

BUDGET CHOICES IN A TIME OF PANDEMIC:

ADVANCING GENDER EQUALITY
OR HOLDING IT BACK?

BOSNIA AND HERZEGOVINA
COUNTRY REPORT

The report is produced in the framework of the regional project “Transformative Financing for Gender Equality towards more Transparent, Inclusive and Accountable Governance in the Western Balkans”, financially supported by the Government of Sweden - SIDA.

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COUNTRY REPORT



March 2021

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LIST OF ABBREVIATIONS

BAM	Bosnia and Herzegovina Convertible Mark
BiH	Bosnia and Herzegovina
EU	European Union
EUR	Euro
FBiH	Federation of Bosnia and Herzegovina (Bosnia and Herzegovina entity)
FMDEC	FBiH Ministry of Development, Entrepreneurship and Crafts
FMLSP	FBiH Ministry of Labour and Social Policy
GDP	Gross Domestic Product
ILO	International Labour Organisation
LCU	Local Currency Unit
RS	Republika Srpska (Bosnia and Herzegovina entity)
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VAT	Value Added Tax

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INTRODUCTION



INTRODUCTION

In 2019, Bosnia and Herzegovina had 3.3 per cent annual GDP growth pre-crisis at the level of BAM 35 million (cca. EUR 18 million) for a population of 3.5 million. The World Bank¹ expected the country to fall into its worst recession in 25 years in 2020 with real GDP growth projected at -3.2 per cent, because of a slowdown in most productive sectors and the consequences of global environmental and political instability.

Although women make up 51.02 per cent of the population, they have significantly lower labour force participation than men (44.63% for women compared to 58% for men) and a higher than average unemployment rate. The agriculture sector accounted for more than 15 per cent of female employment in 2019.

Table 1. Macroeconomic situation prior to COVID-19 in Bosnia and Herzegovina

Indicator	2019
GDP (current LCU)	35 million BAM
GDP per capita growth (annual %)	3.30
Labour force participation rate total (% of total population aged 15+) (modelled ILO estimate)	46.40
Unemployment total (% of total labour force) (modelled ILO estimate)	18.42
Female population (% of total population)	51.02
Female labour force participation rate (% of female population aged 15-64) (modelled ILO estimate)	44.63
Ratio of the female to male labour force participation rate (%) (national estimate)	64.15
Female unemployment (female % of the labour force) (national estimate)	18.78
Female employment in agriculture (% of female employment) (modelled ILO estimate)	15.52

Data source: World Development Indicators

¹ World Bank, *Recession Deepens in Bosnia and Herzegovina as the COVID-19 Pandemic Threatens Jobs and Poverty Reduction in the Western Balkans*. [Available from worldbank.org](https://www.worldbank.org/).

The first case of infection with the new coronavirus (SARS-Cov-2) in Bosnia and Herzegovina was reported on 5 March 2020, a week before the World Health Organisation declared the COVID-19 outbreak a global pandemic on 11 March 2020. Government in Bosnia and Herzegovina responded promptly with public health protection measures, including a strict lockdown, closure of schools and non-essential businesses and the imposition of curfews. In the first month, the number of infections had risen to 632 confirmed cases and 21 deaths by 5 April. The containment measures were eased during May and throughout the summer months, but in September and October the health situation was aggravated by a steady increase in the number of infections, leading to 96,021 confirmed cases and 3,081 deaths by 9 December 2020.²

The three subnational governments (the two entities, the Federation of Bosnia and Herzegovina and Republika Srpska, and Brčko District) introduced a number of economic and fiscal measures. These included the adoption of laws and regulations to mitigate the consequences of the COVID-19 crisis, the extension of deadlines for filing tax returns, trade margins for certain categories of goods, labour market measures and financial sector measures such as bank loan freezes and budget rebalancing.

This report only analyses the budgetary and policy responses of the two entity governments, as the primary actors with competency to manage the economic and health crisis. The Council of Ministers and the institutions of Bosnia and Herzegovina play an important role in coordinating activities with regard to, among other areas, international donations and loans and foreign policy. Measures introduced by the cantonal governments in the Federation of Bosnia and Herzegovina generally follow and supplement those introduced by the entity. Brčko District mimicked the measures introduced by the two entities.

The report takes a mixed qualitative and quantitative approach to data collection and analysis. A series of interviews were conducted with senior government officials and complement the analysis of publicly available data on policy response and reallocated budgetary spending as well as the collection and analysis of sectorial administrative sex-disaggregated data used for preliminary estimates of on the gender impact of the COVID-19 crisis and the related policy response.

² World Health Organisation. Retrieved from www.who.int/countries/bih.

GOVERNMENT RESPONSE TO THE CRISIS



GOVERNMENT RESPONSE TO THE CRISIS

The governments in Bosnia and Herzegovina adopted the first supplementary budgets in April and May 2020 to deal with the consequences of the pandemic for both the revenue and expenditure side of the budget. The revenue side of the budgets shrank due to lower consumption as well as decreasing employment and business activity. In May 2020 alone, VAT revenue, which constitutes around 70 per cent of all indirect taxation revenue and is the main source of revenue for all levels of government in Bosnia and Herzegovina, shrank by 30 per cent compared to May 2019, down from BAM 475.6 million to BAM 330.9 million.³

Moreover, the consequences of the crisis called for the deferral of tax payments for individuals and businesses. At the same time, the need for budget spending increased because of higher unemployment, increased health and safety costs and the need to support businesses and citizens in dealing with the loss of income related to the lockdown and the disruption of supply chains. Respective laws⁴ introduced measures aimed at mitigating the consequences of the pandemic and the adopted supplementary budgets reflected these measures.

Budget rebalancing, cuts and reallocations

The Government of the Federation of Bosnia and Herzegovina was the first to adopt a supplementary 2020 budget formally, which increased expenditure by 11.2 per cent.⁵ The Government planned for a Stabilisation Fund amounting to BAM 500 million (EUR 255 million or 1.5% of GDP) with support for businesses consisting of subsidies for social contributions on the minimum wages for companies that faced more than a 20 per cent decrease in turnover compared to the same period in 2019. Additionally, a Guarantee Fund of BAM 20 million was envisioned in order to protect the liquidity of companies. Funding for both measures was allocated through the Ministry of Finance (see Figure 1.) At the same time, the sectors in the Federation of Bosnia and Herzegovina where the effects on gender equality are monitored experienced significant cuts, including

the Ministry of Development, Entrepreneurship and Crafts (FMDEC), where funding was cut by 79 per cent and the Ministry of Labour and Social Policy (FMLSP), where funding was cut by 10 per cent. The cuts to the FMDEC refer in fact to the abolishment of grants to the amount of BAM 5.39 million that affected several projects through which women and youth received preferential treatment⁶ when applying for subsidies in relation to establishing a business. The abolished funding for the FMLSP refers to cash subsidies for families with children (cut from BAM 20 million to BAM 500,000) and postponement of the adoption of the related law. At the same time, funding for agriculture was maintained at the same level as originally planned implying a 25 per cent increase compared to the previous year.

