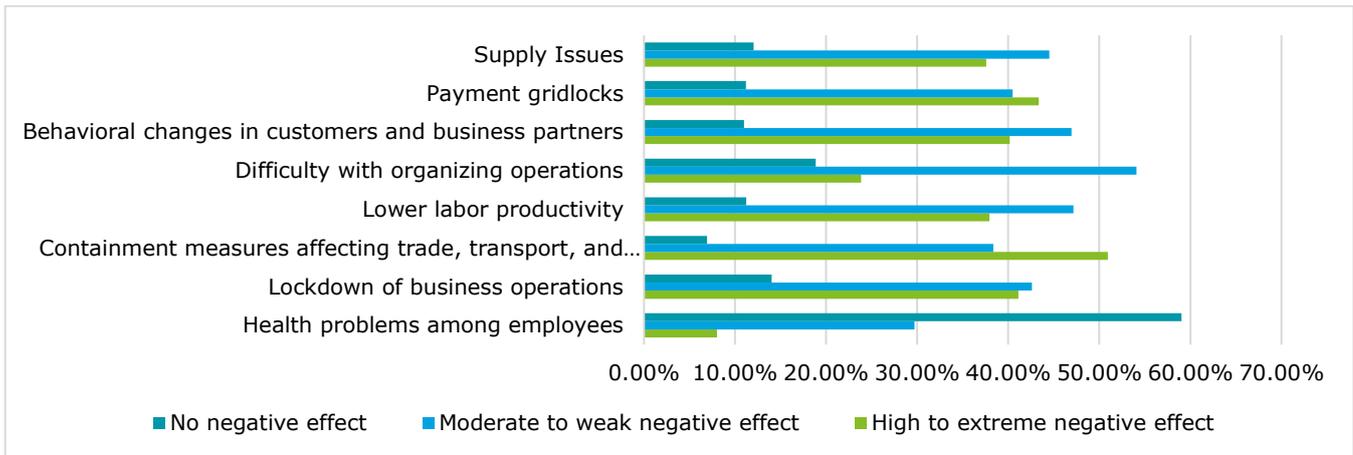


Chart 36: Key negative impact channels of COVID-19 on firms

Source: Impact Assessment Survey

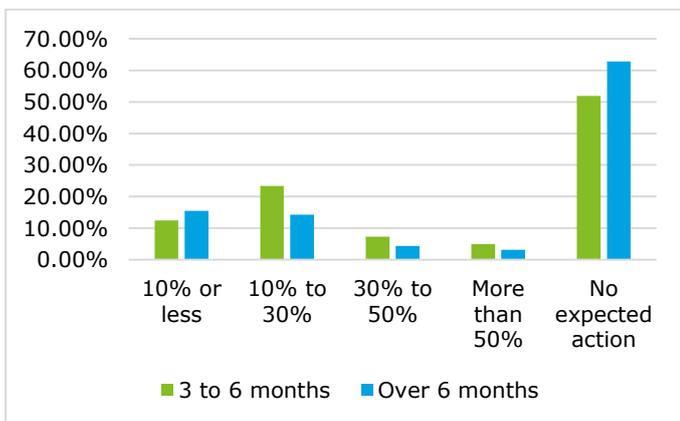


Chart 37: Expected wage reductions

Source: Impact Assessment Survey

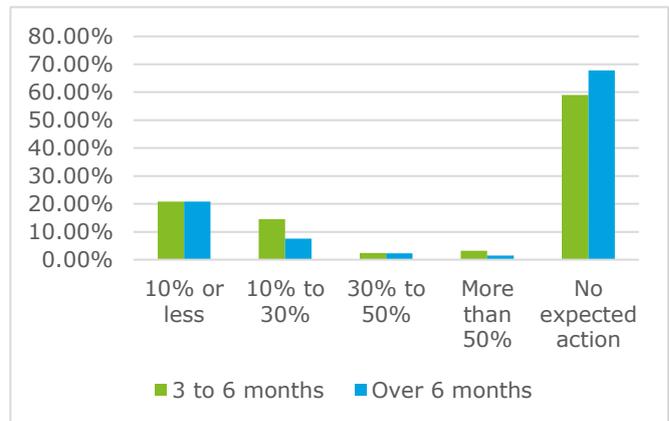


Chart 38: Expected layoffs (% of workforce)

Source: Impact Assessment Survey

Regional differences

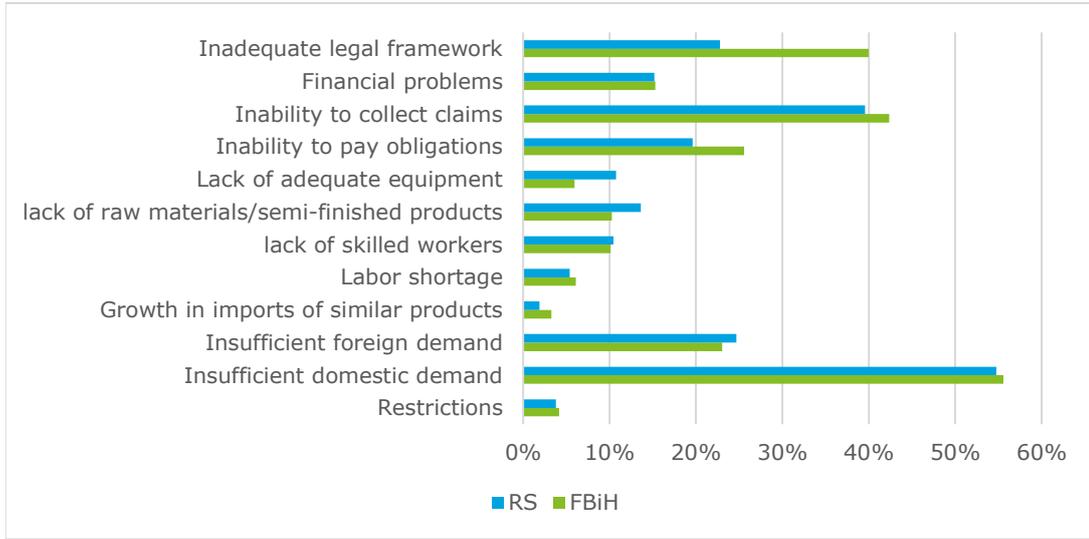


Chart 39: What are the most important factors limiting your business?

Source: Impact Assessment Survey

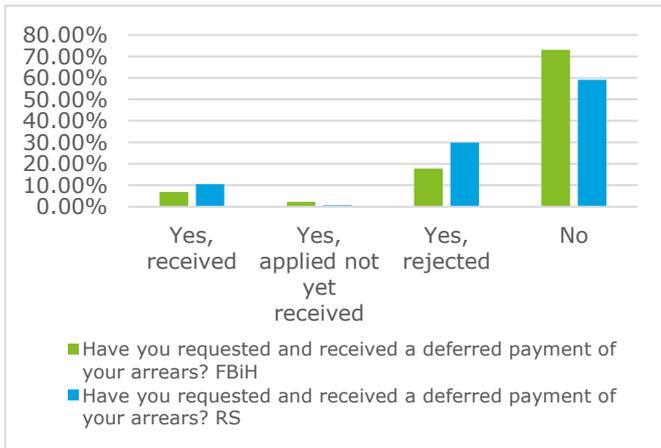


Chart 40: Have you requested and received a deferment of payment?

Source: Economic Pulse Survey

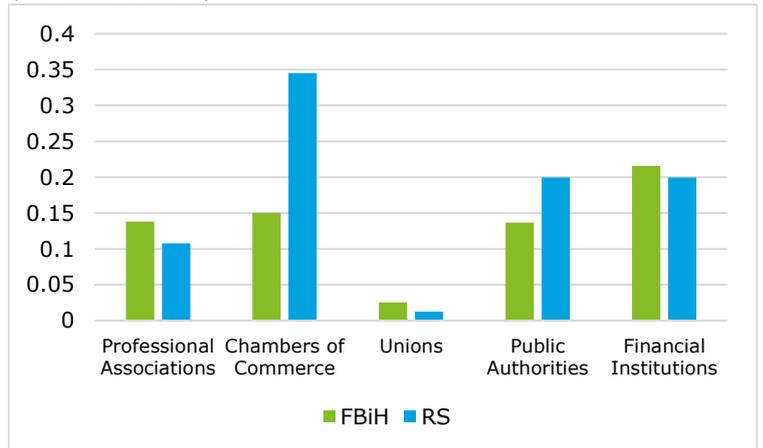


Chart 41: During the crisis, did you establish or maintain contact with any of the following institutions?

Source: Economic Pulse Survey

Urban-rural differences

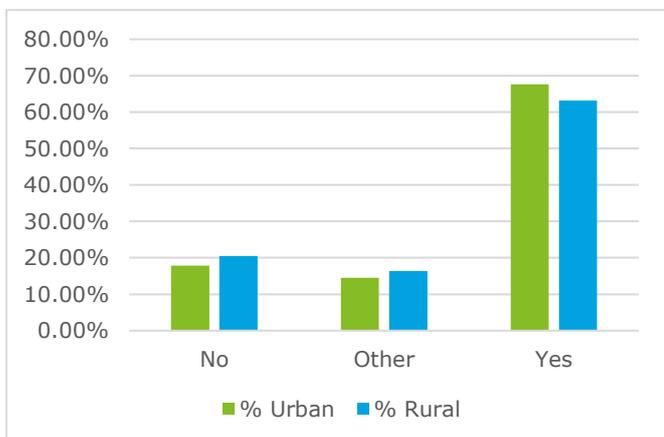


Chart 42: Does your company continue to perform regular business activities?

Source: Impact Assessment Survey

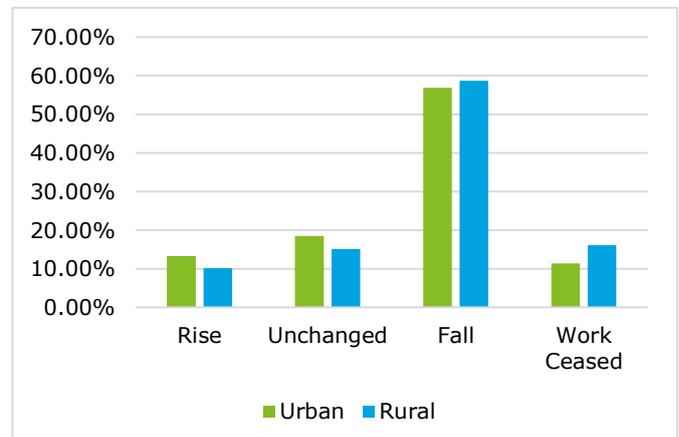


Chart 43: Business expectations, 3 months

Source: Impact Assessment Survey

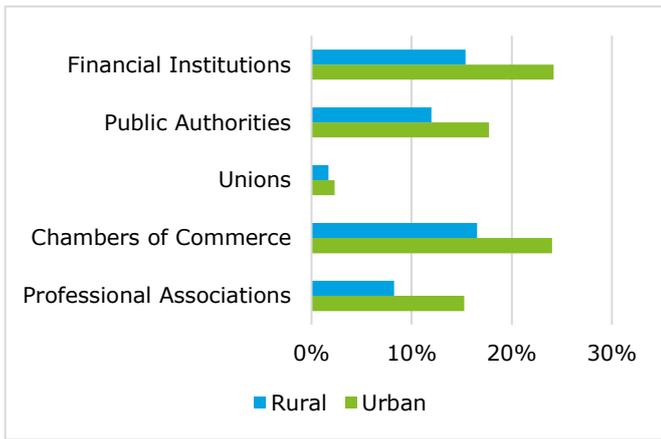


Chart 44: Institutions contacted for support

Source: Impact Assessment Survey

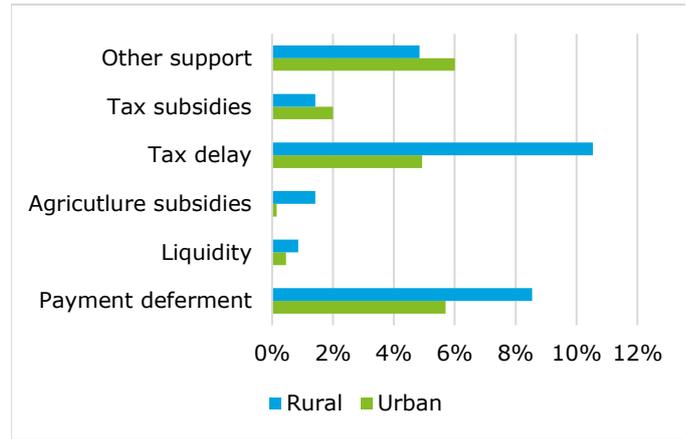


Chart 45: Received form of Government Support

Source: Impact Assessment Survey

Sectoral and firm size differences

How to read a dendrogram

The analysis below is a result of agglomerative clustering, which works in a bottom-up manner. It means that each object is initially considered as a single-element cluster (leaf). At each step of the algorithm, the two clusters that are the most similar are combined into a new bigger cluster (nodes). This procedure is iterated until all points are member of just one single big cluster (root). Ward’s minimum variance method (which minimizes the total within-cluster variance) has been chosen to measure the dissimilarity between two clusters of observations because it produced the strongest clustering structure compared to other methods. In the dendrogram, each leaf corresponds to one observation. As we move up the tree, observations that are similar to each other are combined into branches, which are themselves fused at a higher level. The height of the fusion, provided on the vertical axis, indicates the (dis)similarity between two observations. The higher the length of the fusion, the less similar the observations are.

