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## **EUROPEAN SOCIAL CHARTER**

Ad hoc report on the cost-of-living crisis

submitted by

**THE GOVERNMENT OF BOSNIA AND HERZEGOVINA**

Report registered by the Secretariat

on 05 September 2023

**CYCLE 2023**

## RESPONSE

### by Bosnia and Herzegovina authorities to the European Committee of Social Rights request for an ad hoc report on the cost of living crisis

In June 2023, the Ministry of Human Rights and Refugees received a letter from the European Committee of Social Rights informing us that the Bosnia and Herzegovina authorities are required to respond to a request for an ad hoc report regarding the cost of living crisis, including a list of ten questions relating to the matter.

For purposes of providing a comprehensive response, answers were collected from relevant institutions at all levels of government in Bosnia and Herzegovina. In that regard, we hereby provide the following answers:

- 1. Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.**

There is no law on minimum wages currently in place in the Federation of Bosnia and Herzegovina. However, the current Labour Law (Official Gazette of FBiH, 26/16, 89/18 and 44/22) provides for a minimum wage defined according to the lowest labour cost as determined under collective agreement and labour bylaws. Minimum wage adjustments are carried out at least once annually by the Government of the Federation of BiH in prior consultation with the Economic and Social Council for the territory of the Federation of BiH, based on the consumer price index movement. Moreover, the law also provides that the employer will not calculate and pay to the employee a wage lower than that defined under collective agreement and labour bylaws.

A provision previously prescribing that the minimum wage will be determined by the Government of the Federation of BiH upon consultation with the Economic and Social Council was amended by the Law on Amendments to the Labour Law (Official Gazette of FBiH, 89/18). In that regard, it is stipulated that a regulation laying down the methodology for minimum wage calculation and adjustment will be enacted by the Government of the Federation of BiH, based on a proposal by the FBiH Ministry of Finance in collaboration with the FBiH Development Programming Institute and in prior consultation with the Economic and Social Council.

Considering the initiative for adoption of a minimum wage law in the Federation of BiH, the provisions of which are to be aligned with the best EU practices, we deem that prior to enacting and adopting of this minimum wage law, amendments should be enacted to the Law on Income Tax and Law on Contributions, which would mean a process of reform in the field and require taking a serious multidisciplinary approach and engagement from competent institutions in the Federation of BiH.

Despite the situation caused by the Covid-19 pandemic which had a significant effect on the process of improvement of professional rehabilitation and employment of persons with disabilities and their employment sustainability, the Federation of BiH Fund for Professional Rehabilitation and Employment of Disabled Persons continued its further development. A set of measures and activities were carried out contributing to a direct financial support for persons with disabilities for purposes of reskilling, upskilling, specific vocational trainings, employment sustainability and advancement in a professional or working career. A total of BAM 25,952,867.03 was allocated in

2022 for purposes of financing cash benefits, salary subsidies, sustainability and professional rehabilitation programs, and pecuniary incentives for employment of persons with disabilities, whereas in 2021 the amount was BAM 23,265,162.00, showing an 11.55% increase in allocations made by the Fund in 2022 when compared with 2021.

In Republika Srpska, the Law on Labour (Official Gazette of RS, 1/16, 66/18, 91/21 – Decision of the RS Constitutional Court, and 119/21) stipulates that the minimum wage in Republika Srpska will be defined by the Republika Srpska Government based on a proposal from the Economic and Social Council, in the last quarter of the current year for the following year. In case that the Economic and Social Council fails to define such proposal, a decision on minimum wage will be adopted by the RS Government, taking into account wage development, production growth and increased standard of living in Republika Srpska. In the period from 2021 on the minimum wage amount in Republika Srpska was increased in that in mid-2021 the minimum wage was increased from BAM 520 to BAM 540, whereas in 2022, it amounted to BAM 590, and subsequently BAM 630. In 2023, the lowest wage in Republika Srpska is BAM 700 net.

**2. Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021.**

The Government of the Federation of Bosnia and Herzegovina adopted a Decree on the provision of assistance to the public due to consumer price index increase (Official Gazette of FBiH, 55/22, 77/22 and 86/22) regulating support for the public by way of one-off payments in cash to pensioners; beneficiaries of entitlements based on veterans of war and disability-related care; persons with disabilities and civilian victims of war; assistance for regular recipients of cash benefits and other material assistance and other types of one-off assistance, for purposes of ensuring financial and material support to improve financial circumstance of the most vulnerable population categories on account of a significant increase in consumer price index.

Chapter VI — *Other one-off support* of the Decree stipulates under Article 19 that one-off assistance amounting up to BAM 1,080 may be paid to employees not later than by 31 December 2022; payments will be made to employee transaction accounts only and will not be regarded as salary or salary compensation pursuant to relevant provisions of the Labour Law (Official Gazette of FBiH, 26/16, 89/18 and 44/22). It further provides that specific payment criteria and one-off assistance payment amounts will be defined by an act of the employer.

