



Maastricht University

Maastricht Graduate School of Governance

Non-contributory Cash Benefits for Social Protection in BiH

What Works and What Does Not (I)

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Introduction

The report/study entitled 'Non-contributory Cash Benefits for Social Protection in BiH - What Works and What Does Not' examines the existing system of social protection in FBiH and RS, i.e. the legislation and its implementation, and presents a precise overview of administrative data in the domain of non-contributory cash benefits for social protection in BiH.

In view of the fact that the entities have full competencies in the field of social protection, and in view of their particular characteristics, the situation in FBiH and RS was examined separately, following identical methodology. The first section of the study contains an analysis of indicators of the economic and social situation in BiH. Special attention was dedicated to fiscal aspects of non-contributory cash benefits in BiH, FBiH and RS.

The analysis of the entirety of the benefits in the social protection system, and particularly of non-contributory cash benefits, strove to point to the key causes of inadequacy of targeting of non-contributory cash benefits and of their insignificant influence on poverty reduction.

It is in this context also that the conclusions and recommendations were provided for legislative amendments and changes in the practice of social protection as a whole, and these conclusions and recommendations are to a great extent a precondition to ensure that the new targeting model, to be proposed later, can be implemented efficiently.

The report/study was prepared by: Žarko Papić (Ph.D.), Mira Ćuk (Ph.D.), Fikret Zuko, Stevo Pucar (Ph.D.) and Fahrudin Memić, consultants of the Initiative for Better and Humane Inclusion (IBHI).

The second part of this report is presented as a separate document: 'Targeting of Non-contributory Cash Transfers - Theory and Evidence from Selected Countries'. This document contains a more detailed examination of the material introduced in the Section 2 of the WB Policy Note, i.e. reasons for improving the targeting, targeting methods, measurement of results and implementation of proxy means testing. A detailed comparison of the adequacy of targeting in BiH with selected countries in the region and the countries in the Europe and Central Asia (ECA) region was also conducted. This document was prepared by Franziska Gassmann (Ph.D.), Esther Schüring, Sonila Tomini and Mira Bierbaum, consultants of the Maastricht University, Maastricht Graduate School of Governance.

Methodology

In accordance with the Terms of Reference (ToR), the report/study “...is limited to the civilian benefits. Analysis and data on the targeting, coverage and generosity of war-related benefit are expected to be considered for comparative purposes and for reference when proposing targeting solutions for the civilian beneficiaries.” Due to this, the analysis of veterans' protection covers only the main parameters in order to meet the requirements of the ToR.

Civilian benefits include benefits within social protection, benefits within child protection and protection of families with children, benefits for civilian victims of war, benefits for refugees and displaced persons (in Republika Srpska), as well as some other programmes focused on protecting the socially vulnerable population, which are financed from budget funds.

During the preparation of the report, a detailed analysis of the legislative framework in FBiH and RS was performed and administrative data was gathered from all relevant sources. All relevant documentation pertaining to the analysis of the economic and, particularly, fiscal situation in FBiH, RS and at the BiH level was also researched.

In order to gain a better, more precise, insight into the functioning practices of non-contributory cash benefits for social protection, 30 in-depth interviews were conducted with employees of centres for social work (15 interviews in FBiH and 15 in RS). In addition, 2 focus groups were organised (1 in FBiH and 1 in RS) with beneficiaries and non-beneficiaries of non-contributory transfers. In this way, a „bottom-up“ approach was used to reach their opinions on the problems and necessary changes in the area of non-contributory transfers, which was used during the preparation of the report/study. Opinions expressed during the interviews are quoted separately in the text, as an illustration of the findings of consultants.

The analysis of the adequacy of targeting in the existing system and practice in FBiH and RS was performed in accordance with the methodology defined in the World Bank Policy Note entitled 'Social Transfers in Bosnia and Herzegovina: Moving Towards a More Sustainable and Better Targeted Safety Net' (April 2009). Naturally, in view of the nature of this document, this analysis is more detailed and more concrete than in the mentioned WB Policy Note. A comparison of adequacy of targeting in 2007 and 2011 was also performed.