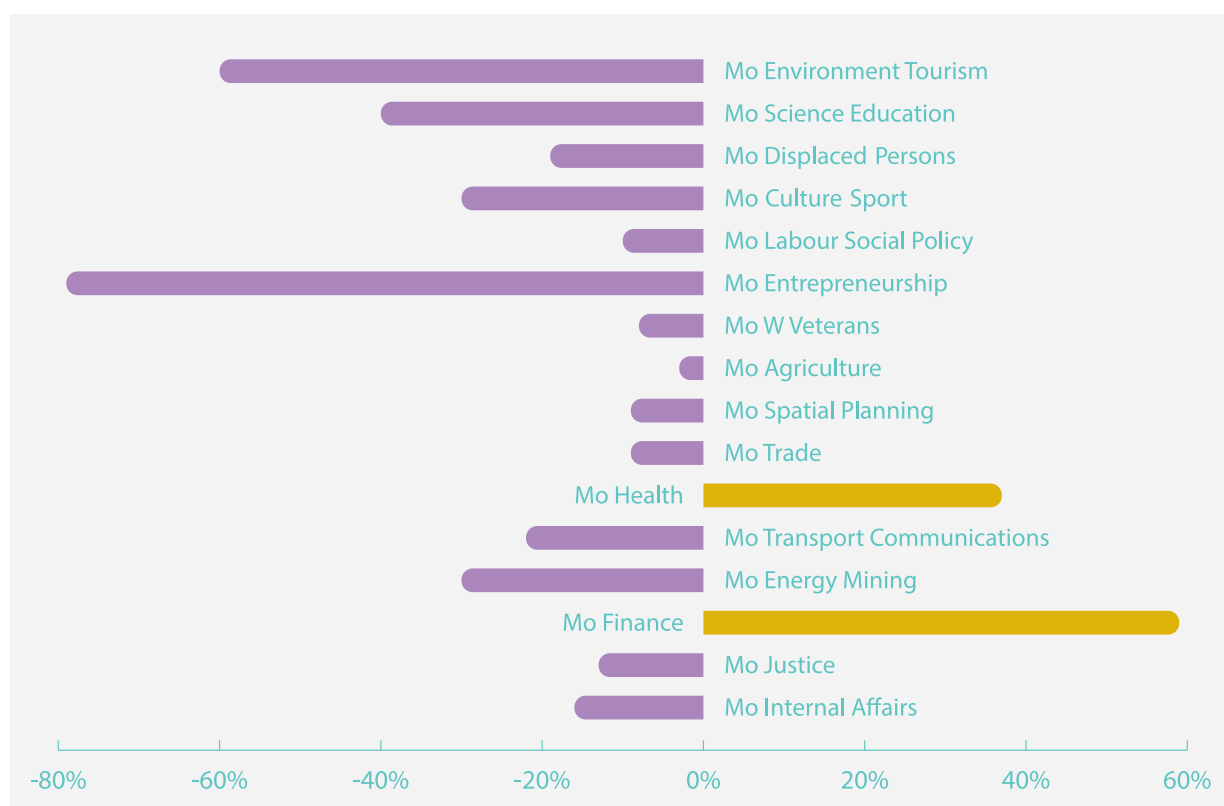
³ Data retrieved from Indirect Taxation Authority (uino.gov.ba).

⁴ Republika Srpska Decree Law on Tax Measures for Mitigation of the Economic Consequences of COVID-19, ("Official Gazette of Republika Srpska", nos. 35/20, 46/2020). Federation of Bosnia and Herzegovina Law on Mitigation of the Negative Economic Consequences ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 28/20).

⁵ A second set of measures was introduced in October 2020 through a Decree on intervening measures for support of sectors of the economy in the Federation of Bosnia and Herzegovina most affected by the COVID-19 pandemic. An amount of BAM 90 million was allocated for the sectors of tourism and hospitality, transport and communications, agriculture and the food industry and export oriented companies ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 74/20).

⁶ An additional 5 percentage points (5 out of a maximum of 100 points) are given to female and young applicants (double points added if both).

Figure 1. Changes to funding for ministries in the Federation of Bosnia and Herzegovina in 2020 with the April supplementary budget (% change)

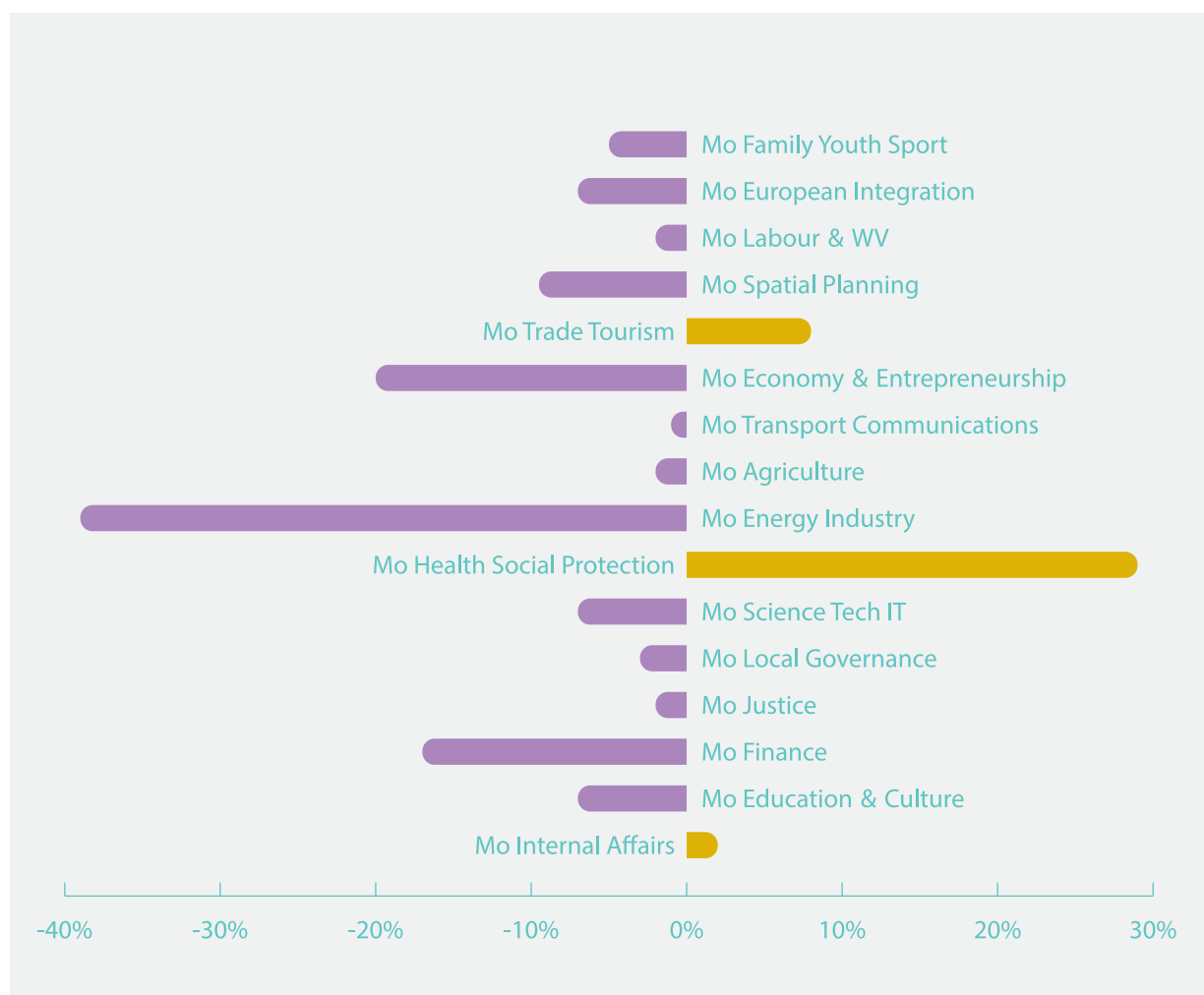


Similar trends were observed in the Republika Srpska supplementary budget in May 2020,⁷ which was 5.5 per cent larger than the original 2020 budget and included a Stabilisation Fund to finance minimum wages and social contributions for affected businesses. The budget of the Ministry of Economy and Entrepreneurship of Republika Srpska was cut by 20 per cent, including cutting a programme for assistance aimed at increasing the efficiency of businesses and the introduction of new technologies to the amount of BAM 2.9 million.

