

Responding to the Coronavirus Crisis

Update on Bosnia and Herzegovina (13/11/20)



EBRD Policy Comparator

Green colour indicates partial or complete withdrawal of the measure.

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals					Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)	
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Economic channels of disruption

Supply chains, exports, consumption

- Supply chains have been disrupted, and exports (above 40% of GDP) are on decline
- Lockdown and containment measures (including occasional curfew and closure of schools and non-essential businesses) also affect negatively economic growth
- Services sector, including tourism, to be hit as well
- Remittances (around 11% of GDP) on decline, with a negative impact on consumption, a major growth driver before the epidemic.

Selected crisis impact indicators

EBRD GDP growth outlook 2020: -5.0%
(Sept. 2020) 2021: 3.0%

Decline in exports of goods and services 21% year-on-year
(Jan-June 2020)

Decline in remittances 17% year-on-year
(Jan-June 2020)

Fall in manufacturing output 12% year-on-year
(Jan-July 2020)

Crisis response measures to date

Support for healthcare, workers and businesses

- In FBiH, support through Stabilisation Fund, covering minimum wages and social contributions in affected companies, and a guarantee fund at the Development Bank to maintain and improve the liquidity of companies
- Extra funds for cantons and municipalities in FBiH; exemption from para-fiscal fees for affected businesses; advance corporate income tax payment cancelled.
- In RS, deferral of corporate income tax payment; fixed pricing margin for certain staple products; government to cover minimum wages, income taxes and contributions for affected businesses; guarantee programme for MSMEs.
- Solidarity Fund established in RS to support economy of the entity
- Development bank in RS to defer overdue payments.

Selected crisis response indicators

Stabilisation Fund in FBiH EUR 250 million

Payment holidays for loans, for those applying (months) 6 months

IMF RFI: EUR 333 million

Committed external assistance EC MFA: EUR 250 million

EU: EUR 80.5 million (reallocated from IPA)

Key short-term priorities

Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable individuals