Apart from that, the methodology for this analysis was improved in several aspects: in order to estimate whether non-contributory cash benefits actually reach the poor, it was necessary to become familiar with the situation within the household before receiving the transfer. One way to achieve that was to retract the overall amount of the benefit from the total household consumption. However, if the benefit is unavailable, it is more likely that the household will look for another source of income. Accordingly, an estimate must be made of the share of transfer which would be replaced by another source of income by the household. For this purpose we estimated marginal propensity to consume from social transfers through a simple econometric model. This information was used to estimate overall household consumption in the lack of a specific benefit/transfer. The corrected household consumption (before transfers) was then used to value all individuals from the poorest to the richest, separately for FBiH and RS. By using the corrected distribution, each benefit was valued separately in terms of its targeting effectiveness.

It should also be noted that, based on the established total household consumption, every individual in the Extended Household Budget Survey 2011 was distributed into one of five consumption quintiles. A quintile is one fifth (1/5) of a whole, i.e. each quintile contains 20% of the population, divided by consumption, from the poorest 20% (quintile I) to the richest 20% (quintile V). This is possible because the Extended Household Budget Survey 2011 contains a module with collected data on non-contributory cash benefits for social protection, for all surveyed persons (see pages 19-20). Considering the above stated, every person who receives non-contributory cash benefits for social protection can be placed into the appropriate consumption quintile based on the information on overall household consumption.

Considering the specificity of the subject matter, the methodological remarks are rather comprehensive in order to ensure easier understanding of the analyses that follow.

I Executive Summary - Economic and Social Situation in BiH 2007-2011

In any country, the social situation is decisively affected by the dynamic of economic development and by employment growth on the one hand, and by an effective and rational system of social protection that targets real needs of beneficiaries, and primarily of the poor, on the other.

1. Economic situation in 2007-2011 – a brief overview

During the post-war period, Bosnia and Herzegovina received enormous international financial assistance, highest in history in per capita terms. It is estimated (in the absence of consolidated data on the aid volumes by foreign donors) to 60-70 billion USD between 1996 and 2002. This assistance, although it permitted normalization of life in BiH, was not efficiently utilized to bolster economic development.¹

The privatization process that was conducted during the same period produced negative social consequences; unemployment, unpaid employment, social insecurity and uncertainty, loss of jobs, etc. The deterioration of the real sector in BiH was the flip side of this process. These two factors, underutilized foreign assistance and destruction of the real sector through privatization disabled the BiH economy for development and fundamentally altered the structure of the society by destruction of the middle class and a rise of poverty.

In spite of a period of relative stability between 2002 and 2008, when the average GDP growth rate was 6%, the main structural problems of the economy were not resolved and the reform process was slow. The 2008 global economic crisis enhanced these problems.

The macroeconomic situation in BiH is characterized by two fundamental adverse processes:

- the decrease of GDP between 2008 and 2012 (2009/2008 = - 2.9%; 2010/2009 = +0.7%; 2011/2010 = + 1.2%; 2012/2011 = -0.5% (estimate)), and we estimate that in 2013 the GDP will be either in negative territory or close to it. Real GDP was lower in 2012 than in 2008 (see Table 1.1);
- increase of external and internal debt: in 2008 the external debt was 3.5 billion BAM, and at the end of 2011 it was almost doubled, estimated around 6.6 billion BAM. The internal debt was 3 billion BAM in 2012, which altogether totalled 10 billion BAM - around 40% of GDP. The debt level itself is not worrisome, but the process of accelerated dynamic of borrowing combined with parallel decrease of GDP is very dangerous (see Graph 1.2).