Thus, a total of BAM 2,897,700 was paid to 28,977 beneficiaries based on non-war disability, and BAM 544,600.00 for 5,446 beneficiaries of entitlements relating to protection of civilian victims of war. This means that a total of BAM 3,442,300 was paid for 34,423 beneficiaries on that ground.

Activities conducted by the Fund for Professional Rehabilitation and Employment of Disabled Persons in 2021 contributed towards achieving the following results:

- a total of 541 persons with disabilities were employed through the pecuniary incentive activity;
- professional rehabilitation programs included 61 persons with disabilities (reskilling and upskilling in appropriate educational institutions);
- existing employment level was maintained through payments of cash benefits and salary subsidies for 2481 and 916 persons with disabilities, respectively (average figure in 2021);

- a total of 489 self-employed craftsmen were supported through sustainability programmes;
- support was provided through employment sustainability programmes for 87 companies and sheltered workshops ensuring job sustainability for 836 persons with disability employed by them;
- employment sustainability programmes included 35 disabled persons from 23 organisations of persons with disability;
- Despite the pandemic, employment and professional rehabilitation were promoted at 20 events, conferences, round tables, and promotions;
- In 2021, there were 127 active companies for employment of persons with disability, 62 of which have sheltered workshop status;
- Owing to the support from the Fund, 878 self-employed craftsmen were solvent in the reporting period, despite the difficult situation caused by the pandemic;
- As a result of an informational campaign carried out in 2021, the number of persons applying for professional rehabilitation programme in this reporting period increased by 50% when compared to the previous year. The campaign involved making and supply of promotional posters to municipalities, universities/faculties and employment services throughout the Federation of BiH.

Activities carried out in 2022 contributed to achieving the following outcomes:

- a total of 500 persons with disability were employed by way of pecuniary incentive activity;
- professional rehabilitation programs included 51 persons with disabilities (reskilling and upskilling in appropriate educational institutions);
- existing employment level was maintained through payments of cash benefits and salary subsidies for 2487 and 915 persons with disabilities, respectively (average figure in 2022);
- a total of 497 self-employed craftsmen were supported through sustainability programmes;
- support was provided through employment sustainability programmes for 91 companies and sheltered workshops ensuring job sustainability for 913 persons with disability;
- employment sustainability programmes included 36 disabled persons from 23 organisations of persons with disabilities;
- employment and professional rehabilitation were promoted by the Fund at 17 events, conferences, meetings, round tables, and promotions;
- In 2022, there were 117 active companies for employment of persons with disability, 62 of which have sheltered workshop status
- Despite the difficult economic situation, 895 self-employed craftsmen were solvent in the period under consideration owing to the support from the Fund.

In Republika Srpska, a set of laws on wages (Official Gazette of RS, 119/21) that entered in force as of 01 January 2022 increased salary coefficients for employed persons with a net salary of up to BAM 1,000 and over BAM 1,000 by 5% and 3%, respectively. This meant an increase of salaries for the employees of the administration bodies, public health care institutions, public services, primary and secondary schools and dormitories, Ministry of Interior, judicial institutions, judges and public prosecutors, cultural staff, higher education and student standard staff in Republika Srpska.

Gross salary amount was increased with the entry in force of the Decision on determining the costs of labour (Official Gazette of RS, 42/22) on 01 May 2022, whereby labour costs were raised from BAM 100 to BAM 110.

Salary coefficients were increased by a certain percentage with a new set of laws on wages (Official Gazette of RS, 68/22) entering in force as of 01 August 2022 aimed to ensure that all employees of bodies of administration, public health care institutions, public services, primary and secondary schools and dormitories, Ministry of Interior, judicial institutions, cultural staff, higher education and student standard staff in Republika Srpska receive a BAM 100 increase in net salary.

In addition to the salary increase, one-off assistance to mitigate the effects of inflation was also provided in 2022 for the following population categories:

- pensioners in Republika Srpska (in two tranches, BAM 100 each), in a total amount of around BAM 36.1 million;
- veterans of war categories (in two tranches, BAM 100 each), in a total amount of around BAM 43.1 million;
- youth in Republika Srpska (in two tranches, BAM 100 each), in a total amount of around BAM 25.9 million;
- children of fallen fighters (a tranche of BAM 1,000 each), in a total amount of BAM 3.8 million;
- socially vulnerable persons (a tranche of BAM 100 each), in a total amount of around BAM 1.7 million;
- parents with four or more children, in a total amount of around BAM 11.4 million, in the period between September and December 2022.

Assistance for business entities:

- subsidies provided to companies eligible to employee salary increase incentives from the Ministry of Economy and Entrepreneurship, in a total amount of BAM 23.9 million;
- current grants – support for development of economy, improvement of business operation efficacy and introduction of new technologies through the Ministry of Economy and Entrepreneurship, in a total amount of around BAM 12.8 million.

