



# Federation of Bosnia and Herzegovina: move towards changes in child and family benefits

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*In 2021, the Federation of Bosnia and Herzegovina is likely to adopt a new Law on Support to Families with Children, which would introduce in the entire entity a uniform maternity allowance paid to unemployed mothers and a uniform child assistance benefit. Both benefits would be means-tested. The reform is a step in the right direction, but it is partial and is unlikely to benefit an average household with children.*



## Description

The Federation of Bosnia and Herzegovina (FBiH), one of the two entities of Bosnia and Herzegovina (the other being Republika Srpska), has a decentralised system of child and family benefits in which implementation of the rights stipulated by the FBiH general law on social protection is devolved to its cantons. As a result, each canton, depending on its financial possibilities and political priorities, determines which benefit to finance, and at what level. This has strengthened exclusionary policy practices and led to discrimination against children and women (Dobrotić and Obradović, 2020). Moreover, the expenditure on child and family benefits - merely 2% of total social protection expenditure in the FBiH (FBiH Institute for Statistics, ESSPROS 2018 data) - makes it one of the least funded social protection schemes in the entity. The FBiH government initiated the reform with the FBiH Law on Support to Families with Children, a draft of which was adopted in February 2020 by the FBiH bicameral parliament. Due to the pandemic-induced crisis, the three-month public hearing procedure for this draft was delayed and completed at the end of September 2020. As soon as the FBiH Ministry of Labour and Social Policy formulates the law as a proposal, this proposal will be forwarded to the Cantonal governments for approval. This is required before the proposal can be presented to the FBiH Government for adoption and for the next steps in the parliamentary procedure.

If adopted, the law would put an end to discrimination based on territorial principles and introduce a uniform FBiH

maternity benefit paid to unemployed mothers and a uniform child assistance benefit. Both benefits would be means-tested. The two main eligibility criteria for both benefits would be: i) the income per household member may not exceed 20% of the average net wage in the FBiH in the previous year; and ii) the household may not own a car less than 7 years old (except where the household includes members with a disability, eligible for tax and customs exemptions when buying a car).

The proposed level of child assistance is 6% of the average net wage paid in the FBiH during the previous year. Based on the 2020 average net wage, this would amount to KM 57.40 (€29.50) per month. This is very similar to the average amount of child assistance currently paid in the cantons. It is envisaged that the child assistance will be financed from the FBiH entity budget, which so far has not had to fund any child and family benefits in the FBiH. Some categories of children, such as children without parental care, children with 90% or 100% disability, and children with some medical conditions, would be eligible for the increased amount of child assistance of 8% of the average net wage (i.e. KM 76.50 [€39.20] monthly). The benefit could also be granted to some categories of vulnerable children based on need, to be assessed by centres for social work. The duration of the child assistance benefit would be limited to 12 months, with a possibility to reapply one month before the benefit expiry date, until the child reaches 18 years of age.

The proposed level of the maternity allowance benefit is 30% of the average net wage paid in the FBiH during the

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previous year. Based on the average net wage for 2020, this would amount to KM 287 (€147). The maximum duration of the benefit would be 12 months. The allowance would be financed from the cantonal budgets, and is intended only for mothers who are registered unemployed or in full-time education. The father may receive the allowance only if the mother is prevented from exercising her motherly duties or if she has abandoned the child.

If adopted, the new law would annul the previous provisions related to child and family benefits in the FBiH general law on child protection. These include one-off assistance for baby equipment, financial assistance for a food supplement for a child up to 6 months of age and a food supplement for nursing mothers – measures which have been unevenly financed by the cantons. The only exception would be salary compensation during maternity leave for employed mothers (maternity benefit), which would continue to be financed from the cantonal budgets (where each canton applies a different benefit formula), until appropriate changes can be made to the law on health insurance (draft Article 42).

## Outlook and commentary

If adopted in 2021, implementation of the law will commence 12 months later, leaving enough time for the FBiH budget to organise the financing of the child assistance, and for the cantonal budgets to organise the financing of the maternity allowance.

Cantons will be required to make corresponding legislative changes within one year of adoption of the law. This raises doubts as to whether all cantons will manage to adjust the legislation in time and

start paying the maternity allowance at the same time. Also, cantons will have to decide which additional rights they will continue to finance as extended rights (as these will no longer be stipulated in the FBiH legislation). The maternity benefit is an exception, as it will, for the time being, remain the same and will continue to be financed from the cantonal budgets. Although the draft Article 42 stipulates that this benefit will be regulated by the health insurance legislation, this provision is futile without corresponding legislative changes to the FBiH Law on Health Insurance, which falls under the responsibility of the FBiH Ministry of Health and the cantonal ministries responsible for health. Health ministries will not welcome this initiative, which imposes obligations on the already strained budgets of the cantonal health funds. However, the draft Article 42 clearly states the position of the FBiH Ministry of Labour and Social Policy, that maternity benefits should be financed from social insurance, i.e. the health insurance funds. This was the case during the socialist period and before the 1997 legislative changes, when it was decided that this benefit would no longer be financed from the health insurance, with the argument that maternity benefits cannot be considered as a social insurance right (Dobrotić and Obradović, 2020). The re-inclusion of maternity benefits within health insurance would ensure equal maternity protection for those in employment, based on the same social insurance principles, as in the Republika Srpska entity.

During the public hearings organised in the cantons, working parents voiced their objections to the law, arguing that the proposed child assistance benefit resembles means-tested social assistance, rather than a child benefit. The main means-testing criterion proposed, set at 20% of the

average net wage per family member, would exclude a vast majority of families with children. For instance, only families with five or more members living off one average net wage would be eligible. Likewise, families of two working parents, both on a minimum salary, with two children, would not be eligible. The critics claim that this is another government measure that would benefit people in undeclared work and not paying taxes, while most tax-paying parents would receive nothing. The second means-testing criterion, related to ownership of a car, could be viewed as discriminatory, especially towards families living in rural areas with no public transport. For these families, owning a car is a necessity rather than a luxury as implied by the eligibility criteria. These arguments should be considered by the FBiH government when developing the proposal.

### Further reading

Dobrotić, I. and Obradović, N. (2020): The exclusionary side of (women's) social citizenship in South eastern Europe: childcare policy development in Bosnia-Herzegovina and gender, social and territorial inequalities, Southeast European and Black Sea Studies

Nacrt zakona o podršci porodicama s djecom u Federaciji Bosne i Hercegovine [Draft FBiH Law on Support to Families with Children]. Accessed on 3 October 2020 [here](#).

FBiH Institute for Statistics, ESPROSS data for 2018. Data on file with the author.

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