Table 1.1 – Overview of key macroeconomic indicators for BiH, 2007 - 2011

	2007	2008	2009	2010	2011
Nominal GDP (in BAM million)	21,778.4	24,717.6	24,003.7	24,583.9	25,474.0
GDP, nominal growth rate, in %	13.0	13.5	-2.7	2.4	3.6
GDP, real growth rate, in %	6.8	5.7	-2.9	0.7	1.2
Population (estimate, in thousands)	3,842.0	3,842.0	3,842.6	3,843.1	3,840.0
GDP per capita (in BAM)	5,668.0	6,443.0	6,246.0	6,397.0	6,637.0
Unemployment (registered)	526,636	492,819	497,581	516,949	529,690
Employment (registered)	668,257	689,924	680,161	668,567	679,510
Unemployment rate (official, in %)	44.0	42.1	42.2	43.6	43.8

¹ Papić, Ž; Ninković, R; Čar, O. „Integrity in Reconstruction – Corruption, Effectiveness and Sustainability in Post-war Countries“. IBHI. Sarajevo, 2007.

Unemployment rate (LFS-ILO, in %)	29.0	23.4	24.1	27.2	27.6
Average wages (in BAM)	630.0	752.0	790.0	798.0	816.0
Average pensions (in BAM)	266.1	328.0	341.0	333.0	338.0
CPI (Consumer price index)	1.5	7.4	-0.4	2.1	3.7

Source: BiH Agency for Statistics

1.1 BiH fiscal framework

Such deterioration of the economic situation had to impact the budgets in BiH. However, even before the global financial and economic crisis, public expenditures in BiH for many years exceeded 40% of GDP, but in a situation when economic growth was over 5%, this fiscal problem had not been particularly important.

This problem becomes particularly prominent during the periods of crisis, when public revenues drop suddenly, while expenditures remain unchanged or even grow.

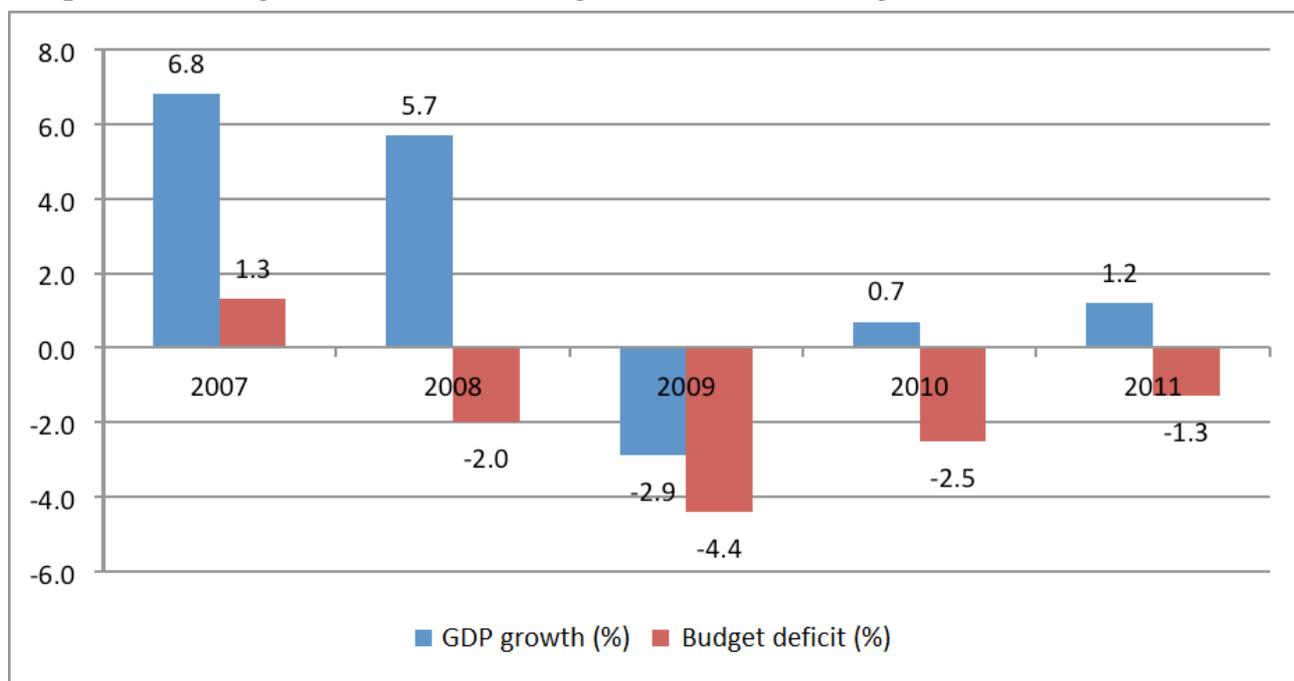
Table 1.2 – Budget of all levels in BiH, 2007 – 2011 (in GDP %)

