### Responding to the Coronavirus Crisis

**Update on Bosnia and Herzegovina (08/04/20)**

**Key short-term priorities**

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

### Economic channels of disruption

**Supply chains, exports, consumption**

- Severe lockdown (curfew, schools, all non-essential businesses closed and air traffic suspended) causing sharp halt to economic growth.
- Supply chains disrupted, and exports (above 40% of GDP) will decline.
- Services sector be hit hard due to shut down of businesses.
- Remittances (around 11% of GDP) to decline, with a negative impact on consumption, a major growth driver before the epidemic.

### Crisis response measures to date

**Support for healthcare, workers and businesses**

- In FBiH, EUR 225 million for Stabilisation Fund, covering contributions on minimum wages for employees.
- 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.
- Development bank in RS to defer overdue payments.

### Selected crisis impact indicators

- **EBRD GDP growth outlook (April 2020)**
  - 2020: recession
  - 2021: strong recovery

- **Announcement by the Minister of Foreign Trade and Economic Relations of BiH (16 March 2020)**
  - 850 thousand overnight stays cancelled

### Selected crisis response indicators

- **Support to minimum wages, income taxes and contributions in RS**
  - EUR 37 million

- **Payment holidays for loans, for those applying (months)**
  - 3 months

- **Committed external assistance**
  - EU: EUR 80.5 million (reallocated from Instrument for Pre-Accession Assistance)