Moreover, the largest cut was in the Ministry of Energy and Mining (38%) where the grant for support to business activities and the improvement of businesses to the amount of BAM 2 million was abolished. As in the Federation of Bosnia and Herzegovina, subsidies for agriculture and rural areas remained unchanged amounting to BAM 75 million. The rebalancing and reallocation of funds is presented in the Figure 2.

⁷ A second rebalance of the 2020 budget was adopted on 2 December 2020, but this was not publicly available at the time of finalising this report.

Figure 2. Changes to 2020 funding for the ministries of Republika Srpska with the May supplementary budget (% change)



Clearly, both governments redirected funds originally planned for entrepreneurship and support for new businesses to the stabilisation funds aimed at general support to the economy (i.e. existing businesses). The rationale behind this decision was that the crisis would make many people decide to postpone the realisation or even give up on the idea of starting a business. In contrast, more people would have benefitted from having the option to consider starting their own business after being laid off at the beginning of the crisis or to capitalise on newly created business opportunities such as delivery services, online businesses, online classes and training.

The primary goal of the introduced measures was to ensure business continuity and avoid a further deterioration of the employment rate. This is the focus of the first part of the gender analysis.

GENDER IMPACT OF BUDGET REBALANCING



GENDER IMPACT OF BUDGET REBALANCING

Employment prior to COVID-19 and the impact of the crisis

The Rapid Gender Assessment for Bosnia and Herzegovina⁸ that was conducted in two waves in May and July 2020 showed that 42 per cent of respondents were employed during a typical week prior to the spread of COVID-19 and that men (53%) were more likely than women (33%) to be employed.

It is interesting to note that 36 per cent of the employed respondents worked for a person, company or institution (hereinafter referred to as employees/wage workers), that 5 per cent had their own business and that 62 per cent of those who had their own business reported that it was formally registered. As expected, it was more likely that men (44%) worked as an employee/wage worker in the week prior to the spread of COVID-19 than women (28%). Men (7%) were also more likely to have their own business compared to women (4%).

The registered impact of COVID-19 on individual employment is summarised below.

- Leave from work: Taking leave, paid or unpaid, increased in Wave 2 up from 27 per cent to 35 per cent, but with no significant gender differences.
- Place of work: There was a decrease in the share of respondents working from home down from 23 per cent to 15 per cent as restrictive measures were eased at the beginning of the summer. The proportion of women who prior to the crisis worked outside the home, but had begun to work remotely also declined, down from 27 per cent to 17 per cent of respondents.
- Job loss: In Wave 2 there was a decrease in the number of respondents who had lost their job since the spread of COVID-19 down from 10

per cent in Wave 1 to 6 per cent and a decrease in the number of hours devoted to paid work reported by respondents down from 35 per cent in Wave 1 to 18 per cent in Wave 2. At the same time, there was an increase in the proportion of respondents who reported that their number of hours devoted to paid work had not changed/remained the same since the spread of COVID-19 (down from 37 per cent in Wave 1 to 68 per cent in Wave 2).

- Self-employed: Respondents in this category did not report any changes from the first to second assessment in terms of decreased business or downsizing. However, a decline down from 14 per cent in Wave 1 to 2 per cent in Wave 2 was noted among those who reported that their business had stopped completely since the spread of COVID-19. This was coupled with an increase among the self-employed who reported that their business had increased since the spread of COVID-19 (up from 3 per cent in Wave 1 to 6 per cent in Wave 2).⁹

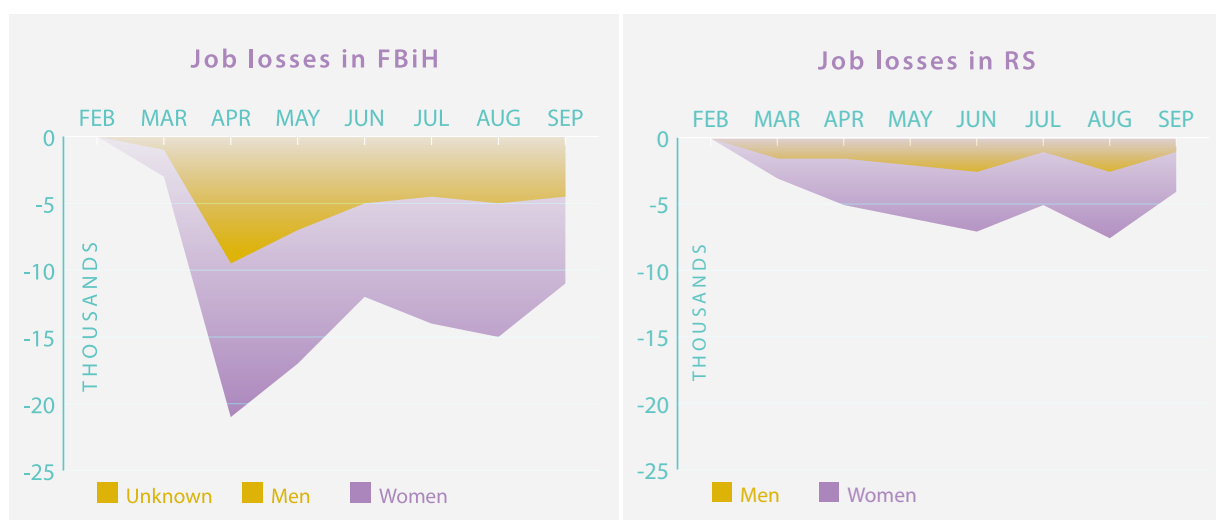
The data collected from the tax administrations of the Federation of Bosnia and Herzegovina and Republika Srpska on changes to formal employment since the beginning of the crisis supports these findings. Figure 3, below, shows the changes relative to February 2020 where we observe the improvements (partial return to employment) in June 2020 in the Federation of Bosnia and Herzegovina and in July 2020 in Republika Srpska following the start of implementation of the fiscal measures and the easing of the restrictive measures.¹⁰

⁸ The Rapid Gender Assessment for Bosnia and Herzegovina, UN Women Bosnia and Herzegovina, May and July 2020.

⁹ UN Women, Rapid Gender Assessment of COVID-19 in Bosnia and Herzegovina, Wave 2 Findings, August 2020.

¹⁰ Please note: The data only reflects changes to formal registered employment with the tax administrations.

Figure 3. Monthly changes in employment in the two entities since the beginning of the COVID-19 crisis



Source: Data received from the tax administrations.

The author's calculations.

Please note: The figures are relative to February 2020 (Feb=0), month by month.

In the Federation of Bosnia and Herzegovina, the largest decline in formal employment occurred in April 2020 during the full month of lockdown and bounced back significantly in June. In Republika Srpska, the fall in employment was more gradual and

culminated in June and August. Around 60 per cent of jobs in the Federation of Bosnia and Herzegovina and 70 per cent of jobs in Republika Srpska lost during the pandemic belonged to women.