	2007	2008	2009	2010	2011
Revenues (in GDP %)	45.2	44.1	43.1	44.2	44.6
Expenditures (in GDP %)	40.4	42.7	44.4	44.1	42.8
Overall budget deficit/surplus (in GDP %)	1.3	-2.0	-4.4	-2.5	-1.3

Source: CBBH

The overall budget deficit in BiH existed even before the influence of the crisis - for example, it was 2% in 2008. As the country slid into recession, the overall budget deficit rose to 4.4% of GDP in 2009.

Graph 1.1 – GDP growth (in %) and budget deficit (in %), budgets of all levels in BiH



Source: BiH Agency for Statistics and CBBH

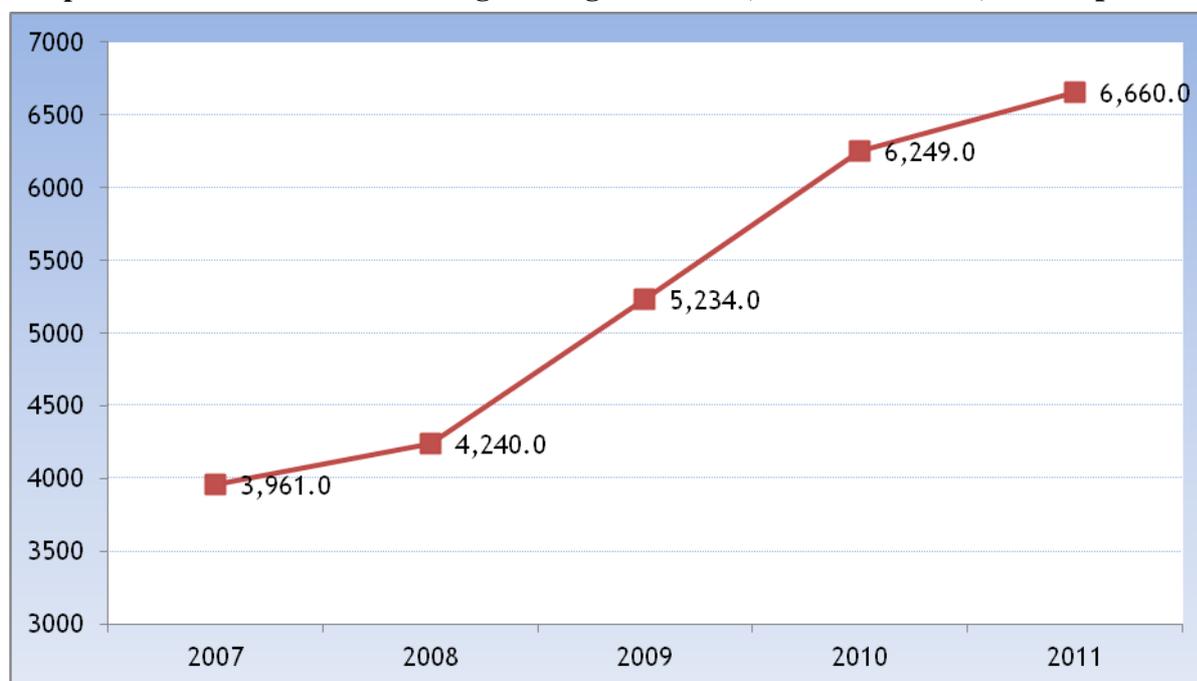
Measures taken to reduce the deficit in 2010 bore fruit and the budget deficit was reduced to 2.5% of GDP. The consolidated budget deficit continued to decrease from 2.5% in 2010 to 1.3% in 2011.