It is worth noting that 5% increase in salaries, 13.5% pension increase, and 13.5% increase in the veterans of war-related and social benefits have been projected under the Republika Srpska Budget for 2023.

In terms of demographic policy actions, BAM 70 million was planned for families with 4 or more children (BAM 750 + contributions, monthly, for 4,300 families).

Assistance for business entities:

- As part of subsidies, major allocations were planned for employee salary increase incentives, in an amount of BAM 15.6 million;
- When it comes to grants, support for economy development, improvement of business operation efficacy and introduction of new technologies was planned in an amount of BAM 14.6 million.

Subsidies for agricultural and rural development incentives were increased from BAM 75 million to BAM 180 million.

**3. For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.**

To overcome the crisis caused by the sudden rise in the cost of living in the Federation of BiH, the amendments to the Law on Fundamentals of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children (Official Gazette of FBiH, 36/99, 54/04, 39/06, 14/09, 45/16, 40/18 and 16/23), which became effective on 01 April 2023, increased relevant allowances by around 70% when compared to the amounts determined by the 2009 amendments to this Law, thus reaching 80% of the minimum wage amount in the Federation of BiH.

For purposes of protection for persons with disabilities, a draft Law on Uniform Principles and Framework of Material Support for Disabled Persons was prepared and submitted for parliamentary procedure. The Law regulates the definition of a person with disability, uniform principles, standards and frameworks for material support for and other matters of relevance to persons with disabilities. In addition, the Law defines an allowance to facilitate functioning and provide for equal opportunities for the most vulnerable categories with their abilities substantially impaired relative to non-disabled members of the community, preventing them from satisfying basic necessities of life. The entitlements provided for civilian victims of war under this Law include the following: personal disability allowance; allowance for assistance and care by another person; orthopaedic allowance and monthly cash benefits as personal entitlements, and an entitlement to a family disability allowance exercised by the civilian victims' survivors or the families of the missing or deceased civilian victim of war. Entitlements that may be exercised according to the regulations established by cantons in the Federation of BiH are the following: children's allowance; support for costs of medical treatment and provision of orthopaedic aids, and other entitlements.

The cash benefit entitlements established under this Law are exercised by civilian victims of war with the minimum established disability of 60%, with the amount of the benefit determined according to the degree of physical injury or the number of family members exercising the entitlement as civilian victims' survivors. Exceptionally, this entitlement is exercised by special categories of civilian victims of war based on a suffered experience, in which case physical disability will not be determined. The base and monthly amounts of cash payments for the beneficiaries are determined in equivalent amounts as the veterans of war disability and their family allowance movements, with the base for the civilian victims of war entitlement beneficiaries amounting to 70% of the veterans of war base.

Recognizing a number of deficiencies proving either unfeasible or hardly feasible in practice concerning the procedures for exercising the rights of civilian victims of war, this Ministry drafted and submitted for parliamentary procedure a proposal for a Law on the Protection of Civilian Victims of War in the Federation of BiH establishing the main principles of the protection for civilian victims of war, the definition of term and status of a civilian victim of war, types of entitlements, scope and eligibility for the entitlements, purpose of cash benefit payments for recognized rights, the procedure for the exercise of the entitlements and method of financing, as well as other matters of relevance for the protection of civilian victims of war in the territory of the Federation of BiH. This regulation is, inter alia, the first to determine reparation as legal

grounds for part of allowance for persons with disabilities, whereas part of the allowances for the groups with the most severe disabilities (100% or 90% of physical injury) is defined as allowances for equalisation of opportunities compared with non-disabled members of the community.

Pursuant to Articles 48, 51, 53, and 56 of the Law on Professional Rehabilitation, Training and Employment of Disabled Persons (Official Gazette of FBiH, 9/10), a company for employment of persons with disabilities, sheltered workshop, organisation of persons with disabilities that has employees with disabilities, and self-employed persons with disabilities are entitled to receive from the Fund for Professional Rehabilitation and Employment of Disabled Persons of the Federation of BiH a financial compensation for persons with disabilities they hire under special terms according to Article 6 paragraph 15 of the Law, based on the following:

- contribution paid for pension and disability insurance,
- contribution paid for health insurance,
- contribution paid for unemployment insurance,
- income tax.

Persons specified under Article 56 paragraphs 2 and 3 of the Law, namely, an individual entrepreneur/farmer who is a parent, a child or spouse of the person with disabilities they hire are also eligible for the financial compensation. The eligibility is acquired for taxes and contributions paid in the Federation of BiH. In addition to the financial compensation and pursuant to Articles 53 and 29 of the Law, a company or a company's organisational unit with the sheltered workshop status is also entitled to a subsidy for net salaries of persons with disabilities employed according to the Law, amounting to 30% of the average net salary in the Federation of BiH and financial compensations for all other employees. Payment of financial compensations and subsidies constitutes a direct legal obligation of the Fund. Payments of financial compensations and subsidies were carried out continuously, with a significant increase in the number of beneficiaries in 2021.