Initial results of the governments responses to the COVID-19 crisis: Job retention schemes

As Figure 3 shows, the fall in employment was contained in the months following the lockdown. This could simply be a result of the easing of the restrictions on businesses and individuals and the 'reopening' of the economy, but also a result of the wage subsidies disbursed during that period. This support was provided over a period of three months in both entities. In the Federation of Bosnia and Herzegovina, less than BAM 90 million was disbursed through subsidies for social contributions for the months April, May and June 2020 with a significant decrease in the last month.

The latter is an indication that business activity had begun to recover and companies no longer met the criteria for the subsidies. The subsidies in Republika Srpska were in total BAM 51 million and, as expected, the peak in subsidies was during April.

The number of jobs supported fell from 164,000 in April to 86,000 in June with 60 per cent of subsidies paid under the Federation of Bosnia and Herzegovina job retention scheme, supporting jobs held by men. In Republika Srpska, this support fell from 43,000 to less than 20,000 jobs.

Figure 4. Job retention schemes as the main policy response to the COVID-19 crisis in the entities



Please note: The Republika Srpska Tax Administration did not provide any sex-disaggregated data on subsidies.

The gender-neutral approach used when designing the policy response, for example the job retention schemes, reinforced pre-crisis inequalities and indirectly favoured jobs held by men.

SECTORIAL GENDER ANALYSIS AND THE IMPACT OF COVID-19



SECTORIAL GENDER ANALYSIS AND THE IMPACT OF COVID-19

Among the sectors in the Federation of Bosnia and Herzegovina where budget organisations are required to report on and implement gender-responsive budgeting,¹¹ the largest budget expenditures were in the sector of labour and social policy. As mentioned above, social policy spending suffered cuts amounting to almost BAM 20 million most directly affecting the funding intended for implementation of the Law on the Protection of Families with Children that was planned for adoption during 2020. The COVID-19 crisis also placed additional pressure on the social policy sector, because the containment measures and their consequences most likely led more people into poverty amid job losses and loss of supplementary sources of income (e.g. remittances). The pre-existing social protection programmes might not fit the current needs and while the major policy response goes to registered businesses and employment, informal workers find themselves left aside.¹² Informal employment accounts for 30.9 per cent of total employment for men and 29.8 per cent of all employment for women. Among these figures,

employment of women in the informal sector is higher than that of men (91% compared to 90.3% for men) as is employment in households (1.8% women compared to 0.0% for men).¹³ With this in mind, the choice for the gender analysis fell on social protection and protection of families with children in the Federation of Bosnia and Herzegovina. On the other hand, budget cuts did not affect subsidies for agriculture in Republika Srpska. This is attributable to the government's recognition of the importance of agriculture in terms of COVID-19 crisis recovery, primarily for securing domestic food supply amid fears of the unavailability of imported products as well as the issues of employment and income security. The additional spending allocated to the sector was gender-neutral in terms of design.¹⁴ Spending on agriculture has increased in recent years and this trend continued with additional funds put to use in 2020. This sector has long-standing designated projects that support rural women¹⁵ and it is therefore extremely important in terms of gender analysis.

Subsidies for agriculture in Republika Srpska

A recent sectorial analysis provided a comprehensive overview of the agriculture sector in Bosnia and Herzegovina in a gender-sensitive manner, including the following:¹⁶

- Rural women comprise 28.58 per cent of the total population of Bosnia and Herzegovina and 49.85 per cent of the total rural population. These women are predominantly elderly, those with lower levels of education and those who are unable to work, which places them in dependent categories.
- A significant section of the female workforce (around 20.5%) is employed in the agriculture sector where around 65.9 per cent are employed full-time and 34.1 per cent part-time.

11 Article 37 of the Federation of Bosnia and Herzegovina Law on Budget Execution.

12 The World Bank. Available from www.worldbank.org/en/topic/socialprotection/brief/social-protection-and-covid-19.

13 ILO, Overview of the informal economy in Bosnia and Herzegovina, Labour Force Survey, 2019.

14 Information obtained through a meeting held in October 2020 with the Ministry of Agriculture, Forestry and Water Management of Republika Srpska.

15 The Strategic Plan for the Development of Agriculture and Rural Areas of the Republika Srpska until 2021 contains a number of gender sensitive measures (UN Women, 2020).

16 UN Women Bosnia and Herzegovina, Gender analysis of the sector of agriculture and rural development, March 2020.

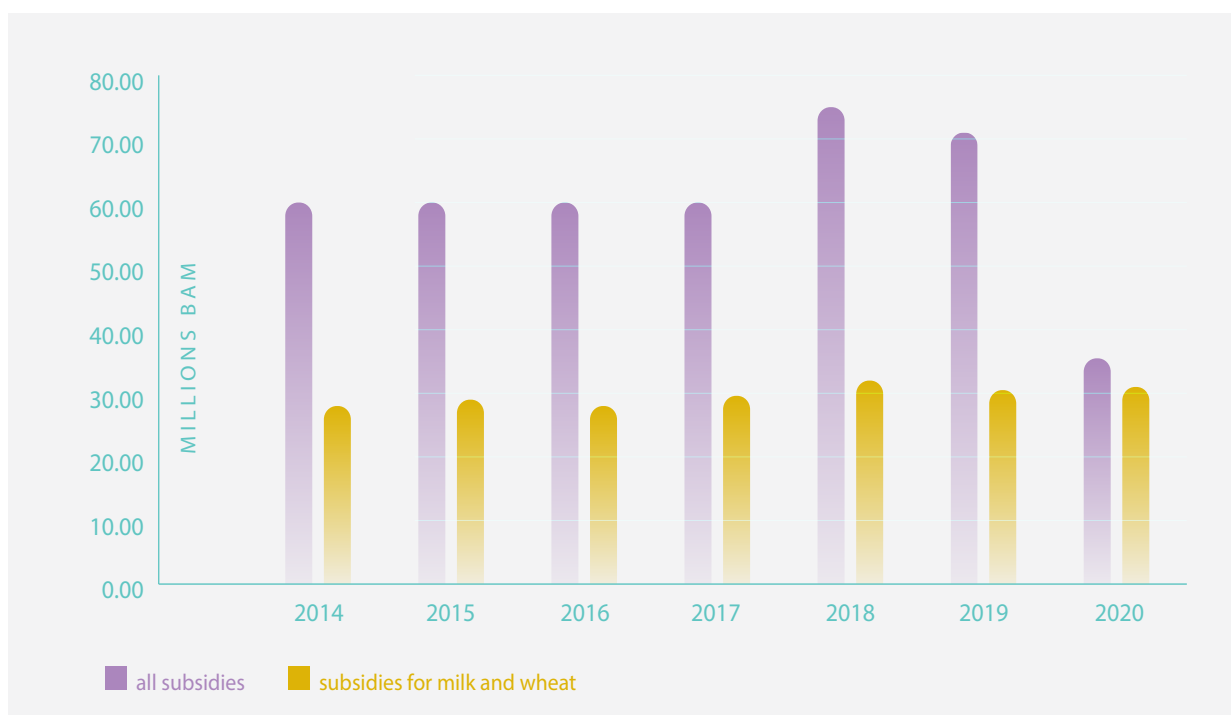
- Women own or co-own 29.6 per cent of real estate in Republika Srpska, while in the Federation of Bosnia and Herzegovina this figure stands at 38.4 per cent (the same percentages apply to agriculture land).
- Female-headed households comprise 17.76 per cent of all households in the Farm Register compared to 9.97 per cent in 2016.