1.2 BiH public external debt

According to the data of the Bosnia and Herzegovina Ministry of Finance and Treasury, the balance of the total public external debt of BiH at the end of 2011 was approximately 6.6 billion BAM. The debt to the World Bank, at 38.4% of the total, accounted for the most significant portion of the public external debt. Other leading creditors include the Paris Club of creditors, with 12.7% share, IMF at 12.1%, EIB at 10.8%, London Club of creditors with 8.3% and EBRD with 7.4%. In 2011, total servicing of the external debt was 340.02 million BAM. Of this amount, 235.53 million BAM was applied to the repayment of the principal, and 104.49 million BAM to repayment of interest, bank fees and other costs.

When this external debt situation is compared with the situation in 2007, it becomes evident that external debt rose by 68.1%, or 2.7 billion BAM. The graph below presents the trend of the public external debt. The current share of public external debt in 2011 GDP was 26%, which places BiH in the rank of moderately-indebted countries.

Graph 1.2 – External debt of BiH general government, in BAM million, end-of-period



Source: BiH Ministry of Finance and Treasury

Regardless, such a trend of the external debt is worrisome. First, because this constitutes an exceptionally high growth of debt in a relatively short period. Second, because the debt repayment capacity of BiH has been considerably reduced due to the economic crisis and poor competitiveness of the economy, regardless of the actual debt level. And the third, and most important, fact is that the external debt rose massively while BiH is backsliding or stagnating, indicating that most of these funds were channelled into consumption, instead of investments, which bodes ill for the country's long-term growth and development.

2. Macroeconomic and fiscal situation and 3-year fiscal framework in FBiH

2.1 Macroeconomic situation in FBiH

The situation in BiH reflects the developments in the two entities (FBiH and RS). The world economic crisis led to a considerable decline in economic activities in FBiH. In 2009, a recession of 2.8% was recorded, while modest growth rates of 0.7% and 1.4% were recorded in 2010 and 2011, respectively. According to estimates, neither in 2012 did the FBiH economy record any significant economic growth.

Table 1.3 – Overview of key macroeconomic indicators, FBiH, 2007 - 2011

	2007	2008	2009	2010	2011
Nominal GDP (in BAM million)	13,743.1	15,647.0	15,230.6	15,615.1	16,208.1
GDP, nominal growth rate, in %	13.1	13.9	-2.9	2.5	3.2
GDP, real growth rate, in %	7.0	5.4	-2.8	0.7	1.4
Population (estimate, in thousands)	2,328.4	2,327.2	2,327.3	2,337.7	2,338.3
GDP per capita (in BAM)	5,902.5	6,723.6	6,544.3	6,679.8	6,931.7
Unemployment (registered)	370,459	345,381	347,146	360,513	367,515
Employment (registered)	413,676	430,745	426,557	424,844	440,747
Unemployment rate (official, in %)	47.2	44.5	44.9	45.1	45.5
Unemployment rate (LFS-ILO, in %)	31.1	25.0	25.7	29.1	29.2
Average wages (in BAM)	662.0	751.0	792.0	804.0	819.0
Average pensions (in BAM)	284.2	340.0	346.0	341.0	349.0
CPI (Consumer price index)	1.9	7.7	-1.5	1.8	3.6

Source: Federation Statistics Institute

As in RS, under such circumstances the socio-economic situation in FBiH deteriorated. When comparing 2008, as the last 'pre-crisis' year, with 2011, some data reveal this deterioration, while other reveal certain recovery in the post-recession period. For instance, the administrative unemployment rate increased from 44.5% (2008) to 45.5% (2011), while according to the Labour Force Survey (LFS) the real unemployment rate in FBiH rose from 25% to 29.2% over the same period. However, during the crisis period, after the drop in employment in 2009 and 2010, a considerable increase in the number of employees, of around 15,000, was recorded. This fact demonstrates that the economy in FBiH shows signs of recovery from the crisis.