Payments made by this Fund during 2021 were as follows:

- financial compensation to 65 companies based on taxes and contributions paid for 301 employed persons with disabilities;
- financial compensation to 62 sheltered workshops for 1088 employed persons with disabilities;
- salary subsidies to 62 sheltered workshops in an amount of 30% of the average net salary in the Federation of BiH, for 916 employed persons with disabilities;
- financial compensation to 84 organisation of persons with disabilities based on taxes and contributions paid for 178 employed persons with disabilities;
- financial compensation based on taxes and contributions paid for 878 self-employed persons with disabilities;
- financial compensation to 36 persons employed according to Article 56 of the Law (family relationship).

In 2022, the Fund paid the following:

- financial compensation to 55 companies based on taxes and contributions paid for 257 employed persons with disabilities;
- financial compensation to 62 sheltered workshops for 1134 employed persons with disabilities;

- salary subsidy in an amount of 30% of the average net salary in the Federation of BiH to 62 sheltered workshops for 915 employed persons with disabilities;
- financial compensation to 83 organisations of persons with disabilities based on taxes and contributions paid for 190 employed persons with disabilities;
- financial compensation based on taxes and contributions paid for 874 self-employed persons with disabilities;
- financial compensation for 32 persons employed according to Article 56 of the Law (family relationship).

In Republika Srpska, the Government's response to the rise in the cost of living included amongst other an earlier salary increase for employees in administrative bodies. First increase took place with the enactment of the Decision on determining the costs of labour (Official Gazette of RS, 42/22), which became effective on 18 May 2022. The costs of labour determined by this Decision amounted to BAM 110, whereby salaries were increased by 10%. A second salary increase was determined by amendments to the Law on Salaries of Employees in Administrative Bodies of Republika Srpska (Official Gazette of RS, 68/22), entering in force on 01 August 2022. The amendments provided for a higher salary coefficient for all employees, increasing their salaries by BAM 100. A third salary increase also took place through amendments to the Law on Salaries of Employees in Administrative Bodies of Republika Srpska (Official Gazette of RS, 132/22), entering in force on 01 January 2023, increasing salary coefficients for employees with net salaries below the average in Republika Srpska.

Furthermore, a Decision on extraordinary adjustment of general pension coefficient and pensions was enacted by the Republika Srpska Government in January 2022. The Decision provides for an extraordinary adjustment of the general pension coefficient and pensions, with a 0.64% increase as of 01 January 2022. Thus, with the regular adjustment of pensions of 3.36% of 01 January 2022, pensions received by 31 December 2021 were increased by 4%.

In a session held on 26 January 2023, the Government of Republika Srpska adopted a Decision on extraordinary adjustment of general pension coefficient and pensions, increasing the general pension coefficient by 0.18%, and a Decision on determining the lowest pension amount in Republika Srpska for 2023 according to which the lowest pension will be BAM 275.29, as opposed to the previous amount of BAM 242.55.

**4. Please provide information as whether the cost of living crisis has led to the extension of in-work benefits<sup>1</sup>.**

In 2021, allocation of finance through the Fund for Professional Rehabilitation and Employment of Disabled Persons of the Federation of BiH for pecuniary incentives for new employments of persons with disabilities was carried out via two open calls. Employers hiring persons with disabilities pursuant to the provisions of the Law for a minimum of 12 months and persons who become self-employed through start-up and registration of a self-employed activity were eligible

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<sup>1</sup> Supplements to support workers on low incomes *such as the prime d'activité in France, or the Working Family Payment and the Back to Work Family Dividend in Ireland.*



to participate in the allocation. Basic pecuniary incentive amount per a newly employed person in 2021 was BAM 6,000. This amount was increased based on the person's degree of disability and employment term (employment for define/indefinite term), with the maximum pecuniary incentive of BAM 13,500 for persons with 100% disability employed for indefinite term and eligible for care and assistance of another person.

In 2022, basic pecuniary incentive amount for employment under special terms pursuant to the Law allocated per a newly employed person with disability was BAM 6,500, with the maximum possible amount allocated per a person of BAM 14,625, depending on disability percentage and employment term. Basic pecuniary incentive amount for employment on general terms pursuant to the Law allocated per a newly employed person with disability was BAM 8,000, while the maximum possible amount allocated per a person was BAM 18,000, depending on disability percentage and employment term.

In 2023, basic pecuniary incentive amount for employment under special terms pursuant to the Law allocated per a newly employed person with disability was BAM 9,000, with the maximum possible amount allocated per a person of BAM 16,200, depending on disability percentage and employment term. Basic pecuniary incentive amount for employment on general terms pursuant to the Law allocated per a newly employed person with disability was also BAM 1,000, while the maximum possible amount allocated per a person was BAM 19,800, depending on disability percentage and employment term.