The importance of agriculture in Bosnia and Herzegovina is clear as it accounts for 5.89 per cent of total GDP compared, for example, to 1.16 per cent of total GDP in the EU28. Moreover, the related data shows that agriculture is more important in

Republika Srpska in terms of economic activity than in the Federation of Bosnia and Herzegovina. The multi-year average for agriculture in Republika Srpska is around 10 per cent of GDP compared to around 5 per cent in the Federation of Bosnia and Herzegovina.¹⁷

Funds allocated for subsidies in agriculture in Republika Srpska have grown over recent years, as shown below in Figure 5. Nearly half of all subsidies refer to subsidies for milk and wheat. There were no cuts were made to the Republika Srpska supplementary budget in May 2020 (BAM 70 mil) and additional support was granted via targeted initiatives.

Figure 5. Subsidies for agriculture in Republika Srpska 2014–2020



Data source: The Ministry of Agriculture, Forestry and Water Management of Republika Srpska.

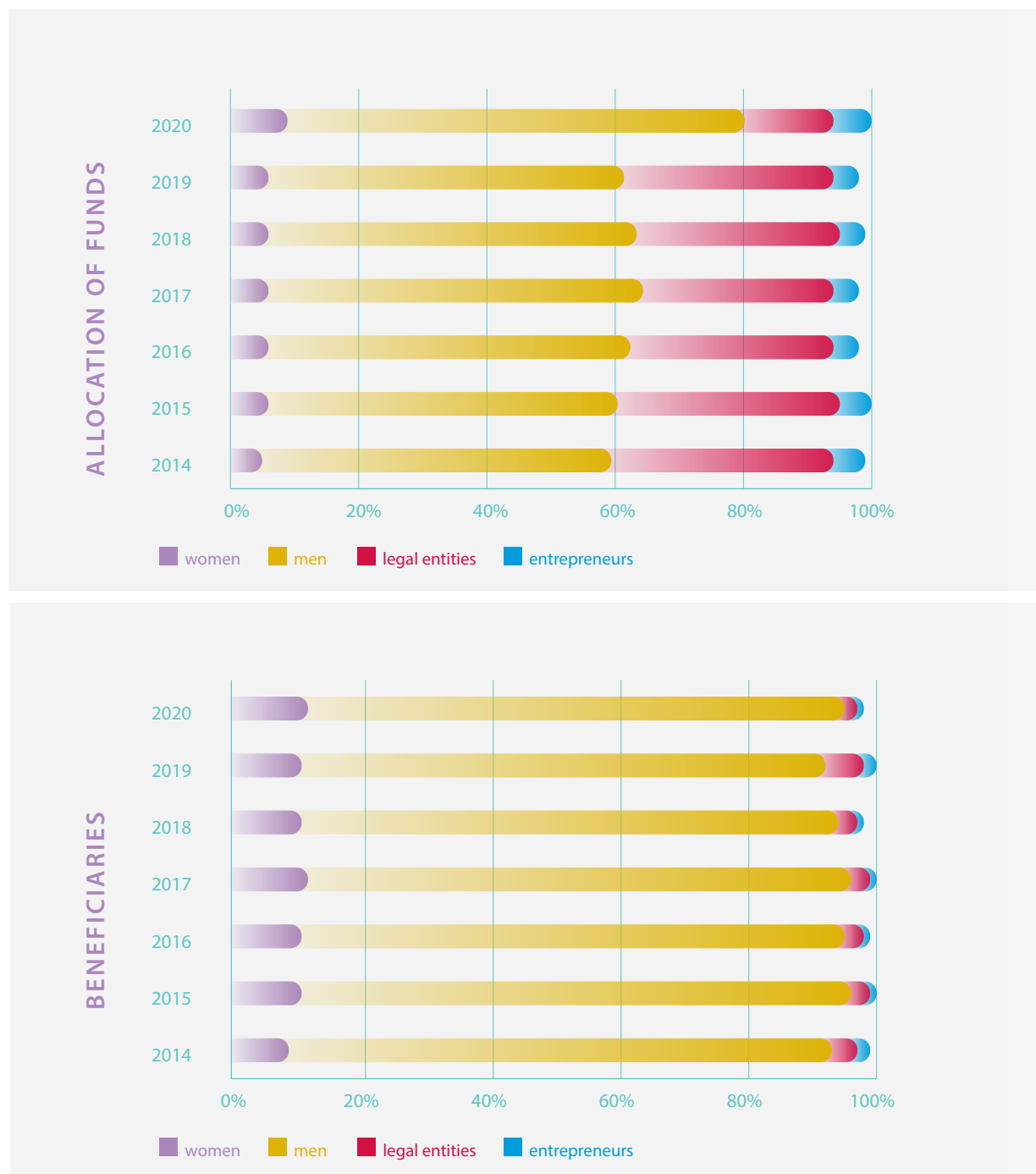
Please note: With the exception of milk and wheat, the data for 2020 is not final for total subsidies, hence it serves as a representative sample of the total subsidies with regard to allocations as suggested by the Ministry.

¹⁷ Idem.

Figure 6 below shows the allocation of funds during the period 2014–2020. Women comprised 9 to 12 per cent of the beneficiaries of subsidies in agriculture in Republika Srpska and yet they only received from 5 to 9 per cent of the funds. Although

the share of women and the amount of funds they received have grown over recent years, the apparent increase in the allocation of funds for individuals in 2020 benefited men much more than women.

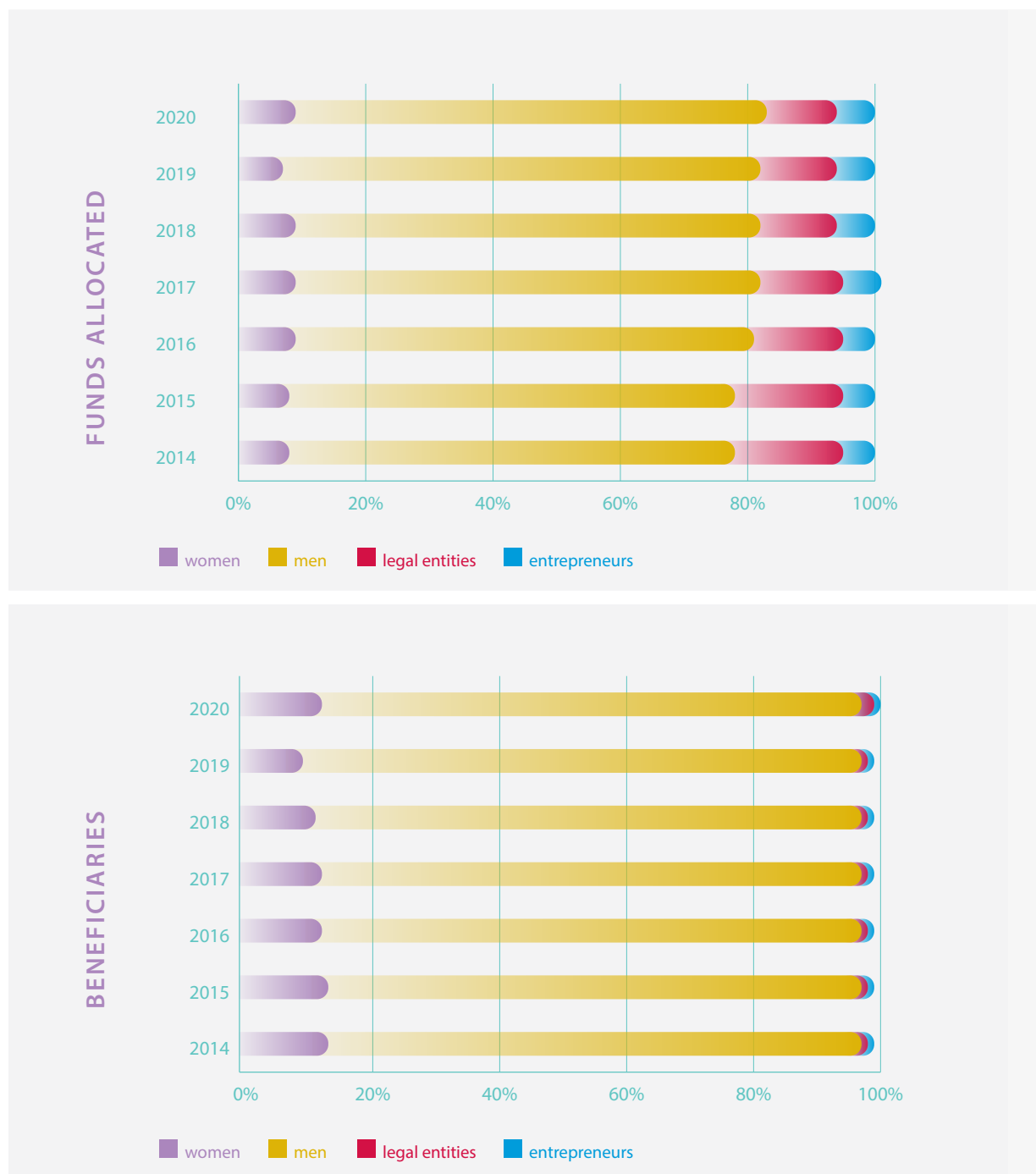
Figure 6. Subsidies for agriculture in Republika Srpska, the allocation of funds and the segmentation of beneficiaries