Vulnerable group – scope of the analysis	Definition of variable in the cluster analysis	Data source
Women, Disabled people, Ethnic and racial minorities, People living below the poverty line, Returnees and internally displaced persons, Low skilled workers.	Share of firms in given sector that employ particular vulnerable group	Impact Assessment Survey
Employment reduction – women, Employment reduction – men, Employment reduction – both, No employment reduction	Share of firms in a given sector planning to use this measure	Economic Pulse Survey

Table 25: Vulnerable Groups

Source: Author’s own elaboration.

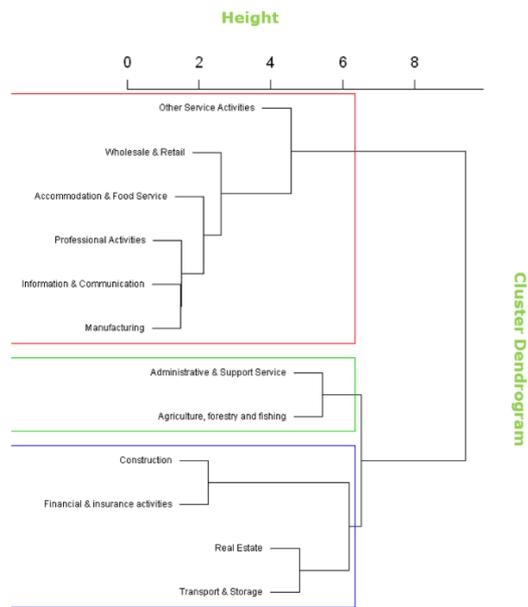


Figure 4: Cluster dendrogram – results for vulnerable groups on the labour market

Source: Author’s own elaboration.

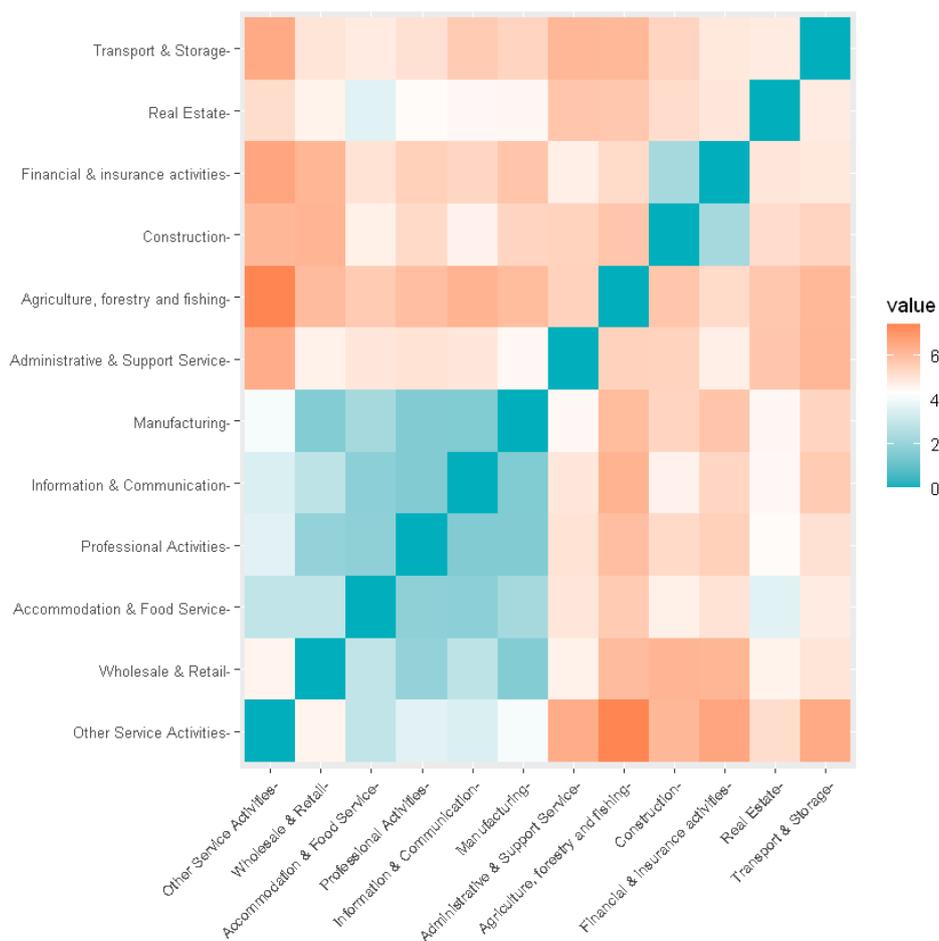


Figure 5: Distance matrix of sectors – similarities and differences of vulnerable groups on the labour market

Interpretation: Values close to 0 represent very low heterogeneity (similar structure) of indicators related do vulnerable groups. Values close to 6 represent the highest heterogeneity between sectors in terms of vulnerable groups characteristics. Matrix is symmetric, thus interpretation of a pair (A,B) is equivalent to (B,A).
 Source: Author’s own elaboration.

Results from the distance matrix

- Conclusions regarding Cluster 1 might be assigned to particular sectors with a greater confidence, as internal differences (measured statistically by variance) are relatively low.
- Results regarding other clusters should be interpreted with a higher caution, which automatically implies lower confidence in general (cluster-level) conclusions. Nevertheless, these outcomes might be validated by a qualitative analyses like group interviews as well as data and literature review.
- Transport & Storage (Cluster 3), Administrative & Support Service and Agriculture, forestry and fishing (both Cluster 2) require additional attention from the policymakers, which results from their structural differences in relation to other industries.

Distance Symmetric Matrix Analysis

A distance symmetric matrix is used to visualize the distance (here computed as the Euclidean metric) between observations (sectors / industries) based on a set of variables (here variables related to vulnerable groups on the labour market). Distance matrix illustrates which industries have large dissimilarities (red) versus those that appear to be fairly similar (teal). For example, Wholesale & Retail and Manufacturing are similar, whereas Agriculture is very different from Transport & Storage.

What is important here, the Cluster 1 from the dendrogram (presented above) can be easily identified in the left-down corner (6 sectors). Teal-coloured rectangles represent relative similarity between these sectors with respect to analysed variables describing vulnerable groups. Other clusters are more internally heterogeneous and thus not clearly reflected in the matrix.

Labour market response to COVID-19 – cluster analysis of sectors

Labour market – scope of the analysis	Variable in the cluster analysis	Data source
Female employment	Percentage of employees that are female	Economic Pulse Survey
Employment by age	Estimated proportion of employees by age group: 15-30, 30-50, 50-65, 65+	Economic Pulse Survey
Wage & salary	Average wage	Economic Pulse Survey
Contract type	Proportion of employees with a permanent contract	Economic Pulse Survey
Wage reduction - female employees, wage reduction – male employees, wage reduction – both, no wage reduction	Share of firms in a given sector planning to use this measure	Economic Pulse Survey
Employment reduction - women, Employment reduction - men, Employment reduction – both, No employment reduction -	Share of firms in a given sector planning to use this measure	Economic Pulse Survey

Table 26: Variables used in the cluster analysis of sectors – labour market response to COVID-19

Source: Author’s own elaboration.

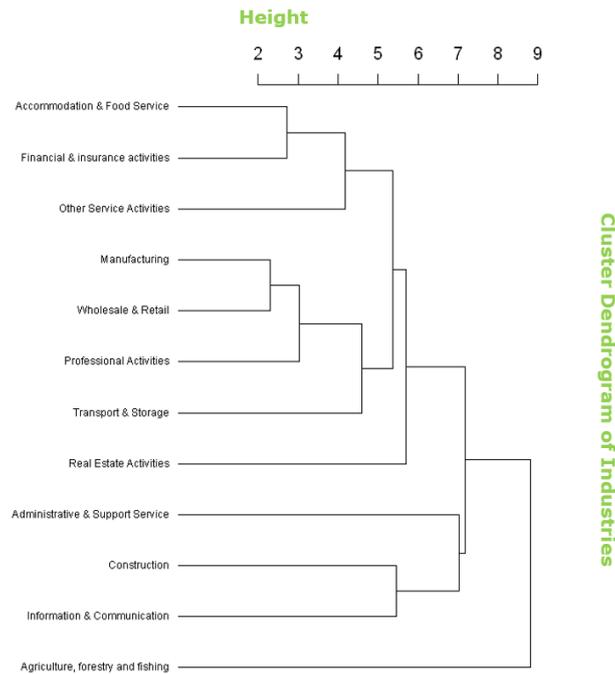


Figure 6: Cluster dendrogram – results for the labour market response to the COVID-19

Source: Author’s own elaboration.

Normalised values for permanent contract presence and no layoffs in the sample of analysed sectors

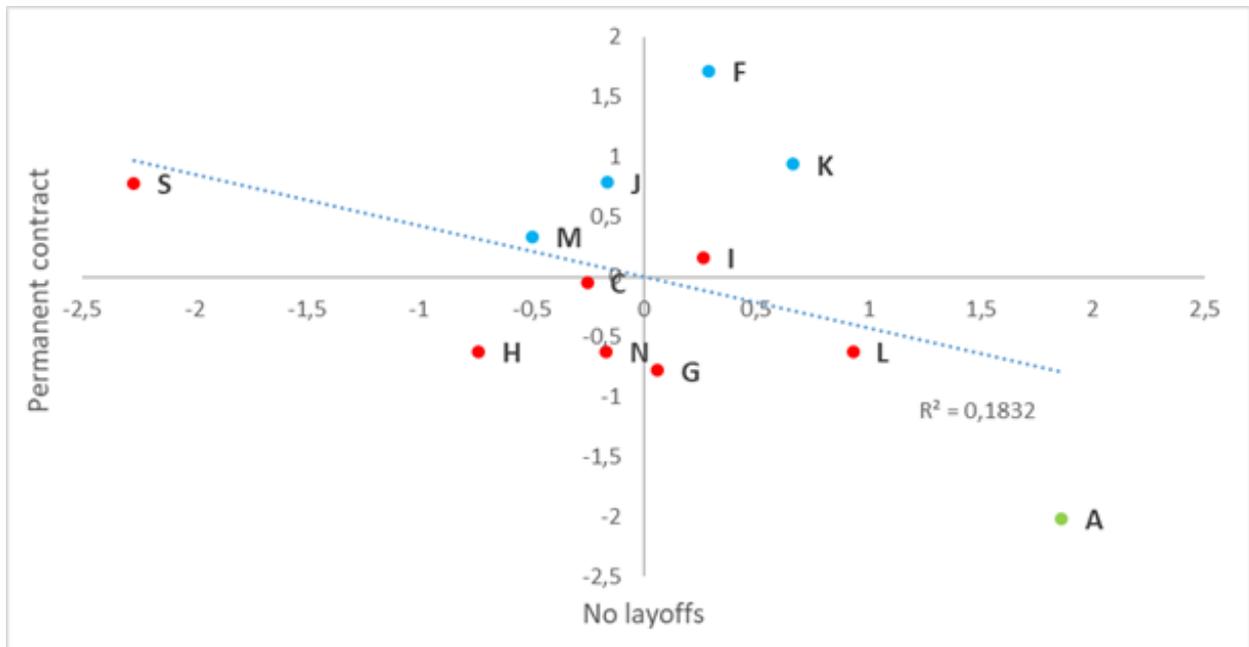


Figure 7: Normalised values for permanent contract presence and no layoffs in the sample of analysed sectors

Legend: A - Agriculture, forestry and fishing, C – Manufacturing, F – Construction, G - Wholesale & retail, H - Transportation & Storage, I - Accommodation & Food Services, J - Information & Communication, K - Financial & Insurance activities, L - Real estate activities, M - Professional activities, N - Administrative & Support services, S - Other service activities.