The information stated above indicates a continued support from this Fund for employment of persons with disabilities and their professional rehabilitation. With a view to implement measures towards amelioration and eradication of poverty among persons with disabilities, amounts of pecuniary incentives for employment and self-employment of persons with disabilities were increased in proportion with the rising prices and basic living costs.

There were no in-work benefit extensions in Republika Srpska in the period under consideration.

**5. Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits**

The Government of the Federation of BiH adopted in 2022 a Decree on the provision of support to the public due to consumer price index increase (Official Gazette of FBiH, 55/22 and 77/22) aimed to ensure financial and material support for the most vulnerable population categories on account of a substantial consumer price index increase. One-off financial assistance was intended to pensioners, beneficiaries of veterans of war and disability care-related entitlements, persons with disabilities, civilian victims of war, and the unemployed. Funding for the implementation of the Decree was provided from the Budget of the Federation of BiH.

This Decree provided, inter alia, an assistance in the form of one-off unemployment cash benefit of BAM 100 paid through cantonal employment services in December 2022 for 187,247 unemployed persons in total.

According to the Decree, financially unsecured persons and persons incapable of work registered with the competent centres for social work or municipal social protection services as recipients of regular cash allowances, as well as persons or families in need of social care services requiring

due to the specific circumstance an appropriate form of social care and eligible according to the records maintained by the competent centres for social work or municipal social protection services for temporary one-off or other cash benefits or assistance in kind within the period six months prior to the date of entry in force thereof are eligible for other material assistance.

The support for individuals and families comprised a package of basic foodstuffs while the type and quantity of the goods to be used for the purposes was determined by a decision of the FBiH Government based on a proposal from the FBiH Commodity Reserves Directorate. Assistance packages were distributed through the Red Cross, FBiH Ministry of Labour and Social Policy, centres for social work, and municipal social protection services.

No changes took place in the social security and social care system of Brčko District of Bosnia and Herzegovina by the end of 2021.

No regulations concerning passive measures within the competence of the Brčko District of BiH Employment Bureau were amended in 2021. A total of 585 unemployed persons obtained entitlement to unemployment cash benefit in 2021. The Bureau paid BAM 1,160,617.13 on that basis.

Pension insurance buy-in for up to three years was carried out by this Bureau for 120 unemployed persons in 2021. Competent Pension and Disability Insurance Funds were paid BAM 310,208.34 on that basis. Costs of medical evaluation amounting to a total of BAM 300 were refunded for three persons declared permanently incapable of work in 2021.

**6. Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.**

Pursuant to the Pension and Disability Insurance Law (Official Gazette of FBiH, 13/18, 90/21 and 19/22), pensions are adjusted on a yearly basis on April 15 each year. An adjustment amounts to a sum of 50% of the consumer price increase percentage and 50% of the gross domestic product growth percentage in the Federation in the preceding year according to the information from the FBiH Statistics Bureau, up to a maximum of gross domestic product growth for the previous year, excepting pensions received in the year of adjustment. Amendments to the Pension and Disability Insurance Law from 2022 also changed the provisions concerning regular and extraordinary pension adjustments.

Advance adjustments of pensions by 11.1% were made in January 2023, and by an additional 5.15% in April 2023, amounting to a total of 16.25% for 2023 (regular pension adjustment). Additionally, the FBiH Government adopted in May 2023 a Decision on extraordinary adjustment of pensions of 3.9%, beginning with the payment of the May 2023 pensions.

In April 2022 pensions were adjusted by 7.3% (regular adjustment of pensions). It was also in April 2022 that the FBiH Government adopted a Decision on extraordinary adjustment of pensions of 3.5% beginning with the payment of June 2022 pensions, except for highest pensions received pursuant to the Law, and a Decision to increase the lowest pensions by 5%, beginning with the calculation of pensions for November 2022.

Although 2021 saw no pension adjustments due to the situation caused by the pandemic, two decrees were adopted: a Decree from July 2021 on one-off pension amount to support pensioners in the Federation, whereby recipients entitled to amounts up to and including the guaranteed

pension amounts, and pension recipients entitled to amounts exceeding guaranteed pension, were paid one-off pension amounts of BAM 120 and BAM 100, respectively; in December 2021, the Government adopted a Decree on pension amount for support to pensioners in the Federation of BiH whereby pension beneficiaries with permanent residence in the Federation of BiH at the date of entry in force of the Decree were paid an amount of BAM 50.

We would also like to point out that the FBiH Government adopted in 2011 a Decision on implementation of measures to reduce electricity costs for households and energy efficiency incentives subsidizing costs of electricity for beneficiaries of pensions amounting up to the guaranteed pension and for the guaranteed pension recipients.

Please note that the 2022 amendments to this Decision stipulate its application until 30 June 2024.