2.2 Fiscal framework in FBiH

As in all of BiH, such deterioration of the economic situation had to impact the budgets in BiH. However, even before the global financial and economic crisis, public expenditures in BiH for many years exceeded 40% of GDP, but in a situation when economic growth was over 5%, this fiscal problem had not been particularly important. This problem became particularly prominent during the economic crisis, because in such situations public revenues drop suddenly while expenditures remain unchanged or even grow.

Table 1.4 – Consolidated FBiH budget² 2007 – 2011, (in % of GDP)

	2007	2008	2009	2010	2011
Revenues (in GDP %)	42.9	41.8	39.9	41.5	40.5
Expenditures (in GDP %)	40.1	42.2	41.3	40.5	39.8

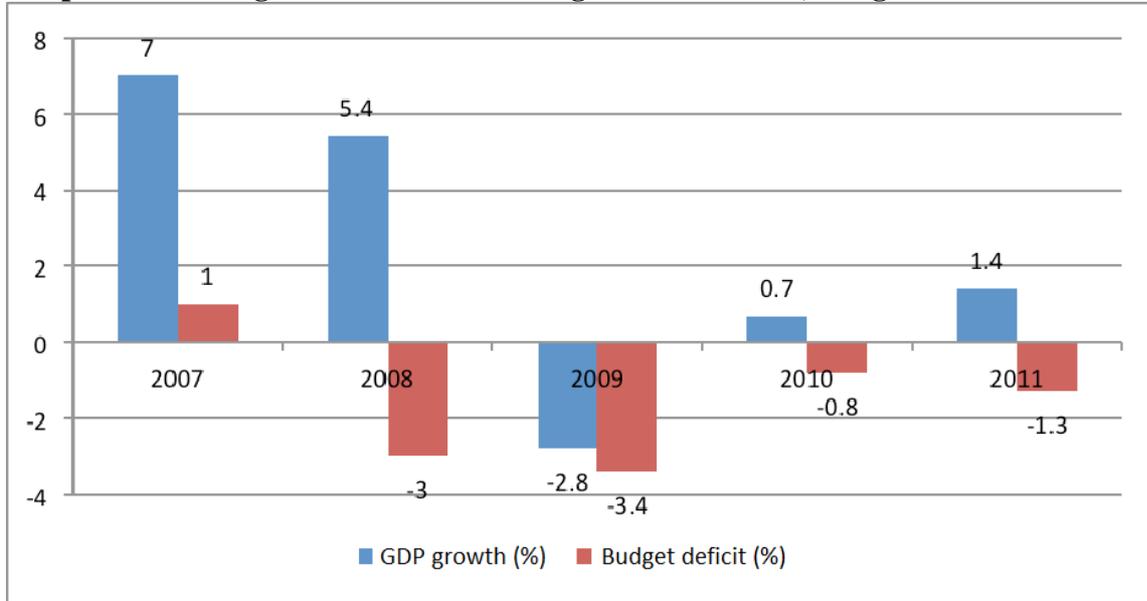
² The consolidated FBiH budget includes the budgets of the entity and the cantons.

Overall budget deficit/surplus (in GDP %)	1.0	-3.0	-3.4	-0.8	-1.3
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Source: CBBH

The overall budget deficit was present in FBiH even before the impact of the crisis, and in 2008 it was 3%. As the country slid into recession, the overall budget deficit rose to 3.4% of GDP in 2009.

Graph 1.3 – GDP growth (in %) and budget deficit (in %), budgets of FBiH and cantons



Source: Federation Statistics Institute and CBBH

Measures taken to reduce the deficit in 2010 bore fruit and the budget deficit was reduced to 0.8% of BDP. The consolidated budget deficit rose somewhat in 2011, to 1.3% of GDP from 0.8% in 2010.