Source: Author’s own elaboration.

Distance symmetric matrix for labor responses

Distance symmetric matrix for labour market response to the COVID-19 confirms earlier findings on structurally different sector of Agriculture, forestry and fishing (it is not similar to any other studied sector). Again, we can conclude that Manufacturing and Wholesale & Retail is the most similar pair.



Figure 8: Distance matrix of sectors – similarities and differences in labour market response to the COVID-19

Interpretation: Values close to 0 represent very low heterogeneity (similar structure) of labour market characteristics. Values close to 8 represent the highest heterogeneity between sectors in terms of labour market characteristics. Matrix is symmetric, thus interpretation of a pair (A,B) is equivalent to (B,A).
 Source: Author's own elaboration.

Although this time symmetric distance matrix does not adjust any of conclusions formulated earlier, it is interesting complement to the dendrogram as a visualization of relative magnitude of similarities.

Key sectors

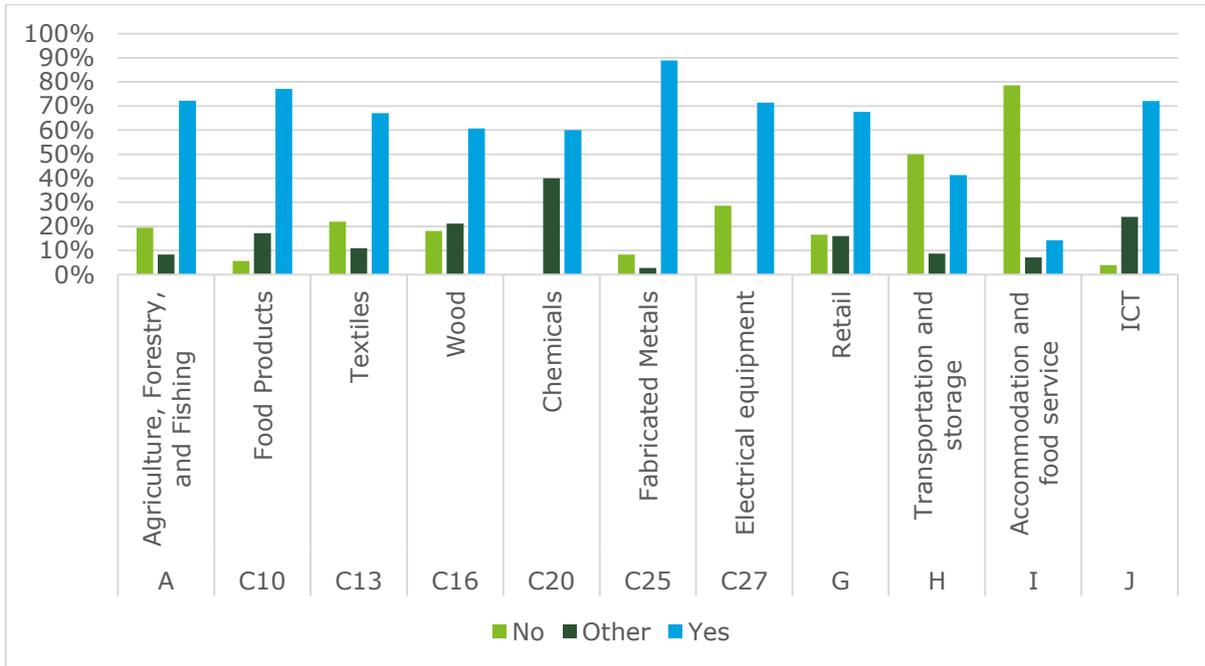


Chart 46: Does your company continue to perform regular business activities

Source: Economic Pulse Survey (selected sectors)

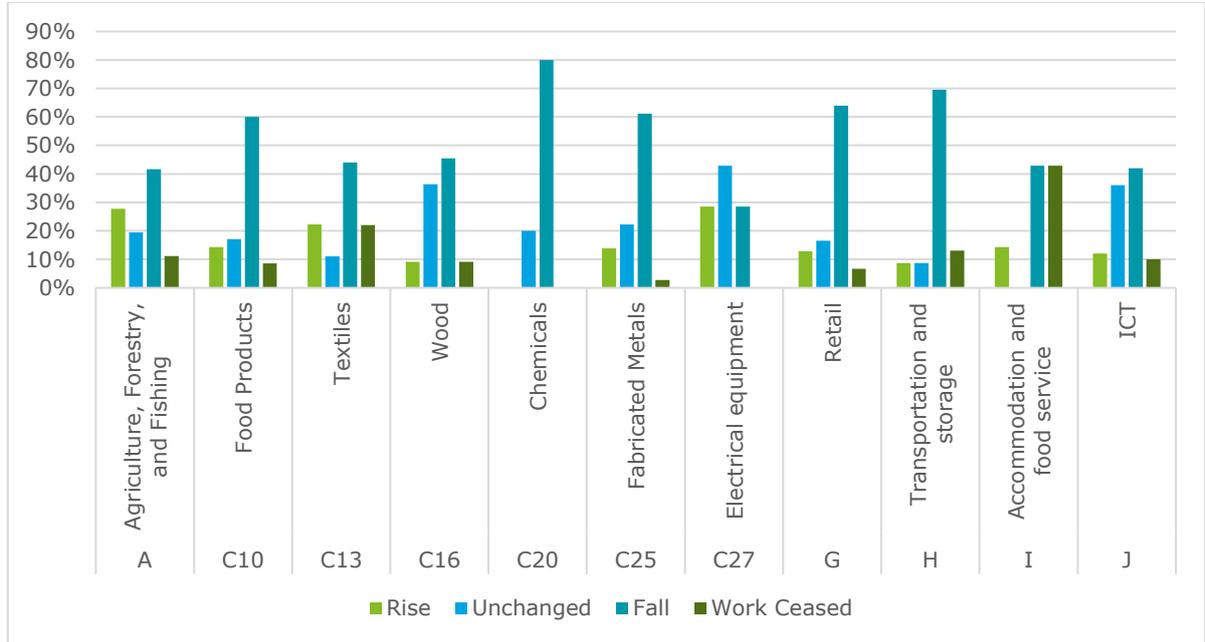


Chart 47: Business expectations in 3 months time, turnover

Source: Economic Pulse Survey (selected sectors)

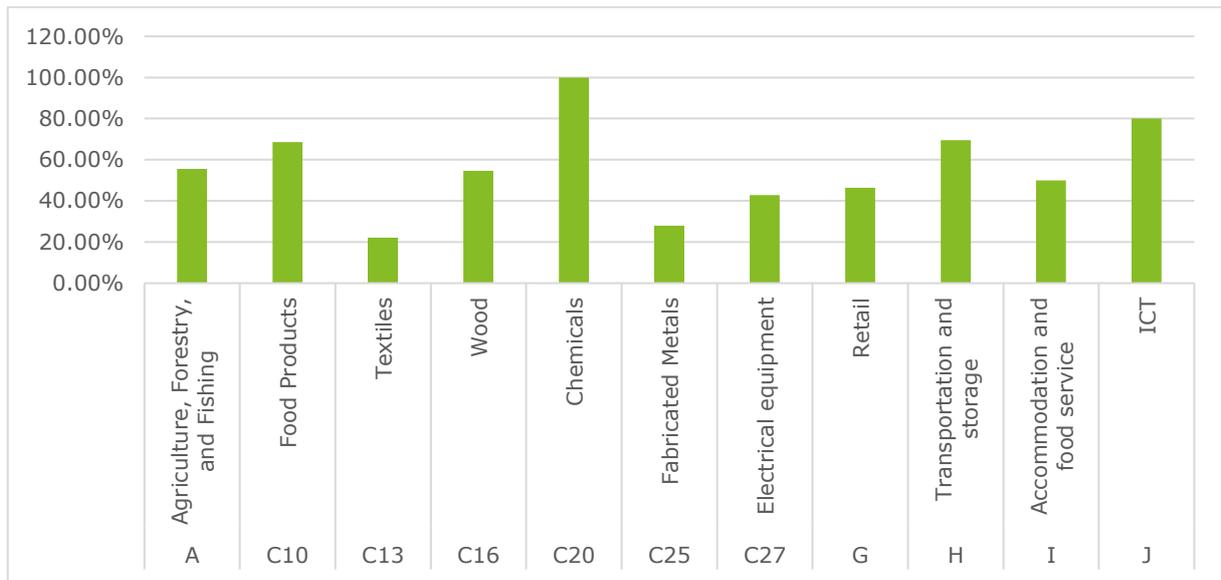


Chart 48: Do you have sufficient supply of raw materials or intermediate products for your production/services

Source: Impact Assessment Survey (selected sectors)

Firm Size

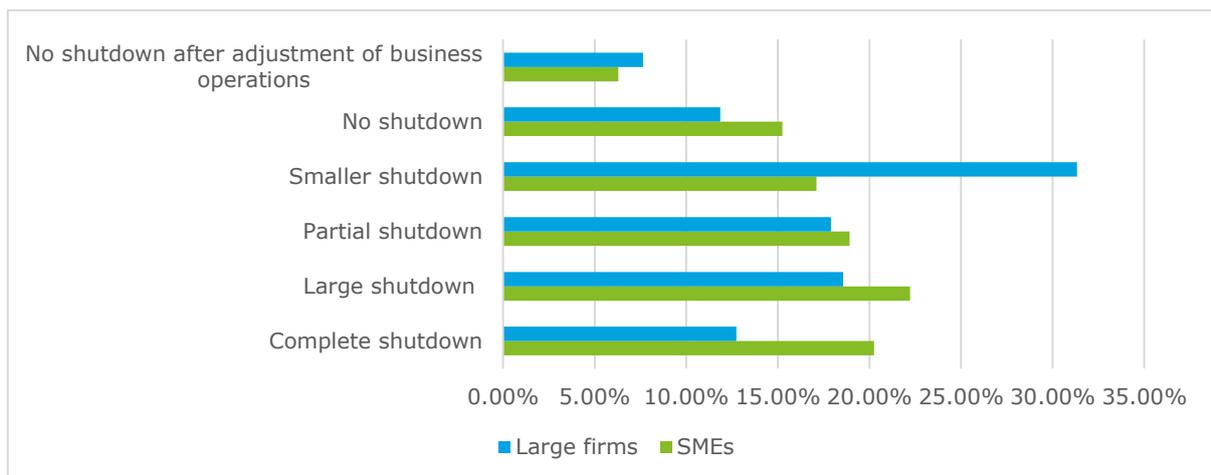


Chart 49: Direct impact from containment measures

Source: Impact Assessment Survey

Independent Variable(s)	Dependent Variable	p-value	Significance (p<0.05)
One-way ANOVA			
Business expectations April	Number of employees	0.792	Insignificant
3 month expectations	Number of employees	0.0178	Significant
Expected price changes	Number of employees	0.0952	Insignificant
Raw supply availability	Number of employees	0.0043	Significant

Table 27: Dependent and Independent Variables

Vulnerable groups – Females

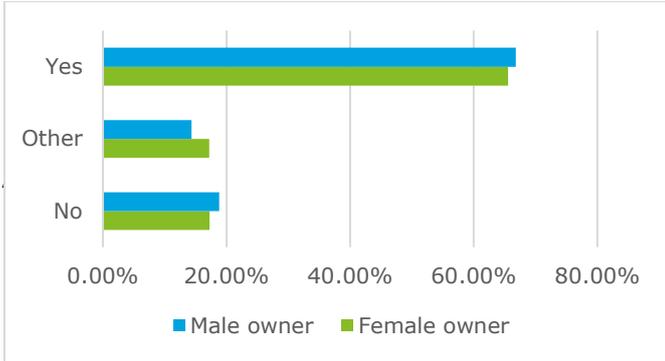


Chart 50: Does your company continue to perform regular business activities?