In Republika Srpska, individual functions have the following shares in total social care allowances for the period between 2017 and 2021:

	2017	2018	2019	2020	2021
	%				
Total social allowance expenditure, by functions	100.0	100.0	100.0	100.0	100.0
Illness/health care	34.7	34.3	33.8	33.1	34.6
Disability	12.9	12.6	12.1	12.2	11.5
Old age	27.4	30.1	30.7	30.9	31.3
Survivor supported members	18.0	15.6	15.1	14.5	13.9
Family/children	3.0	3.5	4.1	4.7	4.5
Unemployment	1.3	1.3	1.7	2.1	1.6
Housing	0.1	0.1	0.0	0.0	0.0
Social exclusion not elsewhere classified	2.7	2.5	2.6	2.6	2.6

**The Risks or needs** per ESSPROS methodology are shown as social protection program functions and presented as follows:

- **Sickness/health care** – risk of illness covers income maintenance and support in cash in connection with physical or mental illness excluding disability, whereas health care includes maintaining, restoring or improving the health of people protected regardless of the origin of the disorder;
- **Disability** – includes support in cash or kind, except health care, in connection with the inability of physically or mentally disabled people to engage in economic or social activities;
- **Old age** – includes income maintenance or support in cash or kind, except for health care, in connection with old age;
- **Survivors** – covers income maintenance and support in cash or kind in connection with the death of a family member;
- **Families/children** – covers support in cash or kind, except health care, in connection with the costs of pregnancy, childbirth or adoption, bringing up children and caring for other family members;

- **Unemployment** – means income maintenance and support in kind in connection with unemployment;
- **Housing** – includes help towards the cost of housing;
- **Social exclusion not elsewhere classified** – includes benefits in cash or kind, except health care, specifically intended to combat social exclusion where they are not covered by one of the other functions.

Additionally, the RS Ministry of Family, Youth and Sports introduced in 2022 a benefit for unemployed parents of four or more children with at least one child under 18. The benefit is paid to the stated category of unemployed parents and is unrelated to the material status of persons concerned.

In reference to questions 5 and 6, the competent institutions of Republika Srpska also provided information concerning the Law on Social Protection (Official Gazette of RS, 37/12, 90/16,94/19, 42/20 and 36/22) and the Law on Child Protection (Official Gazette of RS, 114/17, 122/18, 107/19 and 119/21).

The current RS Law on Social Protection (enacted in 2012) lays down the amounts of entitlements to financial assistance and allowance for assistance and care of another person. The 2019 amendments to this Law provide for another entitlement, that is, entitlement to a personal disability allowance and the amount thereof. The financing for the financial assistance and allowance for assistance and care of another person is provided from the Budget of Republika Srpska and the budgets of the units of local self-government, as follows: 50% from the RS Budget and 50% from the budgets of units of local self-government.

The Law on Social Protection was amended in 2022 (Official Gazette of RS, 36/22) in that:

- the amount of financial assistance will be determined according to the number of family members and as a percentage of the basis under Article 23 to the Law, as follows: 17% of the basis for individuals; 22% of the basis for a two-member family; 27% of the basis for a three-member family; 30% of the basis for a four-member family, and 33% of the basis for a family with five members or more;
- the amount of allowance for assistance and care of another person will be calculated as a percentage of the average net salary in Republika Srpska for the previous year and will amount to 22% of the basis for a person who entirely and permanently depends on another person to meet most basic and physiological needs, unable to independently meet such needs with the use of any aids, or 11% of the basis for a person needing partial assistance from another person in meeting their basic and physiological needs;
- the amount of personal disability allowance acquired through eligibility for personal disability allowance will be calculated as a percentage of the average net salary in Republika Srpska for the previous year and will amount to 17% of the basis for a person with a determined physical impairment of 100%; 14% of the basis for a person with a determined physical impairment of 90%; 12% of the basis for a person with a determined physical impairment of 80%; 10% of the basis for a person with a determined physical impairment of 70%.

Furthermore, the child care system in Republika Srpska, mainly its pronatal character, was further improved through the Law on Amendments to the Law on Child Protection; allocations of funds

for purposes of entitlements to layette benefits were increased and the scope of coverage by child allowance and first child in the family benefits expanded. Considering the social and economy-related circumstance of the existing child benefit beneficiaries, there were reasonable grounds to increase eligibility benefits for a second, third or fourth child and children from vulnerable categories to reduce the economic burden of child raising in such families. The financing for the child care is provided out of the child care contributions defined under the relevant law regulating the area of contributions, from the RS Budget, or, if the Fund is unable to provide the financing required for the exercise of the entitlements provided for by this Law out of the contributions, it will be provided out of allocations or trade in securities, gifts, donations and contributions provided by natural and legal persons, use of available resources, and entitlements based on loan facilities.