The additional distribution of subsidies in agriculture can be observed by looking specifically at the subsidies for milk and wheat, the two largest subsidies, where data is final for 2020 and funding increased compared to 2019.

Here, women comprised 10 to 14 per cent of beneficiaries, but received only 7 to 9 per cent of the funds. The share of women and the funds received have not grown in recent years.

Figure 7. Subsidies for milk and wheat in Republika Srpska, the allocation of funds and the segmentation of beneficiaries

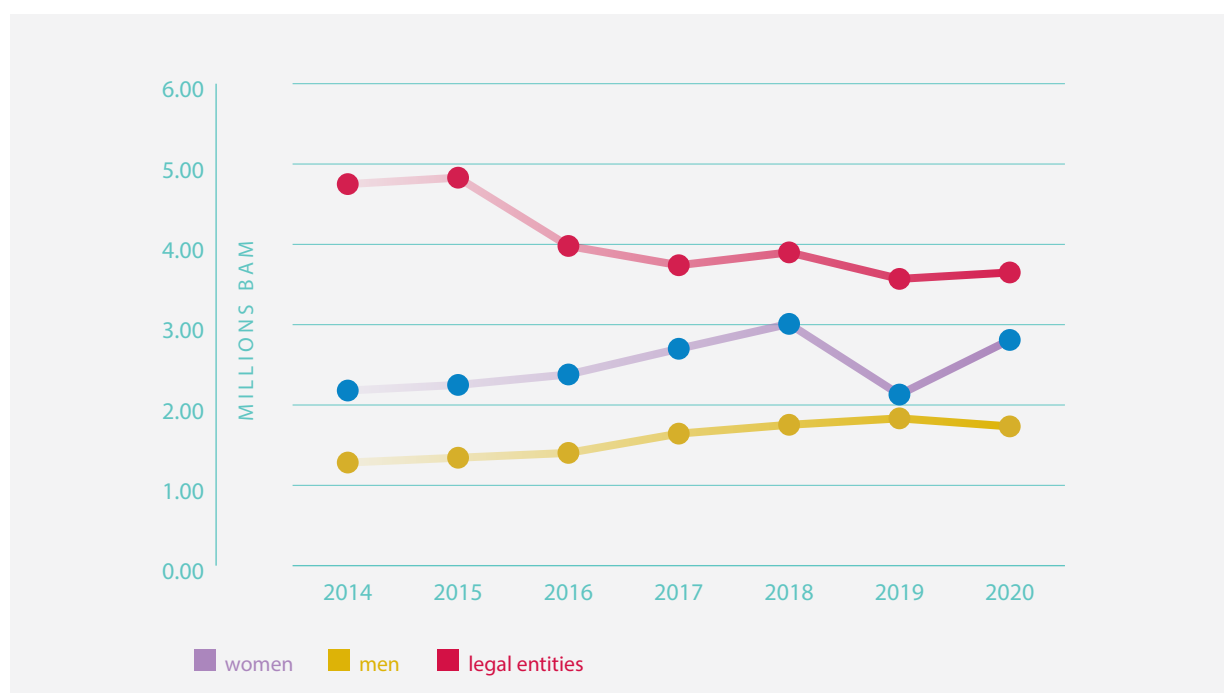


Please note: The data for 2020 is final. Additional female beneficiaries could be included under 'legal entities' and 'entrepreneurs'.

The increased allocations of funds in 2020 did not change the gender ratio. However, there was an increase in the amount of funds received by women

in 2020 compared to 2019 but it remained below the level of funding allocated to women in 2018. This is shown in more detail below in Figure 8.

Figure 8. A detailed view of subsidies for milk and wheat for women



Please note: The data for men is not included because it is around 20 million BAM each year.

This result merits further in-depth investigation in order to identify the determining factors and preserve the trend of increased funding for women in agriculture.

Social protection programmes in the Federation of Bosnia and Herzegovina

Social protection in Bosnia and Herzegovina is divided into three segments: social security, social assistance and social services.¹⁸ Social security benefits are linked to the contributions that an individual has paid through social security contributions, be it retirement pensions, unemployment insurance or disability or health insurance. Social assistance and social services are non-contributory parts of the system, where entitlement is based on eligibility criteria such as cash allowances and assistance for the poor, vulnerable and disadvantaged persons. The

latest available data (2015) shows that 16.9 per cent of the population is living below the national poverty line.¹⁹ Table 2 below offers a glimpse into the structure of beneficiaries of the social welfare programmes in Bosnia and Herzegovina, including cash allowances through social assistance programmes and a wide range of social services.

¹⁸ Vesna Šućur-Janjetović, Amela Kurta and Nermin Oruč, Social Protection System in Bosnia and Herzegovina, Country Brief. A Western Balkans Regional Initiative: The Future of the Welfare State, 2017.

¹⁹ Poverty headcount ratio at national poverty lines (% of population) - Bosnia and Herzegovina | Data ([worldbank.org](https://data.worldbank.org)).

Table 2. Beneficiaries²⁰ of social welfare in Bosnia and Herzegovina according to sex and age in 2019

Sex	Minor	Adult
Male	67,023	212,825
Female	59,301	201,153
Total	126,324	413,978

Data source: Agency for Statistics of Bosnia and Herzegovina, Social Welfare 2014–2019, TB 07 Thematic Bulletin ISSN 1840-104X, Sarajevo, 2020.

More than half a million persons were registered as beneficiaries of social welfare programmes in 2019, including 126,324 minors and 413,978 adult persons. The programmes included here range from, among others, adoption and foster care to cash allowances, assistance and care rendered by other persons, services of social and other professional work and social welfare institutions. Men make up the larger share of beneficiaries in both groups.