Source: Economic Pulse Survey

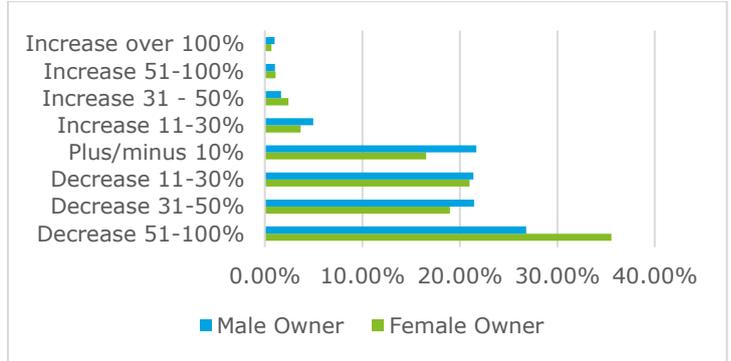


Chart 51: Turnover change

Source: Economic Pulse Survey

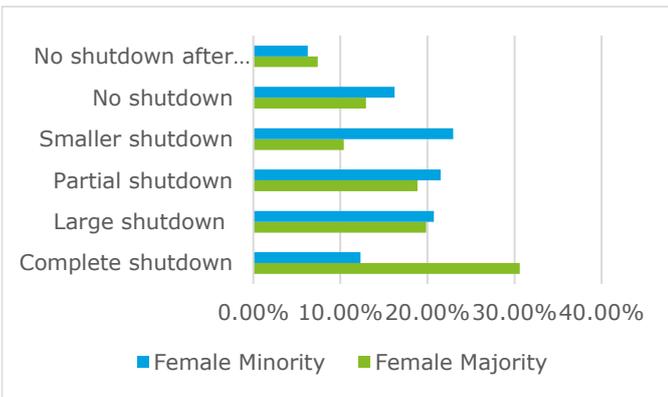


Chart 52: Initial direct impact

Source: Impact Assessment Survey

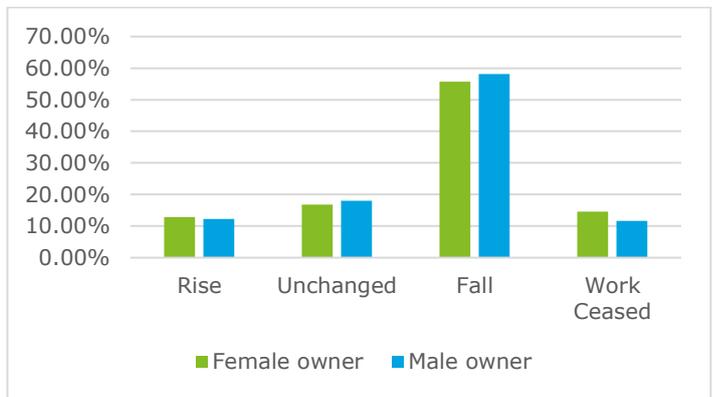


Chart 53: Turnover expectations

Source: Economic Pulse Survey

Employment by gender	Firms not expecting layoffs in 3-6 months	Firms not expecting layoffs after 6 months
Female majority	53.78%	71.27%
Female minority	62.70%	66.26%

Table 28: Employment by gender

Source: Impact Assessment Survey

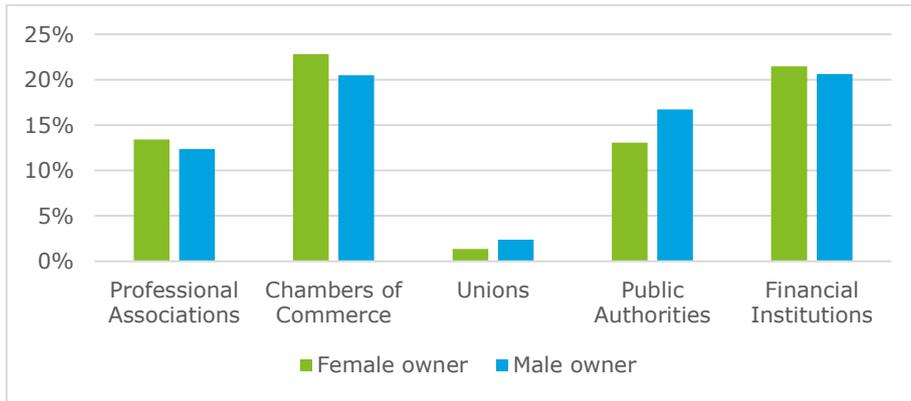


Chart 54: Established contact for support

Source: Impact Assessment Survey

Vulnerable groups – Youth

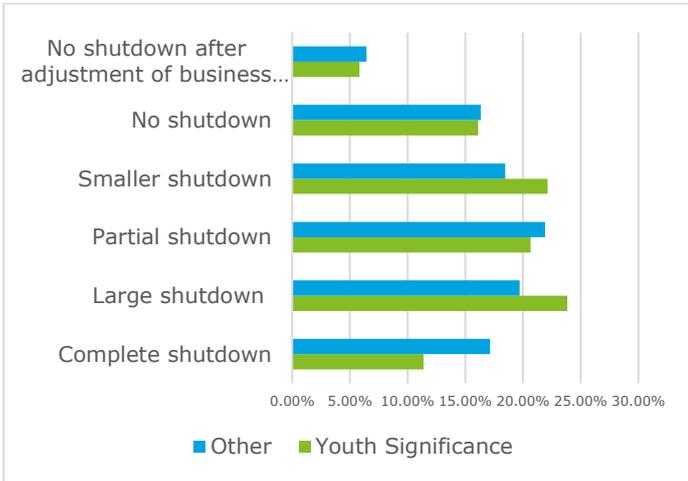


Chart 55: Initial impact

Source: Impact Assessment Survey

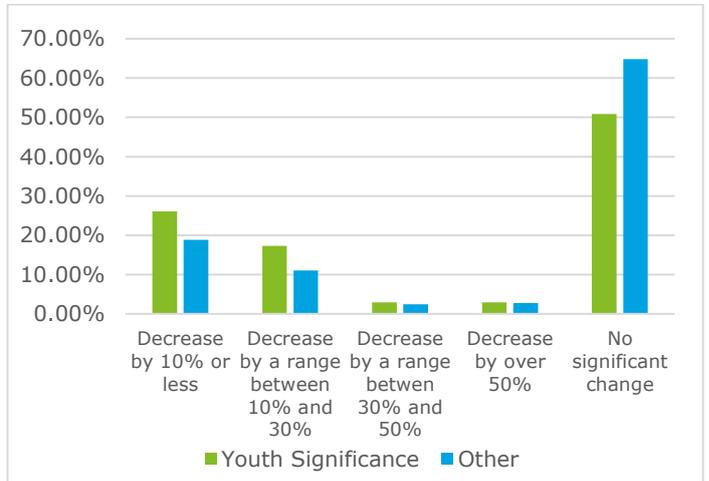


Chart 56: Layoff expectations

Source: Impact Assessment Survey

Vulnerable groups – Unskilled workers

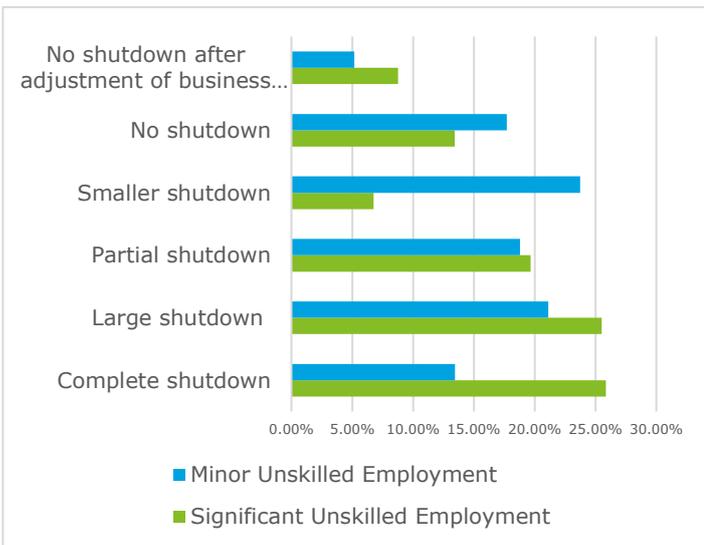


Chart 57: Initial impact

Source: Impact Assessment Survey

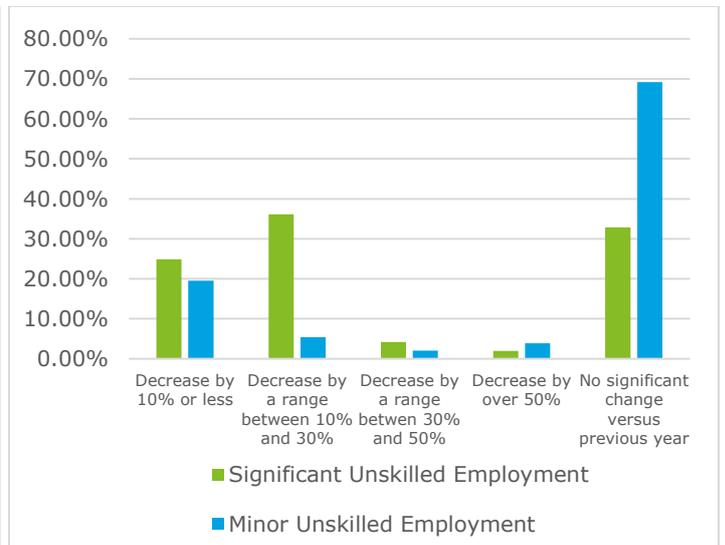


Chart 58: Layoff expectations

Source: Impact Assessment Survey

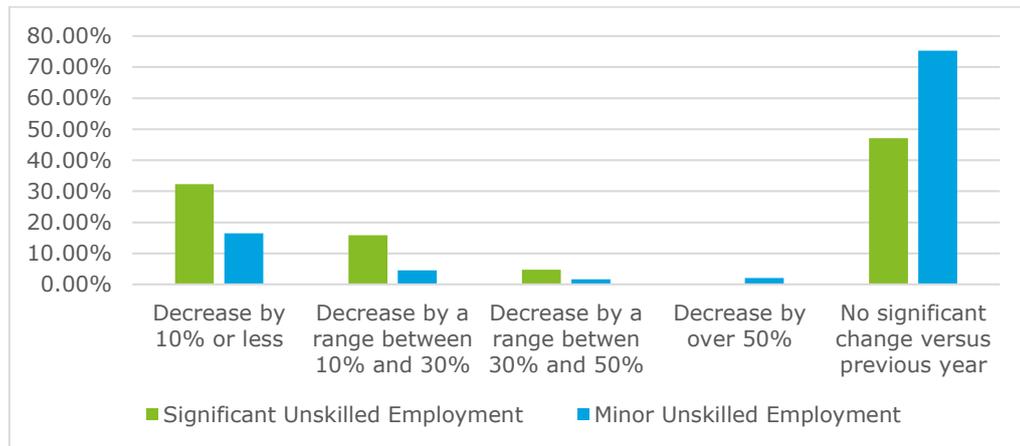


Chart 59: Layoff expectations

Source: Impact Assessment Survey

Appendix 16: Interconnection of SDG

COVID-19 will almost certainly have a negative impact on the progress toward other SDGs that were not covered in the main part of the report. The following predictions focus more on the global impact but are valid and significant on the local level as well. It is stated that the COVID-19 crisis risks annulling decades of progress in the fight against poverty and worsening already high levels of inequality within and between countries, which is also affecting the SDG 10 – Reduced inequalities.

SDG 4 – Quality and education is highly connected to this area – according to UNESCO²⁴⁵, 166 countries have closed schools and universities impacting almost 1.52 billion children and youth who would normally attend pre-primary to upper-secondary classes. Also, remote learning considers to be less effective and not accessible for everyone. In BiH there have been several cases where schools and/or students were not able to implement online education due to the lack of equipment.

It is estimated that many children lose school meals and zone of safety. This will have an impact on family income and the school interruption causes gaps in childcare. Consequently, that affects life balance, especially for women and partners who are now expected to be able to perform home schooling. This interruption could also result in the higher level of child labour and child marriage, which negatively affects developing countries' growth, reducing GDP of low-income countries by 1% according to the IMF.²⁴⁶ In general, COVID-19 poses considerable risks to already vulnerable populations living in countries with severe development deficits, limited government capacity and, importantly, poor healthcare infrastructure. Different minority groups will be heavily affected in different ways. E.g. persons with disabilities could lack the vital support as a result of social distancing. Homeless people who may be unable to have safe shelter and population living in slums are highly exposed to the virus due to high population density and poor sanitation conditions.

