Responding to the Coronavirus Crisis
Update on Bosnia and Herzegovina (13/11/20)

**EBRD Policy Comparator**

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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**
  - (Sept. 2020) 2020: -5.0%
  - (2021: 3.0%)
- **Decline in exports of goods and services**
  - (Jan-June 2020) 21% year-on-year
- **Decline in remittances**
  - (Jan-June 2020) 17% year-on-year
- **Fall in manufacturing output**
  - (Jan-July 2020) 12% year-on-year

**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
- **Committed external assistance**
  - IMF RFI: EUR 333 million
  - 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

To learn more about EBRD’s support to Bosnia and Herzegovina visit: [https://www.ebrd.com/ebrd-in-bosnia-and-herzegovina.html](https://www.ebrd.com/ebrd-in-bosnia-and-herzegovina.html)

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