The amount of allowance for assistance to parent-carer or carer was also increased from 25% to 100% of the basis, which is a direct financial support to a family with a growing child with developmental impediments. The procedure to determine eligibility for special care provided by parent-carer or carer for a child with developmental impediments is defined under the Rulebook on procedures for determining eligibility for special care provided by parent-carer or carer of a child with developmental impediments. The amount of allowance for parent-carer or carer is determined according to the applicable legislation in the amount of 100% of the basis defined under Article 21 of the Law on Child Protection (for 2023, it is BAM 650, based on the lowest salary in Republika Srpska for the previous year). Laying down this entitlement as a legal matter improved the social security of children with developmental impediments, and consequently also the position of families caring for them. The parent-carer or carer allowance combined with other benefits based on recognized entitlements relating to social and child protection improves support to biological family preventing thereby institutional placement of children with developmental impediments. Looking at total figures, the number of beneficiaries of parent-carer or carer allowance is higher by 44.67% in 2022 when compared with 2020.

Amendments to the Law on Child Protection (Official Gazette of RS, 119/21) entering in force on 01 January 2022 were made in late 2021 with regard to the following:

- The amount of layette benefit was increased from BAM 250 to BAM 550. Given that the amendments stipulate the application deadline of one year following the birth of the child, applications for layette benefit were stagnant. Namely, mothers giving birth at the end of the year submitted their applications after the entry in force of this Law and thus received assistance in the amount BAM 500 instead of BAM 250;
- The right to a maternity allowance is also recognized in cases of death of a live-born child or an application submitted by the mother of a still-born. The entitlement in this case is recognized for a minimum duration of 60 days from the date of child's birth, or longer in exceptional cases, that is, for a time-period that a certified medical doctor determines the mother needs to recover from the delivery and psychological condition caused by the loss of a child, but not longer than 12 months from the date of birth of the child. Maternity allowance is recognized in an amount of BAM 405 pursuant to the applicable legislation;
- In addition to a second, third, and fourth child, child benefit is also possible to obtain for the first-born child up to 15 years of age, provided the child attends regular school, that is, up to 18 or 26 years of age according to the requirements specified by the relevant law. The purpose of the child benefit as a financial benefit according to the applicable law is to

improve the financial position of families with children. Given that the eligibility is acquired based on the specific social criteria and terms, its character is primarily social protection-related, but also prenatal on account of a differentiated increase of the amount received for a third child (provided material requirements are met);

- Increase in the number of beneficiaries of maternity leave salary compensation refund is evident. Namely, pursuant to the Law on Child Protection amendment with entry in force as of 01 January 2020, employers (beneficiaries of the entitlement) receive 100% gross salary amount refund in place of the prior 50% salary compensation refund, which reduces maternity leave costs for all employers;
- The entitlement to meet developmental needs of children covers three segments: socialisation, co-financing, and events. A total of 34,002 persons were covered throughout the years of implementation of the Socialization of Children of Republika Srpska project; of this number, 81.7% is accounted for by children from the most vulnerable categories in RS, and 18.3% by adults (educators, professional staff, parents – attendants of children with developmental impediments). A total of 1,559 children and 459 adults took part in this activity in 2022, and the project implementation for 2023 is ongoing.

Total financial allocations for entitlements relating to child protection were increased by 114% in 2022 when compared with 2018. An analysis of distribution of financial allocations by types of entitlements shows that 49% of the total annual child care budget for 2022 was designated for the entitlement for maternity leave salary compensation; 22% for child benefit, and 18% for maternity allowance. Part-time work (PT work up to 3 years) and co-financing of stay in preschool institutions account for the lowest percentages within the Fund's budget for 2022 (0.09% and 0.11%, respectively). Furthermore, there is a noticeable increase in the allocations of funding for all entitlements over the past five years.

Pursuant to Article 39 of the Law on Social Protection of Brčko District of Bosnia and Herzegovina (Official Gazette of BDBiH, 20/20-consolidated version), regular basic financial assistance will amount to 21% of the average salary for the past three months in Brčko District of BiH. Hence, the regular basic financial assistance and other benefits increase with the rising trend in the average salary.

As unemployment allowances are connected with the average net salary in Brčko District of BiH, the minimum and maximum allowance amounts changed according to the average net salary in the District.

The amount of the allowance has increased substantially with the adoption of the new Law on Employment and Unemployment Rights in effect since January 2023, and may not be lower than 45% of the average net salary in the District according to the latest data published by the competent District's statistics bureau.

**7. Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.**

The 2021-2023 Strategic Plan for Fund Development defines actions to be taken by the FBiH Fund for Professional Rehabilitation and Employment of Disabled Persons, as follows:

- influence harmonization of the legal framework for an effective system of collection of special contributions under Articles 18 and 19 of the Law;
- improve employer awareness about the obligations arising from Articles 18 and 19 of the Law and the obligation to enter relevant information in the Fund's application software;
- improve awareness about the right of disabled persons to employment and the obligation of employers to hire persons with disabilities pursuant to Articles 18 and 19 of the Law;
- provide quality employment programmes for persons with disabilities contributing to their sustainable employment;
- improve awareness about the right of persons with disabilities to a professional rehabilitation;
- provide quality programmes for professional rehabilitation of persons with disabilities to contribute to their sustainable employment.