This is also closely related to and influences the SDG 11 – Sustainable cities and communities. People in conflict areas are most at risk of suffering devastating losses from COVID-19, as conflicts prevent effective measures for fighting pandemic which can have significant impact on the SDG 16 – Peace, justice and strong institutions. Due to the suspended economic activities, certain food production and distribution could be disrupted which also starts to impact the prices of food, which together with loss of income negatively affects the SDG 2 – No hunger. Today, over 800 million people globally face chronic undernourishment and over 100 million people are in need of lifesaving food assistance. The COVID-19 pandemic, risks undermining the efforts of humanitarian and food security organizations seeking to reverse these trends. Additionally, the before-mentioned economic decline has major impacts on poverty and food insecurity.²⁴⁷ This is also closely connected to the SDG 6 – Clean water and sanitation, especially in underdeveloped countries. Supply disruptions and inadequate access to clean water hinder access to clean

²⁴⁵ UNSECO, [COVID-19 Impact on Education](#), 2020.

²⁴⁶ IMF, [Reducing and Redistributing Unpaid Work: Stronger Policies to Support Gender Equality](#), 2019.

²⁴⁷ UN World Food Programme, [State of Food Security and Nutrition in the World report](#), 2020.

handwashing facilities, one of the most important COVID-19 prevention measures. While the world is being asked to wash their hands to fight the pandemic, the UN recalled that around 2.2 billion people do not have access to drinking water and that 4.2 billion - more than half of the world's population - are deprived of safe sanitation systems.²⁴⁸

Unfortunately, supply and personnel shortages are leading to disrupted access to electricity, further weakening the health system response and capacity, which directly affects SDG 7 – Affordable and clean energy. Also, the renewable energy industry, which until recently was projected to enjoy rapid growth, has run into stiff headwinds because of three defining events: the COVID-19 pandemic, the resulting global financial contraction and a collapse in oil prices.

Reduction in economic activity in physical space and in domestic and international transport can have a positive impact on the enhanced air quality and decrease in greenhouse gas emissions, thereby supporting SDG 13 - Climate action, SDG 14 - Life below water and SDG 15 - Life on land. However, on a local level, before-mentioned possibility for companies in BiH to turn to utilizing domestic raw materials could also increase illegal and irresponsible logging with regards to the wood-processing sectors, hence negatively impact SDG 15 - Life on land that aim to sustainably manage forests, halt deforestation and restore degraded forests. However, the long-term effects on SDG 15 will depend on the duration of the pandemic and the time needed to control and reduce the outbreak globally. Hence, the long-term impact is highly dependent on the action taken by the government, private sector, as well as the society in general. A new forecast produced by climate experts of the Global Carbon Project²⁴⁹, which produces annual emissions estimates, predicts that carbon dioxide emissions could fall by the largest amount since 1945 due to restrictions measures and lockdowns around the world. However, it is important that the economic stimulus packages in the recovery period are also used to kick-start a sustainable path towards a cleaner future.

In regard to the SDG 17 – Partnerships for the goals, it is anticipated that the COVID-19 will result in the aggravated backlash against globalization, but also highlight the importance of international cooperation on public health, because now more than ever the cooperation is needed, solidarity and political will to combat the crisis and its many social and economic dimensions.

Appendix 17: Stakeholders and Their Responsibilities (Government Entities)

National (BiH) level	
Responsibility	Authorized institution
<p>Adoption of the state budget In order for the state level to adequately respond to the current crisis, it is necessary to adopt the state budget as soon as possible. It is a regular budget for 2020 that has not yet been adopted. The state budget is necessary for the normal functioning of state ministries and other state bodies, which is necessary in the midst of crisis events. The budget needs to be adjusted in line with the new circumstances caused by the Covid-19 pandemic.</p>	Ministry of Finance and Treasury of BiH
<p>Ensuring a simple circular flow of goods Ministry of Foreign Trade and Economic Relations of BiH should work on acceleration on the turnover of all goods and services, and normalization of trade with key markets for BiH companies, especially Italy and China, which are most, affected by the pandemic, but also Germany and other EU countries to which the export-import market of BiH is much attached. It is especially important to ensure an accelerated flow of goods between the members of the CEFTA agreement. BiH must as soon as possible secure or renew all trade relations with EU member states, which are the country's most important foreign trade partners. During the crisis, there must be no obstacles to the faster flow of goods that are vital for BiH, while in the period of stabilization the liberalization of trade flows should be aimed.</p>	Ministry of Foreign Trade and Economic Relations
<p>Development and improvement of foreign trade policy and improvement of customs policy and tariffs The Foreign Trade Chamber of BiH, within its competencies, should ensure the development and improvement of foreign trade policy and the improvement of customs policy and tariffs.</p>	The Foreign Trade Chamber of BiH

²⁴⁸ WHO, [1 in 3 people globally do not have access to safe drinking water – UNICEF, WHO](#), 2019.

²⁴⁹ [Global Carbon Project](#)

<p>Law on VAT in the direction of possible reduction of VAT, and changes in the deadline for payment Many legal entities, at a time when work is banned, but also after that, when the period of economic stabilization comes activities, will not be able to submit and pay on time their tax liabilities, primarily due to collection difficulties their claims, thus entering into an automatic tax offense and they face penalties and sanctions, which places an additional burden on their business.</p>	Indirect Taxation Authority
<p>Public Procurement Agency of BiH: <ul style="list-style-type: none"> • Electronic public procurement system • Procurement procedure without prior publication in extreme emergency Public Procurement Agency of BiH is authorised for adopting electronic public procurement system, as well as for decisions that in situations of extreme emergency, when it is not possible to apply regular public procurement procedures but still there is enough time, it is possible to apply a negotiated procedure without prior publication.²⁵⁰</p>	Public Procurement Agency of BiH
<p>Most of the responsibility for stabilization and rescue economies have entity levels - FBiH and RS. The headquarters of Civil Protection at these levels of government are also implementing the largest range of measures related to the crisis management caused by the COVID-19 pandemic. Private sector representatives generally expect most of the assistance from the entity levels.</p>	
<p>Entity (FBiH and Republika Srpska) level</p>	
<p>Responsibility</p>	<p>Authorized institution</p>
<p>Formation of a stabilization / guarantee fund at the entity level In addition to supporting the economy through the exemption from paying part of the contributions, deferral and exemption from taxes and fiscal levies for the duration of the state of emergency, it is necessary to create stabilization funds at the entity level intended for direct support to economic entities.</p> <p>Abolition of the price freezing measure Governments are empowered to decide to freeze the prices of certain products. The coronavirus pandemic has changed business conditions and increased some of the costs that affect the formation of sales prices.</p>	Entities governments
<p>Taking over the payment of part of the contribution and co-financing salaries for particularly affected legal entities This measure envisages taking over the payment of contributions for pension insurance and unemployment insurance for legal entities until the end of the state of natural or other disaster. The measure would cover legal entities that are unable to work according to the measures of the crisis headquarters. Primarily, the focus is on crafts and service legal entities such as catering, tourism and others, and legal entities whose revenues were significantly reduced as a result of this situation compared to revenues in the same months of 2019.</p> <p>Tax incentives for employers who do not make redundancies or who return workers to work According to the new Law on Mitigation of Negative Economic Consequences in FBiH, business entities are entitled to the subsidy of social security contributions, in the amount prescribed by the Law.</p> <p>Abolition of the obligation to pay corporate income tax advance payment Obligation to pay corporate income tax advance payment is abolished for those business entities that use the subsidy.</p> <p>Prolongation of the deadline for submission of tax returns Prolongation of the deadline for submission of tax returns for 2019 after the declaration of termination of the state of natural or other disaster in BiH.</p>	Tax Authorities
<p>Moratorium / freezing of loan repayment In cooperation with the entity regulatory agencies for banking, banks are authorized to declare a moratorium on loan repayment for all business entities whose business is endangered and all citizens who have lost their jobs or whose incomes have been significantly reduced.</p>	Banking regulatory agencies
<p>Establishment of the Guarantee Fund Guarantee Fund on the basis of which, in the name and for the account of the Federation, guarantees will be issued by the Development Bank of the Federation of Bosnia and Herzegovina. The initial funds for the establishment of the Fund in the amount of up to 80,000,000 KM will be provided by redirecting the available funds of the Government of the Federation from commission affairs and available funds of earmarked</p>	FBiH Development Bank

²⁵⁰ Under conditions stipulated in Article 21 paragraph (1) point d) of the Law on Public Procurement.

deposits of the Government of the Federation kept with the Development Bank. Additional sources for increasing the total resources of the Fund will be determined by the Government of the Federation.	
There are ten cantons in FBiH. The cantons have cantonal constitution, assembly as the highest legislative body and executive body, ie. a government that exercises a number of competencies (police, education, use of natural resources, spatial and housing policy, culture), as well as shared competencies with FBiH (health, social protection, judiciary). Cantons are further politically and territorially divided into municipalities and cities. Accordingly, the cantons have an exceptional role in resolving the existing crisis, on all grounds, so in accordance with the above, cantonal crisis headquarters have been formed, which, in addition to the entity crisis headquarters, issue the largest number of measures. Cantonal economic policies should be harmonized with the activities of the FBiH.	
Cantonal level	
Responsibility	Authorized institution
<p>Establishment of crisis headquarters for economic issues The cantons are authorized to form their own special crisis headquarters to deal with economic issues. These headquarters will primarily be of an autobiographical nature, with the aim of supporting decision-making to cantonal governments. The primary goal is the protection of workers, ie the retention of jobs.</p> <p>Formation of stabilization and credit-guarantee funds Following the example of the federal level of government, the cantons should consider introducing a stabilization and credit guarantee fund. The Credit Guarantee Fund is a financial instrument intended to solve the problem of illiquidity of the economy, especially the SME sector, whose access to capital and borrowing conditions are less favourable compared to large companies.</p> <p>Moratorium on the payment of concessions Cantonal authorities may introduce moratoriums on the payment of concession fees / concession fees for all economic operators who have been documented difficulties in doing business ²⁵¹(eg a decline in revenue in recent months), while at the same time using cantonal concessions on various grounds. This measure applies to all concessions that are not within the competence of the Federation of BiH, as provided by the federal law on concessions.</p>	Cantonal Government
<p>Law on Subsidies for Mitigation of Consequences Caused by the State of Accident Cantons adoption procedure for the Law related to suspension of negative consequences caused by COVID-19 ²⁵²</p>	
Cities and municipalities have an exceptional responsibility to manage the crisis, including in the field of economy. ²⁵³	
Cities/Municipalities level	
Responsibility	Authorized institution
<p>Abolition of rent payments for business premises owned by cities / municipalities This measure provides that businesses using premises owned by cities and municipalities, which are completely disabled due to the imposed measures, do not pay rents for business premises in the period from March 1, 2020 to three months after the declaration of termination natural and other disasters in BiH.</p> <p>Payment of all due liabilities to legal entities This measure implies that municipalities / cities fulfil their due financial obligations towards legal entities within the deadlines defined by the signed contracts. In that way will have a positive effect on maintaining current liquidity legal entities, their cash flow planning, confidence building and restoring optimism.</p> <p>Vouchers for socially disadvantaged people Insurance of vouchers for the duration of a natural or other disaster for the supply of food and medicine for all socially vulnerable categories according to the records of social work centers and other municipal / city services, whose benefits from social assistance programs and other forms of assistance have been reduced or abolished as a result of impossibility funding these programs.</p> <p>Prohibition on eviction of tenants from municipal / city apartments and premises Municipal councils are competent to decide on the prohibition of eviction of tenants by the landlord from the apartment or business premises</p>	City/Municipality Council

²⁵¹ Law on Concessions of Sarajevo Canton (Official Gazette of Sarajevo Canton No. 27/2011, 33/2012 - US Decision and 15/2013)

²⁵² The Tuzla Canton Assembly has adopted a "[corona law](#)" aimed at mitigating the economic consequences caused by the coronavirus epidemic, 2020.

²⁵³ Law on the Principles of Local Self-Government, Official Gazette of FBiH no. 49/06 and Law on Local Self-Government of the Republika Srpska, Official Gazette of the Republika Srpska, No. 97/2016

during the state of natural or other disaster, if the tenant has lost the possibility of work, employment or significantly reduced income.

Free parking

All parking spaces managed by public companies in owned by municipalities / cities could be put into service citizens and businesses free of charge for the duration natural and other disaster conditions to facilitate access all facilities and prevent congestion and delays, allowing increases the risk of spreading the infection.

Volunteer assistance and assistance to the civil sector focused on volunteering

Cities and municipalities are authorized to establish a single contact for all volunteers within civil protection. Volunteers who are ready to help, as well as citizens and people who need help, will be able to call a special telephone number provided by municipalities and cities.