This report analyses non-contributory and non-war related social assistance transfers, including protection of families with children in the Federation of Bosnia and Herzegovina from a gender perspective in 2019 and 2020. Considering the growing global evidence that this crisis has been particularly difficult for those who were already poor, the aim is to identify any changes that may have occurred during the crisis such as policy changes, shortages in funding or a rise or fall in the number of beneficiaries.

The federal government and the 10 cantons, which have similar services, but different eligibility criteria and levels of funding, regulate and implement social services, in the Federation of Bosnia and Herzegovina. Programmes of social assistance and protection of families with children in the Federation of Bosnia and Herzegovina, which are the focus of this gender analysis, are no exceptions.²¹ It is noteworthy that a number of social benefits for individuals are delivered through a combination of cash allowances and social services (e.g. a permanent or one-off allowance and care and assistance at home or placement in a social welfare institution or placement in a family) and that cash benefits, for example, are prescribed for both individuals and households.²²

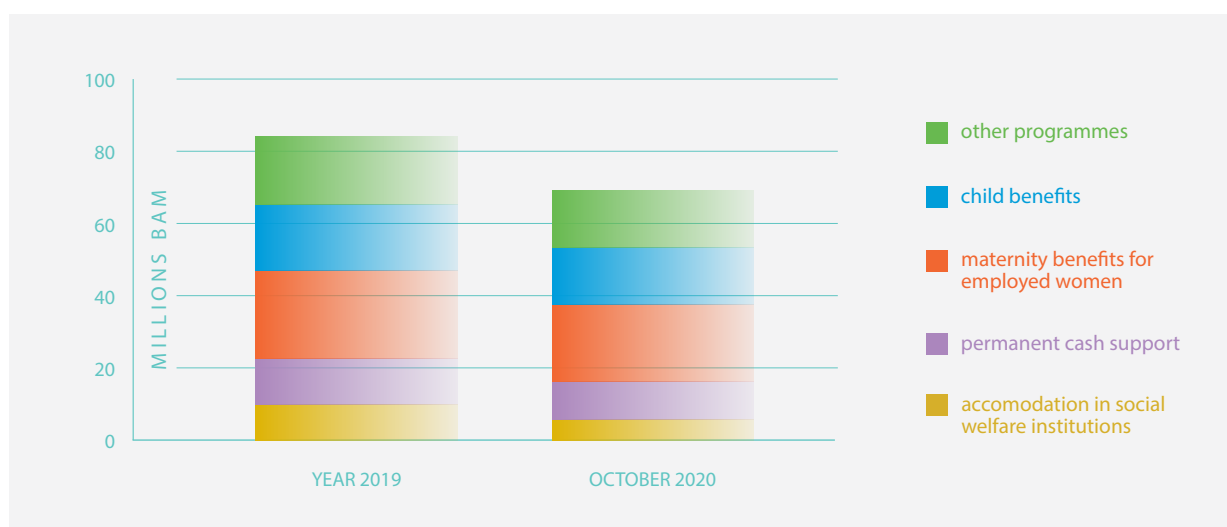
The Figure 9. shows the breakdown of funds spent on social protection programmes in 2019 and 2020 (up to October), where more than a half of spending goes on child support and maternity benefits for employed women.

20 Please note: A beneficiary is any person who has been the recipient of any form of social welfare service at least once.

21 The analysis is based on the data obtained from a joint database that does not contain all of the required data, but does, however, provide a very good overview of the programmes and beneficiaries in the Federation of Bosnia and Herzegovina: SOTAC database data provided by the Ministry of Labour and Social Policy of the Federation of Bosnia and Herzegovina on 9 November 2020.

22 Law on Principles of Social Protection, Protection of Civilian Victims of War and Families with Children ("Official Gazette of the Federation of Bosnia and Herzegovina", 36/99, 54/04, 39/06, 14/09 and 45/16).

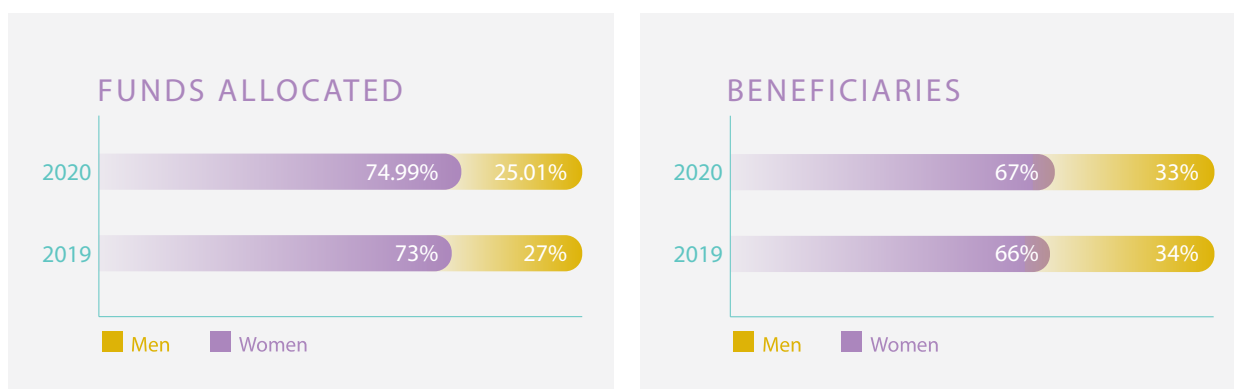
Figure 9. Social protection programmes in the Federation of Bosnia and Herzegovina 2019–2020



It is therefore no surprise that women were primary beneficiaries of the social protection programmes. They comprised 67 per cent of all beneficiaries and received almost 75 per cent of the funds in 2020, a slight increase from 2019 (see Figure 10). This gender ratio goes beyond programmes related to motherhood and childcare such as cash support

programmes and includes permanent and temporary cash support, extraordinary cash support and cash support for assistance and care by another person, which have more female beneficiaries. This data supports the claim that more women are poor and vulnerable members of society.

Figure 10. Beneficiaries of social protection programmes and funds allocated in 2019-2020 in the Federation of Bosnia and Herzegovina



We observed increased expenditure on certain programmes in 2020, such as temporary cash support and health insurance, which can be linked directly to the COVID-19 crisis. A new cash benefit for the third and every subsequently born child was recorded in 2020, but with small fiscal significance to date.

The highly debated new law on the protection of families with children, which was meant to equalise the rights and benefits of mothers and children across the Federation of Bosnia and Herzegovina, is yet to be discussed in a parliamentary procedure.

CONCLUSIONS AND POLICY RECOMMENDATIONS

The background is a vibrant, abstract composition. It features large, overlapping organic shapes in shades of yellow and gold. On the left side, there is a light blue shape that contains a stylized eye with yellow eyelids and a cluster of small, light blue dots arranged in a circular pattern, resembling a galaxy or a microscopic organism. The bottom left corner is a solid purple shape. The overall aesthetic is modern and artistic.

CONCLUSIONS AND POLICY RECOMMENDATIONS

Conclusions

The gender-neutral approach to designing measures to deal with the consequences of the COVID-19 pandemic reflects gender irresponsible policymaking. A lack of awareness of the gender effects of existing government policies undoubtedly leads to the introduction of emergency response measures that are even more harmful to gender equality and social responsibility.

While it can be argued that gender-neutral measures are beneficial to both men and women, special attention should be given to how these measures are implemented and where differing effect on either gender is noted, additional efforts should be made to curb such effects.