In Republika Srpska, the RS Ministry of Trade and Tourism launched the *Socially Responsible* campaign. Traders throughout Republika Srpska joined the campaign offering at discount prices and on a voluntary basis a number of products not covered by the Decree restricting trade margins, waiving their respective portions of margin. The selection of products to be covered by the campaign will depend on the individual choice of each trader and the discounted products will be labelled *socially responsible*. The aim of the campaign is for this Ministry to impact within the scope of its competences the inflation movements and price rise affecting the local market in order to maintain the population's purchasing power and in particular that of the population receiving minimum income.

In 2021, the RS Government enacted a Decree on determining pricing margin for derivatives of oil, which is still in force. The Decree defines conditions for prescribing of measures for direct control over prices in the territory of Republika Srpska by way of determining maximum amounts of margins to be applied for price formation for derivatives of oil, aimed at mitigating the rise in prices of basic foods items and other products and services in Republika Srpska.

When it comes to assisting public in settling their energy expenses, the RS Government accepted (with the Conclusion no: 04/1-012-2-5149/22 of 15 December 2022) the 2023 Energy Support Package for Western Balkans in favour of BiH (IPA III), pursuant to the Agreement on financing of the Annual Plan contributing the EU's Western Balkans Energy Support Package in favour of BiH. The RS Ministry of Health and Social Welfare announced an open call in accordance with this Plan for provision of financial support to energy poor households (the socially vulnerable, etc) to be granted funds upon completion of the open call. The relevant activities are underway.

The following are regarded as energy poor consumers/vulnerable households: beneficiaries of financial assistance pursuant to the law regulating the area of social protection; beneficiaries of child benefit entitlement pursuant to the law regulating the area of child care; unemployed veterans of war of categories 1 to 5, under 60 years of age, who are beneficiaries of monthly allowance pursuant to the relevant Government Decision; veterans of war of categories 1 to 5 above 60 years of age with a social need status registered according to the records maintained by the RS Ministry of Labour and War Veterans and Disabled People's Protection, as well as persons above 65 with

their monthly income per household member not exceeding 50% of the lowest salary defined for January 2023 in Republika Srpska.

Moreover, *Elektroprivreda Republike Srpske* [Power Utility Company of Republika Srpska] took initial steps in 2022 toward utilizing renewable energy sources so that the citizens of Republika Srpska are able to take part in the energy sustainability programme for households and businesses.

**8. Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.**

To the date of this response relevant information was only collected for Brčko District of Bosnia and Herzegovina.

Pursuant to the Social and Child Protection Laws of BDBiH (Official Gazette of BDBiH, 18/20 – consolidated version, 29/20, 41/20, 13/21 and 17/23), individuals at risk of poverty are entitled to a regular basic financial assistance, allowance for care and assistance of another person, allowance for personal assistance, and child benefit.

**9. Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.**

To the date of this response relevant information was only collected for Republika Srpska.

Based on a proposal from the RS Ministry of Trade and Tourism, financial assistance amounting to a total of BAM 303,100 was granted by the Compensation Fund of Republika Srpska to organisations providing aid for the most vulnerable citizens of Republika Srpska through soup kitchens.

The financial assistance was provided on two occasions in 2022; namely, the amounts of BAM 153,100 and BAM 150,000 were allocated based on the Republika Srpska Compensation Fund Conclusions of February 2022 and December 2022, respectively, for nine soup kitchens in total.

The said activities were implemented through collaboration between the Compensation Fund and the Ministry of Trade and Tourism of Republika Srpska with a view to removing the consequences of the difficult epidemiological situation caused by the korona virus (COVID 19) outbreak and the resulting deterioration in overall economic status and increasing number of soup kitchen service beneficiaries, considering also the fact that soup kitchens were facing difficulties on account of reduced regular donations and sources of finance.

**10. Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing of measures in response to the crisis.**

To the date of this response, only information relevant for Republika Srpska was collected.

As stated above (please see answer to Question 1), the lowest wage in Republika Srpska is determined in the last quarter of the current year for previous year, by the Government of Republika Srpska upon proposal from the Economy and Social Council. In addition, when preparing any policy, legal solution, or strategy, competent ministries regularly consult both the



representatives of stakeholders and civil associations and the representatives of the Unions. All civil society organizations and representatives of the business or academic communities and Unions have the right to attend consultations. Public consultation is carried out in accordance with the Law on Strategic Planning and Development Management in Republika Srpska (Official Gazette of RS, 63/21) and Decree on the implementing documents (Official Gazette of RS, 8/22) by way of posting relevant documents as preliminary drafts on the competent institutions' official web sites. Upon collection by the competent institution of all comments and suggestions, a Mid-term work plan is submitted for opinion to the RS Government Secretariat General to be implemented by the relevant institution in line with its competences.