Assignment of unused agricultural land owned by municipalities / cities for use to interested citizens

When it comes to agriculture, municipalities are competent to stimulate new employment by offering unused agricultural land for free use this year or given as a concession free of charge for a certain number of years, if the beneficiaries of this measure meet certain criteria, which are primarily related to employment and introduction into legal systemic business flows.

Support for spring sowing

Cities and municipalities are responsible for providing financial assistance to farmers who have done or plan to do spring sowing. This support refers to the partial reimbursement of energy costs, seeds, protective equipment, mineral fertilizers and the like, and ensuring the free movement of machinery and labour engaged in agricultural production.

Subsidizing interest and creating conditions for more favourable lending

Municipalities / cities, which are able to do so, can be actively involved with concrete support to economic entities. Through cooperation with banks, which show readiness, they can provide more favourable credit lines for economic entities, compared to the current ones, and this would be provided by subsidizing part or all of the interest (depending on the secured funds) by municipalities / cities for the entire period loan duration (maximum term of three years).

Provide grant funds for artisans who are extremely affected by the crisis

With the rebalance of the budget, municipalities and cities are competent to provide one-time funds for assistance to all craftsmen who have been prevented from performing economic activities by decisions of the competent crisis headquarters. This primarily refers to craftsmen because they are registered at the city / municipal level.

Temporary suspension of collection of parafiscal charges

In order to facilitate business, especially for service activities, municipalities / cities are competent to temporarily suspend the collection of parafiscal levies. At the level of cities / municipalities, these levies refer to the business of economic entities, business regulation, utility taxes and decisions and approvals for the use of construction land, highlighting companies, taxes on tables in summer gardens, etc.

Grant funds for industrial protection

Similar to the cantonal level, cities / municipalities are responsible for establishing a special grant program to support companies in the city / municipality, which will distribute funds for industrial protection of companies and workers from the risk of infection and interruption of production.

Increased garbage collection and disinfection of all public areas

Given that garbage collection is the responsibility of municipalities / cities, municipalities and cities are competent to improve public hygiene activities related to disinfection of all public areas, especially parks, streets, public institutions, entrances to buildings, common areas in residential buildings.

Table 29: National measures

Appendix 18: List of Participants in the Focus Groups

Focus Group 1 – Tourism, Accommodation and Food Services

Berina Bajrović – Executive Director, Hotels Europe Group

Edina Zagora – Director, Marriot Hotel

Nermina Sefer – Director, Hills Group of Hotels

Minja Gradašćević – Finance, Courtyard Marriot

Almir Mukača – Owner, Laal - Fress Catering

Goran Zemun – Deputy Director, Banja Kulasi

Focus Group 3 – Agriculture and Food Manufacturing

Edin Jabandžić – CEO, Madi

Alma Provalić – Finance, Vispak

Elma Badžak – Director, Jaffa Komerc

Vedad Vajzović – Director, Greens

Tarik Dobrača – CEO, Zeera Agriculture Investment

Focus Group 4 – Export-oriented (wood, textile and metal manufacturing)

Suad Ećo – General Director, Inside by Ećo Company

Rešad Behlulović – CEO, Alma Ras

Zlatko Tanović – Founder and CEO, Gazzda

Focus Group 2 - ICT

Mak Džonlagić – CEO, Walter Code

Fatih Galešić – Director of Risk Management, Authority partners

Isan Selimović – CEO, QSS

Bojan Sadiković – Sales Director, Infostudio

Vladimir Sukara – CEO, JS Guru (Got Solution)

Semir Softić – CEO, Argon Sistemi

Saša Mičić – Public Sector Director, SatWork

Draženka Opalović – Sales, Satwork

Dunja Bezdrov – Marketing Specialist, QSS

Jeroen Penninx – Director, Isatis

Eldar Berkovac – Finance Manager for MENA, Infobip

Tarik Hamzić – Vice President of Operations, Ministry of Programming

Muhamed Bešlagić – Sales Director, Nerzz Bešlagić

Adisa Karahodžić – Director, Koteks

Selma Bradarić – Director, Medena Komerc

Appendix 19: Questionnaires

Employer Survey - Impact of COVID-19 on your business

Anketa za poslodavce - Utjecaj COVID-19 na Vašu kompaniju

I. Profile questions/Pitanja o profilu kompanija

- 1 Please select your main business activity: Molimo odaberite Vašu glavnu djelatnost**
- | | |
|--|--|
| A Agriculture, forestry, and fishing | A Poljoprivreda, šumarstvo i ribolov |
| B Mining and quarrying | B Vađenje ruda i kamena |
| C Manufacturing | C Prerađivačka industrija |
| D Electricity, gas, steam and air conditioning supply | D Proizvodnja i opskrba električnom energijom, plinom, parom i klimatizacija |
| E Water supply; sewerage, waste management and remediation activities | E Opskrba vodom; uklanjanje otpadnih voda, gospodarenje otpadom, te djelatnosti sanacije okoliša |
| F Construction | F Građevinarstvo |
| G Wholesale and retail trade; repair of motor vehicles and motorcycles | G Trgovina na veliko i na malo; popravak motornih vozila i motocikala |
| H Transportation and storage | H Prijevoz i skladištenje |
| I Accommodation and food service activities | I Djelatnosti pružanja smještaja te pripreme i usluživanja hrane (hoteljerstvo i ugostiteljstvo) |
| J Information and communication | J Informacije i komunikacije |
| K Financial and insurance activities | K Financijske djelatnosti i djelatnosti osiguranja |
| L Real estate activities | L Poslovanje nekretninama |
| M Professional, scientific and technical activities | M Stručne, znanstvene i tehničke djelatnosti |
| N Administrative and support service activities | N Administrativne i pomoćne uslužne djelatnosti |
| O Public administration and defense; compulsory social security | O Javna uprava i obrana; obvezno socijalno osiguranje |
| P Education | P Obrazovanje |
| Q Human health and social work activities | Q Djelatnosti zdravstvene zaštite i socijalne skrbi |
| R Arts, entertainment and recreation | R Umjetnost, zabava i rekreacija |
| S Other service activities | S Ostale uslužne djelatnosti |
| T Activities of households as employers | T Djelatnosti kućanstava kao poslodavaca; djelatnosti kućanstava koja proizvode različita dobra i obavljaju različite usluge za vlastite potrebe |
| U Activities of extraterritorial organizations and bodies | U Djelatnosti izvanteritorijalnih organizacija i tijela |

- 2 Please select the activity code of your business entity (According to KDBiH 2010):** **Molimo odaberite šifru djelatnosti Vašeg poslovnog subjekta (prema KDBiH 2010)**

*Grane klasifikacije:
 *Group codes listed according to the [Detailed structure of KD BiH 2010](https://www.fmrpo.gov.ba/wp-content/uploads/2016/05/KDBiH_2010_Struktura-detaljina.pdf) and [Detailed Structure of NACE Rev. 2](https://www.fmrpo.gov.ba/wp-content/uploads/2016/05/KDBiH_2010_Struktura-detaljina.pdf) (Column Groups, p. 63)

- 3 Please specify the number of employees in your company?** **Molimo navedite broj zaposlenika u Vašoj kompaniji**

(Textbox)

___ employees

___ zaposlenika

- 4 Please select the group your company belongs to based on the revenues in 2019.** **Molimo naznačite kojoj grupi pripada Vaša kompanija na osnovu prihoda u 2019. godini**

(Multiple choice – one answer)

1. Below 200,000 KM
2. 200,000 KM – 500,000 KM
3. 500,000 KM – 1 mil KM
4. 1 mil KM – 2 mil KM
5. Above 2 mil KM

1. Ispod 200,000 KM
2. 200,000 KM – 500,000 KM
3. 500,000 KM – 1 milion KM
4. 1 milion KM – 2 miliona KM
5. Preko 2 miliona KM

- 5 Please select the city where your company is based in/Molimo odaberite općinu/grad u kojem se nalazi sjedište Vaše kompanije:**

- | | | | |
|--|---|--|---|
| <ul style="list-style-type: none"> • Banja Luka • Banovići • Berkovići • Bijeljina • Bihać • Bileća • Bosanska Krupa • Bosanski Petrovac • Bosansko Grahovo • Bratunac • Brčko (Distrikt) | <ul style="list-style-type: none"> • Glamoč • Gračanica • Gradačac • Grude • Goražde • Gornji Vakuf-Uskoplje • Gradiška • Han Pijesak • Hadžići • Ilidža • Ilijaš • Istočna Ilidža • Istočni Drvar • Istočni Mostar • Istočni Stari Grad • Istočno Novo Sarajevo • Istočno Sarajevo • Jablanica • Jajce • Jezero • Kakanj • Kalesija • Kalinovik | <ul style="list-style-type: none"> • Lopare • Ljubinje • Ljubuški • Maglaj • Milići • Modriča • Mostar • Mrkonjić Grad • Neum • Nevesinje • Novi Grad (RS) • Novi Grad (Sarajevo) • Novi Travnik • Novo Goražde • Novo Sarajevo • Odžak • Olovo • Orašje • Osmaci • Oštra Luka • Pale • Pale-Prača • Pelagićevo • Petrovac • Petrovo • Posušje | <ul style="list-style-type: none"> • Sokolac • Srbac • Srebrenica • Srebrenik • Stanari • Stolac • Stari Grad (Sarajevo) • Šipovo • Široki Brijeg • Šamac • Šekovići • Teočak • Teslić • Tešanj • Tomislavgrad • Travnik • Trnovo • Trnovo (FBiH) • Trebinje • Tuzla • Ugljevik • Usora • Ustiprača • Vareš • Velika Kladuša • Visoko |
|--|---|--|---|

- | | | | |
|----------------------|----------------|-----------------|-----------------------------------|
| • Breza | • Kiseljak | • Prozor-Rama | • Višegrad |
| • Brod | • Kladanj | • Prijedor | • Vitez |
| • Bugojno | • Ključ | • Prnjavor | • Vogošća |
| • Busovača | • Kneževo | • Ravno | • Vlasenica |
| • Bužim | • Konjic | • Ribnik | • Vukosavlje |
| • Čazin | • Kostajnica | • Rogatica | • Zavidovići |
| • Čajniče | • Kotor-Varoš | • Rudo | • Zenica |
| • Čapljina | • Kozarska | • Sanski Most | • Zvornik |
| • Čelić | • Dubica | • Sapna | • Žepče |
| • Čitluk | • Kreševo | • Sarajevo | • Živinice |
| • Čelinac | • Krupa na Uni | • Skender Vakuf | Druga jedinica lokalne samouprave |
| • Centar (Sarajevo) | • Kupres | | |
| • Doboj | • Laktaši | | |
| • Doboj Istok | • Livno | | |
| • Doboj Jug | • Lukavac | | |
| • Dobretići | | | |
| • Domaljevac - Šamac | | | |
| • Donji Vakuf | | | |
| • Donji Žabar | | | |
| • Drvar | | | |
| • Derventa | | | |
| • Foča | | | |
| • Foča - Ustikolina | | | |
| • Fojnica | | | |
| • Gacko | | | |

- 6 Please select all the areas where you have an office/store/branch: Molimo obilježite sva područja u kojima imate poslovnice/e:**
- | | |
|----------------------|-----------------------|
| 1. Federation of BiH | 1. Federacija BiH |
| 2. Republika Srpska | 2. Republika Srpska |
| 3. Brčko District | 3. Brčko distrikt |
| 4. Entire BiH | 4. Cijela BiH |
| 5. BiH and abroad | 5. BiH i inostranstvo |

II. Questions about business operations/Pitanja o poslovnim operacijama

Part 1. Immediate horizon

- 7 Please indicate the key impact channels and negative effects of COVID-19 on your company** Molimo obilježite koliko su navedena područja u Vašoj kompaniji negativno pogođena COVID-19 pandemijom?