The IMF notes that expenditure policy responses to the COVID-19 crisis are aimed at three broad policy objectives:

- liquidity support for companies;
- preserving employment linkages;
- income and in-kind support for the vulnerable, including the unemployed.²³

While the first two objectives have been recognised and at least partially met in the measures discussed in this report, the third is largely absent from the responses of the governments. Having in mind the differing effects of this crisis compared to any of the recent ones, the last segment of support might have the largest gender-specific effect. Moreover, the main fiscal policy response in the form of job retention schemes targeted all sectors of the economy and all companies according to the same criteria. This resulted in a policy response that

mirrored the situation in the labour market prior to the crisis. Subsidies in the Federation of Bosnia and Herzegovina ended up keeping far more men's jobs (60%) than women's (40%) and the data shows that more women (60%) than men (40%) lost their job during the COVID-19 crisis. Furthermore, the only eligibility criteria for the Federation of Bosnia and Herzegovina job retention scheme aimed at protecting employment and businesses in the form of subsidised social security contributions for the minimum wages for all (remaining) employees in the private sector was a reduction of more than 20 per cent in turnover compared to the same month (April – June) in the previous year.²⁴ The support was the same whether they had experienced 20 per cent or even 80 per cent of loss of revenue. It was assumed that businesses facing smaller losses of revenue should be able to absorb the shock on their own. This can be considered too much of a myopic view of the shocks that businesses experienced because of the pandemic. First, a different approach should have been applied to businesses that were ordered to close down by the authorities and those that faced difficulties, because demand for their goods and services decreased due to the pandemic. Moreover, the eligibility criteria were too narrow and 'linear' and could result in more women than men being ineligible in the same line of business. Take, for example, a sole female entrepreneur who was on maternity or care leave during the observed months in 2019. Under the criteria she would not be granted the subsidies, even though she had been ordered to close her business during the first three months of the pandemic in 2020. At the same time, this conditionality would not affect businesses where women in the same situation were regular employees nor the large majority of fathers in the same family situation.

²³ IMF, *Expenditure Policies in Support of Firms and Households*, 2020.

²⁴ Federation of Bosnia and Herzegovina Law on Mitigation of Negative Economic Consequences ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 28/20).

In the Federation of Bosnia and Herzegovina, the responsibility for funding subsidies to allow companies to maintain employment was shared across different levels of government. This meant that the entity level, as discussed above, financed social security contributions and the cantons were tasked with subsidising the corresponding minimum wages and income tax. In Republika Srpska, the government subsidy included the minimum wage and the corresponding social security contributions for employees in the affected companies without any conditions related to turnover.²⁵

The crisis affects families with children in two ways: parents may have faced a decrease in income or job loss and affordable, subsidised or free childcare became unavailable with the closure of these services and (pre)schools as part of health protection measures for dealing with the pandemic. It was for this reason that Germany introduced a special childcare benefit in the form of a cash payment of EUR 300 per child.²⁶

The Federation of Bosnia and Herzegovina actually postponed the adoption of the Law on the Protection of Families with Children that was meant to equalise child benefit across the entity. The funds originally planned for this purpose amounting to BAM 20 million were subsequently reduced to a mere BAM 500,000. During the first months of the pandemic, even those parents, traditionally mothers, whose income remained stable, had to face numerous challenges because of the increasing requirement to work from home. These parents had to work and at the same time had to substitute for day-care workers,

teachers, domestic workers and health workers. Remuneration through additional benefits should have been provided to help offset the financial costs related to the additional burdens imposed on them or they should at least have been granted shorter working hours in their paid work. A further insight is provided in the sectorial analysis of social protection and protection of families with children in the Federation of Bosnia and Herzegovina. The data shows that women are the majority beneficiaries of these programmes with more than half referring to child benefit and maternity benefit for employed women. This gender ratio goes beyond programmes related to motherhood and childcare and covers, for example, cash support programmes, including cash support for assistance and care by another person, that have more female beneficiaries. This data supports the claims that more women are poor and vulnerable members of society in Bosnia and Herzegovina.

Unsurprisingly, the sectorial analysis of agriculture subsidies in Republika Srpska shows that support was provided primarily to men and that men benefited more from the increased funding for agriculture in 2020 in response to the crisis. Very small increases in funding for women were noted during the period 2014–2020, including an increase in funds received via subsidies for milk and wheat in 2020. Even with targeted support for rural women, there is still a long way to go to reduce the gender gaps in agriculture and related benefits from significant public spending in this sector.

²⁵ Republika Srpska Decree Law on Tax Measures for Mitigation of the Economic Consequences of COVID-19 ("Official Gazette of Republika Srpska", No. 35/20).

²⁶ BMF (Federal Ministry of Finance, Germany) Emerging from the crisis with full strength, 2020.

Recommendations

An improved gender-sensitive policy response should take into account the following aspects.

EMPLOYMENT

- **Targeted support to those companies/sectors most affected by the COVID-19 crisis:** This approach should benefit women more, especially as women comprise the majority of employees in these sectors (the services sectors of tourism, hospitality, education and health).
 - **Micro businesses:** Provide direct support to micro businesses, which overall are documented as having suffered more serious consequences of the pandemic. This should include measures to improve their resilience in the long term and they should be designed to benefit women more, as their businesses were less adaptable in the first wave of the pandemic. Financial support should be coupled with training in digitalisation and business resilience.
 - **New and innovative businesses:** Grants for establishing new and innovative businesses combined with training on the digitalisation of business would help the overall recovery of the economy. The pre-crisis grant schemes should be reinstated in the Federation of Bosnia and Herzegovina or provided by the cantonal governments and such schemes should be available in Republika Srpska. Preference should be given to female-owned businesses and female applicants as well as young applicants should receive preferential treatment (such as, an additional 5% of the total score) in order to increase the participation of women in the schemes and ultimately in the economy. Grants accompanied by (obligatory) training on digitalisation and business resilience would equip entrepreneurs, including women, with the skills to do business in the current crisis and in the future.
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SOCIAL SECTOR

- Cash support for women is especially important in a crisis. There is rising evidence of the benefits to households, communities and society in general when women are in charge of finance. This is especially true when it comes to cash support for vulnerable women such as rural, poor, Roma, migrant and women with disabilities in order to enable their financial independence and decision-making power.
 - Cash support for families with children who face the consequences of the closure of day care centres and schools should compensate them for the increased costs and reduced amount of paid work.
 - Broader unemployment benefits or near universal income in order to reach informal workers and care workers would cushion the impact of the crisis.
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AGRICULTURE

- Funds allocated for agriculture were not reduced in the supplementary budgets. Aside from stimulating local food production and rural development generally, this policy decision presents an opportunity to foster gender equality, if implemented in a gender-responsive manner. This can be achieved in two ways: setting gender-sensitive goals within the existing programmes (such as giving preferential treatment to female applicants, whether individual or as the owner of an agricultural holding) or by creating subprogrammes designed to improve gender equality. Moreover, support for rural areas as tourist destinations could bring additional benefits to women working in those areas. The Veneto region in Italy, for example, intends, as part of its recovery plans, to shift the focus of tourism from Venice to lesser-known UNESCO heritage sites.²⁷
 - Finally, levelling up the opportunities for women in relation to those for men should be made a permanent priority policy objective. This could be achieved in a number of ways.
 - **Labour market:** Eliminating discrimination related to parenthood would encourage the sharing of paternity leave and child benefits and ease the position of women in the labour market. It would also improve their skillset through continued education and training.
 - **Rural development:** This would empower rural women to increase their level of property ownership, financial independence, management skills and consequently the usage of public funds for agriculture.
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²⁷ OECD, *Tourism Policy Responses*, 2020.



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