(rotating list – one answer per row)

List of items to assess:

- | | |
|--|--|
| 1. Health problems among employees | Lista stavki za ocjenjivanje: |
| 2. Lockdown of business operations | 1. Zdravstveni problemi među uposlenicima |
| 3. Other containment measures affecting trade, transport, sales etc. | 2. Zatvaranje poslovnih operacija |
| 4. Lower labor productivity | 3. Druge mjere suzbijanja koje utječu na trgovinu, transport, prodaju itd. |
| 5. Difficulties with organizing operations in a way that allows (partial) continuation under lockdown: lack of protective medical equipment, difficulties in | 4. Umanjena radna produktivnost |

- introducing multiple shifts and/or work from home
- 6. Behavioral changes (uncertainty and risk aversion among customers, business partners etc.)
- 7. Payment gridlocks and bankruptcies affecting recipients and suppliers of goods & services
- 8. Problems with supply of goods and services used in production process

List of answers:

- 1. No negative effect
- 2. Weak negative effect
- 3. Moderate negative effect
- 4. High negative effect
- 5. Extremely negative effect
- 6. Unable to assess

8 Please indicate the key factors that determine vulnerability of your company to crisis.

Caution: depending on an individual situation of the company, some factors might have a positive impact (decrease vulnerability)

(rotating list – one answer per row)

List of items to assess:

- 1. Level of financial liquidity
- 2. Level of debt
- 3. High correlation between demand for produced goods & services and business cycle
- 4. Share of imported goods & services for production purposes
- 5. Share of revenue from domestic market
- 6. Ability and cost of adaption to current situation (e.g. remote working and other)
- 7. Ability to reduce costs (including total cost of employment) and level of fixed costs
- 8. Seasonal demand and/or demand that cannot be compensated for in the future

List of answers:

- 1. Strong increase of vulnerability
- 2. Weak increase of vulnerability
- 3. Neutral

- 5. Poteškoće u organizovanju operacija na način koji omogućava (djelimični) nastavak poslovanja za vrijeme mjera i restrikcija: nedostatak zaštitne medicinske opreme, poteškoće u uvođenju višestrukih smjena i/ili rada od kuće
- 6. Promjena ponašanja (neizvjesnost i averzija prema riziku među kupcima/klijentima, poslovnim partnerima itd.)
- 7. Zastoji u plaćanju i bankroti utječu na primatelje i dobavljače robe i usluga
- 8. Problemi sa isporukom robe i usluga koje se koriste u poslovnom procesu

Lista odgovora:

- 1. Nema negativnih utjecaja
- 2. Slabi negativni utjecaj
- 3. Umjeren negativni utjecaj
- 4. Veoma negativan utjecaj
- 5. Ekstremno negativni utjecaj
- 6. Nije moguće procijeniti

Navedite ključne faktore koji u periodu krize uzrokovane pandemijom utječu na ranjivost vaše kompanije.

Napomena: Ovisno o pojedinačnoj situaciji kompanije, neki faktori mogu imati pozitivan utjecaj (umanjiti ranjivost kompanije)

Lista stavki za ocjenjivanje:

- 1. Nivo finansijske likvidnosti
- 2. Nivo duga
- 3. Visoka korelacija između potražnje za proizvedenom robom i uslugama i poslovnog ciklusa
- 4. Udio uvezene robe i usluga u proizvodne svrhe
- 5. Udio prihoda sa domaćeg tržišta
- 6. Sposobnost i trošak prilagodbe trenutnoj situaciji (npr. rad od kuće ili slično)
- 7. Sposobnost smanjenja troškova (uključujući ukupne troškove zapošljavanja) i nivoa fiksnih troškova
- 8. Sezonska potražnja i/ili potražnja koja se ne može nadoknaditi u budućnosti

Lista odgovora:

- 1. Snažno povećanje ranjivosti
- 2. Slabo povećanje ranjivosti

4. Weak decrease of vulnerability
5. Strong decrease of vulnerability
6. Unable to assess

3. Neutralno
4. Slabo smanjenje ranjivosti
5. Snažno smanjenje ranjivosti
6. Nije moguće procijeniti

9 Please indicate the direct impact from lockdown and other containment measures on your business

Na koji način su mjere zatvaranja objekata, kao i druge restriktivne mjere utjecale na Vaše poslovanje?

(multiple choice – one answer)

1. Complete shutdown (which means less than 20% of average business capacity usage)
2. Shutdown of larger volume of operations (between 20% and 50% of average business capacity usage)
3. Partial shutdown (between 50% and 70% of average business capacity usage)
4. Shutdown of smaller volume of operations (between 70% and 90% of average business capacity usage)
5. No or very limited impact of shutdown and its effect on business capacity usage (around 100% of average business capacity usage)
6. Adjustment of business operations allowed for retaining business capacity usage (around 100% or above of average business capacity usage)

1. Kompletni prekid poslovnih aktivnosti (što znači manje od 20% prosječne upotrebe poslovnih kapaciteta)
2. Prekid većeg obima poslovnih aktivnosti (između 20% i 50% prosječne upotrebe poslovnih kapaciteta)
3. Djelimični prekid (između 50% i 70% prosječne upotrebe poslovnih kapaciteta)
4. Prekid manjeg obima poslovnih aktivnosti (između 70% i 90% prosječne upotrebe poslovnih kapaciteta)
5. Bez ili sa vrlo ograničenim utjecajem na zatvaranje i efektom na poslovne aktivnosti (oko 100% prosječne upotrebe poslovnih kapaciteta)
6. Ne ili vrlo ograničen utjecaj mjere zatvaranja objekata na poslovne aktivnosti (oko 100% prosječne upotrebe poslovnih kapaciteta)
7. Prilagođavanje poslovnih aktivnosti u cilju zadržavanja upotrebe poslovnih kapaciteta (oko 100% i više od prosječne upotrebe poslovnih kapaciteta)

10 Please estimate already observed change in total revenues from exports in April 2020, comparing to April 2019

Molimo procijenite Vaš ukupni prihod od izvoza ostvaren u aprilu 2020. godine, u odnosu na april 2019. godine.

(multiple choice – one answer)

1. Decrease by 10% or less
2. Decrease by a range between 10% and 30%
3. Decrease by a range between 30% and 50%
4. Decrease by a range between 50% and 80%
5. Decrease by 80% or larger
6. No significant change versus previous year or no applicable
7. Increase

1. Smanjenje za 10% i manje
2. Smanjenje između 10% i 30%
3. Smanjenje između 30% i 50%
4. Smanjenje između 50% i 80%
5. Smanjenje za 80% i više
6. Nema značajnih promjena naspram prethodne godine ili nije primjenjivo
7. Povećanje

11 Please estimate observed changes in payment settlements from both, domestic and foreign customers (measured by the value of delayed

Molimo procijenite primijećene promjene u izmirenju obaveza Vaših domaćih i/ili stranih klijenata/potrošača prema Vama (mjerene vrijednošću odgođenih

payments) in April 2020, compared to April 2019

(multiple choice – one answer)

1. Increase by 10% or less
2. Increase by a range between 10% and 30%
3. Increase by a range between 30% and 50%
4. Increase by a range between 50% and 80%
5. Increase by 80% and more
6. No significant change versus previous year or no applicable
7. Decrease

plaćanja) u aprilu 2020. godine, u odnosu na april 2019. godine.

1. Povećanje odgoda za 10% i manje
2. Povećanje odgoda između 10% i 30%
3. Povećanje odgoda između 30% i 50%
4. Povećanje odgoda između 50% i 80%
5. Povećanje odgoda za 80% i više
6. Nema značajnih promjena naspram prethodne godine ili nije primjenjivo
7. Smanjenje odgoda

12 Please indicate up to 5 sectors of your customers (both domestic and foreign) with the highest observed or expected risk of payment gridlocks (measured by value of delayed payments)

(checkbox – up to 5 sectors to select)

1. Agriculture
2. Forestry
3. Fishing
4. Mining and quarrying
5. Construction
6. Manufacture of food products
7. Manufacture of textiles
8. Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
9. Manufacture of chemicals and chemical products
10. Manufacture of pharmaceuticals, medicinal chemical and botanical products
11. Manufacture of fabricated metal products, except machinery and equipment
12. Manufacture of electrical equipment
13. Furniture production
14. Other manufacturing activities
15. Wholesale and retail trade; repair of motor vehicles and motorcycles
16. Transportation and storage
17. Accommodation and food service activities and tourism
18. ICT
19. Telecommunication, media and other information activities
20. Arts, entertainment and recreation
21. Other

Molimo navedite do 5 sektora Vaših potrošača/klijenata (domaćih i stranih) koji imaju najveći primijećen ili očekivani rizik zastoja u plaćanju (mjereno vrijednošću odgođenih plaćanja).

1. Poljoprivreda
2. Šumarstvo
3. Ribolov
4. Vađenje ruda i kamena
5. Građevinarstvo
6. Proizvodnja prehrambenih proizvoda
7. Proizvodnja tekstila
8. Prerada drveta i proizvoda od drveta i pluta, osim namještaja; proizvodnja predmeta od slame i pletarskih materijala
9. Proizvodnja hemikalija i hemijskih proizvoda
10. Proizvodnja farmaceutskih proizvoda, medicinskih hemikalija i botaničkih proizvoda
11. Proizvodnja gotovih metalnih proizvoda, osim mašina i opreme
12. Proizvodnja električne opreme
13. Proizvodnja namještaja
14. Ostale prerađivačke djelatnosti
15. Trgovina na veliko i malo: Popravak motornih vozila i motocikala
16. Prijevoz i skladištenje
17. Djelatnosti pružanja smještaja te pripreme i usluživanja hrane (hoteljerstvo i ugostiteljstvo)
18. Informacione i komunikacione tehnologije
19. Telekomunikacije, mediji i ostale informacione aktivnosti
20. Umjetnost, zabava i rekreacija
21. Ostalo

13 Please indicate up to 5 sectors with the highest observed or expected risk of delayed or cancelled supplies (raw materials and intermediate supplies), to your company (measured by value of delayed or cancelled supplies). Both domestic and foreign suppliers.

(checkbox – up to 5 sectors to select)

1. Agriculture
2. Forestry
3. Fishing
4. Mining and quarrying
5. Construction
6. Manufacture of food products
7. Manufacture of textiles
8. Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
9. Manufacture of chemicals and chemical products
10. Manufacture of pharmaceuticals, medicinal chemical and botanical products
11. Manufacture of fabricated metal products, except machinery and equipment
12. Manufacture of electrical equipment
13. Furniture production
14. Other manufacturing activities
15. Wholesale and retail trade; repair of motor vehicles and motorcycles
16. Transportation and storage
17. Accommodation and food service activities and tourism
18. ICT
19. Telecommunication, media and other information activities
20. Arts, entertainment and recreation
21. Other

14 Q14: Please estimate expected change in total revenues from domestic market and exports in the last quarter of 2020, comparing to the same period in 2019

(rotating list – one answer per row)

List of items to assess:

1. Total revenue - domestic market
2. Total revenue – exports

Molimo navedite do 5 sektora sa najvećim očekivanim rizikom kašnjenja ili otkazivanja dostave repromaterijala, sirovina, zaliha i sl. za Vašu kompaniju (mjereno vrijednošću kašnjenja ili otkazanih dostava), uzimajući u obzir i domaće i strane dobavljače.

1. Poljoprivreda
2. Šumarstvo
3. Ribolov
4. Vađenje ruda i kamena
5. Građevinarstvo
6. Proizvodnja prehrambenih proizvoda
7. Proizvodnja tekstila
8. Prerada drveta i proizvoda od drveta i pluta, osim namještaja; proizvodnja predmeta od slame i pletarskih materijala
9. Proizvodnja hemikalija i hemijskih proizvoda
10. Proizvodnja farmaceutskih proizvoda, medicinskih hemikalija i botaničkih proizvoda
11. Proizvodnja gotovih metalnih proizvoda, osim mašina i opreme
12. Proizvodnja električne opreme
13. Proizvodnja namještaja
14. Ostale prerađivačke djelatnosti
15. Trgovina na veliko i malo: Popravak motornih vozila i motocikala
16. Prijevoz i skladištenje
17. Djelatnosti pružanja smještaja te pripreme i usluživanja hrane (hoteljerstvo i ugostiteljstvo)
18. Informacione i komunikacione tehnologije
19. Telekomunikacije, mediji i ostale informacione aktivnosti
20. Umjetnost, zabava i rekreacija
21. Ostalo

Molimo navedite procjenu Vaših prihoda (na domaćem i stranom tržištu) u zadnjem kvartalu 2020. Godine u odnosu na isti period prethodne godine.

Lista stavki za ocjenjivanje:

1. Ukupni prihodi od prodaje na domaćem tržištu

List of answers:

1. Decrease by 10% or less
2. Decrease by a range between 10% and 30%
3. Decrease by a range between 30% and 50%
4. Decrease by a range between 50% and 80%
5. Decrease by 80% or larger
6. No significant change versus previous year
7. Increase

2. Ukupni prihodi od prodaje na stranom tržištu

Lista odgovora:

1. Smanjenje za 10% i manje
2. Smanjenje između 10% i 30%
3. Smanjenje između 30% i 50%
4. Smanjenje između 50% i 80%
5. Smanjenje za 80% i više
6. Nema značajnih promjena naspram prethodne godine ili nije primjenjivo
7. Povećanje

III. Questions about employment/Pitanja o zapošljavanju

15 Please specify the percentage of your employees that are female

0 – 100% slide answer

Molimo navedite postotak Vaših uposlenika koji su ženskog spola?

16 Please specify the estimated proportion of your employees by age group:

15-30: ___%

30-50: ___%

50-65: ___%

65+: ___%

Molimo navedite procijenjenu starosnu strukturu Vaših uposlenika prema navedenim grupama u postocima

15-30 godina:

30-50 godina:

50-65 godina:

65+ godina:

17 Please specify the average wage in your company in KM.

(One textbox)

Molimo navedite prosječnu neto plaću u Vašoj kompaniji u KM.

18 Please specify the proportion of your employees by contract type:

1. Permanent employment contract: ___%

2. Fixed-term employment contract: ___%

Molimo navedite strukturu Vaših uposlenika prema vrsti ugovora u postocima

1. Ugovor na određeno vrijeme (%)

3. Self-employed contractors: ___%

2. Ugovor na neodređeno vrijeme (%)
3. Samozaposlene osobe (%)

19 Please specify the proportion of your workers that are unskilled

Molimo navedite postotak nekvalifikovanih radnika u Vašoj kompaniji

0 – 100% slide answer

20 Do you believe you will have to reduce wages of your employees as a result of the adverse effects of the COVID-19 virus? By roughly how much do you plan to reduce your employees' wages within the periods below?

Da li ćete morati umanjiti plaće Vaših uposlenika kao rezultat nepovoljnih efekata pandemije uzrokovane virusom COVID-19? Otprilike, za koliko planirate umanjiti plaće Vašim uposlenicima u periodima navedenim ispod?

(rotating list – one answer per row)

List of items to assess:

Lista stavki za ocjenjivanje:

1. Period in the next 3-6 months
2. Period after 6 months

1. Period u narednih 3-6 mjeseci
2. Period nakon narednih 6 mjeseci

List of answers:

Lista odgovora:

1. Decrease by 10% or less
2. Decrease by a range between 10% and 30%
3. Decrease by a range between 30% and 50%
4. Decrease by a range between 50% and 80%
5. Decrease by 80% or larger
6. No significant change versus previous year
7. Increase

1. Smanjenje za 10% i manje
2. Smanjenje između 10% i 30%
3. Smanjenje između 30% i 50%
4. Smanjenje između 50% i 80%
5. Smanjenje za 80% i više
6. Nema značajnih promjena naspram prethodne godine ili nije primjenjivo
7. Povećanje

21 Do you plan to lay off employees as a result of the adverse effects of the COVID-19 virus? Roughly what proportion of your labor force would you have to lay off in the periods listed below?

Da li ćete morati otpustiti uposlenike kao rezultat nepovoljnih efekata pandemije uzrokovane virusom COVID-19? Otprilike, koji dio Vaše radne snage planirate otpustiti u periodima navedenim ispod?

(rotating list – one answer per row)

List of items to assess:

Lista stavki za ocjenjivanje:

1. Period in the next 3-6 months
2. Period after 6 months

1. Period u narednih 3-6 mjeseci
2. Period nakon narednih 6 mjeseci

List of answers:

Lista odgovora:

1. Around 10% or less

1. Smanjenje za 10% i manje
2. Smanjenje između 10% i 30%

- | | |
|--|-------------------------------|
| 2. Somewhere between 10% and 30% | 3. Smanjenje između 30% i 50% |
| 3. Somewhere range between 30% and 50% | 4. Više od 50% |
| 4. More than half | 5. Smanjenje nije planirano |
| 5. No reduction is planned | |

22 If you plan to carry out the above-mentioned measures, to whom will they apply the most: Ukoliko planirate prethodno navedene mjere, na koga će se one većinski odnositi?

(rotating list – one answer per row)

List of items to assess:

1. Reducing wages
2. Laying off employees

Lista stavki za ocjenjivanje:

1. Umanjenje plaća
2. Otpuštanje uposlenika

List of answers:

1. Women
2. Men
3. Both
4. I do not plan above-mentioned measures

Lista odgovora:

1. Žene
2. Muškarci
3. Oboje
4. Ne planiram navedene mjere

IV. Questions about impact on SDGs/ Pitanja o utjecaju pandemije na Ciljeve održivog razvoja

23 The 17 Sustainable Development Goals (SDGs) are the world's best plan to build a better world for people and the planet by 2030. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, equality and job opportunities, while tackling climate change and working to preserve the ocean and forests. In your view, what will be the impact of the COVID-19 pandemic on the achievement of the SDGs by 2030? 17 Ciljeva održivog razvoja (SDG-ova) predstavljaju globalni plan ka ostvarenju pozitivnih promjena za ljude i za planetu do 2030. godine. SDG-ovi naglašavaju da je okončanje siromaštva jedino ostvarivo ukoliko se zajednički radi na strategijama koje grade ekonomski rast i rješavaju niz socijalnih potreba, uključujući obrazovanje, zdravlje, jednakost i mogućnost zaposlenja, uporedo adresirajući klimatske promjene i očuvanje naših okeana i šuma. Po Vašem mišljenju, kakav će biti utjecaj pandemije COVID-19 na ostvarenje SDG-ova do 2030. godine?

(Multiple choice – one answer)

- | | |
|--|---|
| 1. Positive, despite the current crisis it will accelerate the implementation of most of the SDGs in the long run | 1. Pozitivan utjecaj - uprkos trenutnoj krizi, ova situacija će dugoročno ubrzati implementaciju većine SDG-ova |
| 2. Mixed, the current crisis will both accelerate and slow down the achievement of the SDGs in the same proportion | 2. Podijeljeno mišljenje - Trenutna kriza će podjednako ubrzati i usporiti ostvarenje SDG-ova |
| 3. Negative, the current crisis will slow down the implementation of most of the SDGs in the long run | 3. Negativan utjecaj - trenutna kriza će dugoročno usporiti implementaciju većine SDG-ova |
| 4. No opinion/Too early to tell | |

24 In your opinion, what are the key aspects that have to be addressed in order to ensure a sustainable recovery following the COVID-19 pandemic.

Please select 5 aspects at most

(Checkboxes – up to 5 answers)

1. Poverty reduction
2. Hunger alleviation
3. Health
4. Education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation, and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Conservation of marine resources
15. Conservation of land resources
16. Peace, justice, and strong institutions
17. Global partnerships and support

4. Nemam mišljenje / Previše je rano razmišljati o tome

Po Vašem mišljenju, koji su ključni aspekti koji se trebaju adresirati da bi se osigurao održiv oporavak nakon pandemije uzrokovane COVID-19? Molimo odaberite najviše 5 aspekata

1. Svijet bez siromaštva
2. Svijet bez gladi
3. Zdravlje i blagostanje
4. Kvalitetno obrazovanje
5. Rodna ravnopravnost
6. Čista voda i sanitarni uslovi
7. Pristupačna energija iz čistih izvora
8. Dostojanstven rad i ekonomski rast
9. Industrija, inovacije i infrastruktura
10. Smanjenje nejednakosti
11. Održivi gradovi i zajednice
12. Odgovorna potrošnja i proizvodnja
13. Očuvanje klime
14. Očuvanje vodenog svijeta
15. Očuvanje života na zemlji
16. Mir, pravda i snažne institucije
17. Partnerstvom do ciljeva

25 Please specify whether you employ any of the vulnerable groups listed below (select all that apply)

(Checkboxes)

1. Women
2. Disabled people
3. Ethnic and racial minorities
4. People living below the poverty line
5. Roma
6. Returnees and internally displaced persons
7. Low skilled workers
8. I do not employ

Molimo navedite da li zapošljavate bilo koju od ispod navedenih ranjivih grupa (odaberite sve što je primjenjivo)

1. Žene
2. Osobe sa invaliditetom
3. Etničke i rasne manjine
4. Osobe koje žive ispod granice siromaštva
5. Romi
6. Povratnici i raseljena lica
7. Niskokvalificirani radnici
8. Ne zapošljam

Appendix 20: Urban/Rural Classification

Classification of urban and rural areas

The classification for urban and rural areas in BiH used in this report is based on the area approach.²⁵⁴ According to this method, all cities and municipalities that have population density above 100 people per km² are considered urban and otherwise they are considered rural. Exceptions to localities classification (marked with *) were made taking into consideration other factors such as: topology, infrastructure, economic activity and generally accepted local perceptions of a given city or municipality.

City	Urban	City	Urban
Banja Luka	Urban	Lopare	Rural
Banovići	Urban	Ljubinje	Rural
Berkovići	Rural	Ljubuški	Rural
Bijeljina	Urban	Maglaj*	Urban
Bihać*	Urban	Milići	Rural
Bileća	Rural	Modriča*	Urban
Bosanska Krupa*	Urban	Mostar*	Urban
Bosanski Petrovac	Rural	Mrkonjić Grad	Rural
Bosansko Grahovo	Rural	Neum	Rural
Bratunac	Rural	Nevesinje	Rural
Brčko (Distrikt)	Urban	Novi Grad (RS)	Rural
Breza	Urban	Novi Grad (Sarajevo)	Urban
Brod*	Urban	Novi Travnik	Rural
Bugojno	Rural	Novo Goražde	Rural
Busovača	Urban	Novo Sarajevo	Urban
Bužim*	Rural	Odžak	Urban
Cazin	Urban	Olovo	Rural
Čajniče	Rural	Orašje	Urban
Čapljina	Urban	Osmaci	Rural
Čelić	Rural	Oštra Luka	Rural
Čitluk	Rural	Pale	Rural
Čelinac	Rural	Pale-Prača	Rural
Centar (Sarajevo)	Urban	Pelagićevo	Rural
Doboj*	Urban	Petrovac	Rural
Doboj Istok*	Rural	Petrovo	Rural
Doboj Jug*	Rural	Posušje	Rural
Dobretići	Rural	Prozor-Rama	Rural
Domaljevac - Šamac*	Rural	Prijedor	Urban
Donji Vakuf*	Urban	Prnjavor	Rural
Donji Žabar	Rural	Ravno	Rural
Drvar	Rural	Ribnik	Rural
Derventa	Rural	Rogatica	Rural

²⁵⁴ UNDP, [Rural development in BiH: Myth and reality](#), 2013, p.36

Foča*	Urban	Rudo	Rural
Foča - Ustikolina	Rural	Sanski Most*	Urban
Fojnica	Rural	Sapna	Rural
Gacko	Rural	Sarajevo	Urban
Glamoč	Rural	Skender Vakuf	Rural
Gračanica	Urban	Sokolac	Rural
Gradačac	Urban	Srbac	Rural
Grude	Rural	Srebrenica	Rural
Goražde	Urban	Srebrenik	Urban
Gornji Vakuf-Uskoplje	Rural	Stanari	Rural
Gradiška	Rural	Stolac	Rural
Han Pijesak	Rural	Stari Grad (Sarajevo)	Urban
Hadžići	Rural	Šipovo	Rural
Ilidža	Urban	Široki Brijeg	Rural
Ilijaš	Rural	Šamac*	Urban
Istočna Ilidža	Urban	Šekovići	Rural
Istočni Drvar	Rural	Teočak*	Rural
Istočni Mostar	Rural	Teslić*	Urban
Istočni Stari Grad	Rural	Tešanj	Urban
Istočno Novo Sarajevo	Urban	Tomislavgrad	Rural
Istočno Sarajevo	Urban	Travnik	Urban
Jablanica	Rural	Trnovo	Rural
Jajce*	Urban	Trnovo (FBiH)	Rural
Jezero	Rural	Trebinje*	Urban
Kakanj	Rural	Tuzla	Urban
Kalesija	Urban	Ugljevik	Rural
Kalinovik	Rural	Usora*	Rural
Kiseljak	Urban	Ustiprača	Rural
Kladanj	Rural	Vareš	Rural
Ključ	Rural	Velika Kladuša	Urban
Kneževo	Rural	Visoko	Urban
Konjic*	Urban	Višegrad*	Urban
Kostajnica	Rural	Vitez	Urban
Kotor-Varoš	Rural	Vogošća	Urban
Kozarska Dubica	Rural	Vlasenica	Rural
Kreševo	Rural	Vukosavlje	Rural
Krupa na Uni	Rural	Zavidovići	Rural
Kupres	Rural	Zenica	Urban
Laktaši	Rural	Zvornik	Urban
Livno	Rural	Žepče	Urban
Lukavac	Urban	Živinice	Urban