2.3 Three-year fiscal projection in FBiH

In accordance with the projections of the FBiH Ministry of Finance, moderate increases in revenues are expected in the 2013 – 2015 period. According to these projections, an increase of 2% in total revenues is expected in 2012. Expected rise in revenues is 4% in 2013, and approximately same levels of increases are expected for the following two years.

This projection is based on the macroeconomic forecast that the real economic growth will be 0.9%, 2.1%, 3.5% and 4.4% in 2012, 2013, 2014 and 2015, respectively. This is a somewhat more realistic forecast and, consequently, the projection of budget revenues is also closer to reality.

As regards the projections of budget expenditures, in the 'Framework Budget Document for FBiH, 2013 – 2015', it was provided only for the level of the FBiH Government, so that on the basis of this data it is not possible to assemble a comprehensive overview of the public spending in FBiH.

In 2013, public expenditures of the Budget of the Government of the Federation of BiH were projected in the amount of 1,471.0 million BAM, or 7.8% of GDP of the Federation of BiH, constituting a drop of 6.6%, or 104.3 million BAM relative to public expenditures planned for 2012. In 2014 and 2015, public expenditures were planned in the amount of 1,441.9 million BAM (7.3% of the GDP of FBiH) and 1,559.8 million BAM (7.9% of GDP of FBiH), respectively.

The Framework Budget Document for FBiH for 2013 – 2015 concludes that the deficit from the previous period represent a problem that in the following years it would be necessary to plan for a slight fiscal deficit in order to attain fiscal sustainability in line with the EU criteria during the 2012 – 2015 period.

3. Macroeconomic and fiscal situation and three-year fiscal framework in Republika Srpska

3.1 Macroeconomic situation in RS

In Republika Srpska, in the period that preceded the global financial and economic crisis, the real growth rates exceeded 6%. After 3% recession in 2009, over the two subsequent years, only very modest results were achieved in RS, with growth rates of 0.8%. One may freely conclude that the RS economy stagnated in 2010 and 2011, while some estimates indicate that it might have even backslid in 2012.

Table 1.5 – Overview of key macroeconomic indicators for RS, 2007 - 2011

	2007	2008	2009	2010	2011
Nominal GDP (in BAM million)	7,351.0	8,489.3	8,223.0	8,307.0	8,670.1
GDP, nominal growth rate, in %	12.3	15.5	-3.1	1.0	4.4
GDP, real growth rate, in %	6.7	6.2	-3.0	0.8	0.8
Population (estimate, in thousands)	1,440.0	1,437.8	1,435.2	1,433.0	1,429.7
GDP per capita (in BAM)	5,106.0	5,906.0	5,730.0	5,797.0	6,064.0
Unemployment (registered)	139,825	135,102	139,536	145,343	150,344
Employment (registered)	258,236	259,205	258,634	244,453	238,956
Unemployment rate (official, in %)	34.0	34.2	35.5	37.3	38.7
Unemployment rate (LFS, in %)	25.2	20.5	21.4	23.6	24.5
Average wages (in BAM)	585.0	755.0	788.0	784.0	809.0
Average pensions (in BAM)	237.3	309.0	335.0	321.0	321.0
CPI (Consumer price index)	1.1	7.2	-0.4	2.5	3.9

Source: RS Statistics Institute

The overall socio-economic situation in RS has deteriorated a well, particularly when comparing 2008, as the last 'pre-crisis' year, with 2011. During this crisis period, a considerable drop in employment was recorded in RS. According to the data of the RS Statistics Institute, the average level of registered employment in 2008 was 259 thousand, while in 2011 that figure was lower by around 20,000 – 239 thousand. The administrative unemployment rate increased from 34.2% (2008) to 38.7% (2011), while according to the Labour Force Survey (LFS) the real unemployment rate in RS rose from 20.5% to 24.5% over the same period.

3.2 Fiscal framework in RS

This economic downturn affected the consolidated (budget of all levels) RS budget.³ Prior to the global financial and economic crisis, public expenditures in RS were on a relatively moderate level of 34% of GDP, however, the problems emerged during the crisis period, when public revenues plummeted, and expenditures rose considerably.

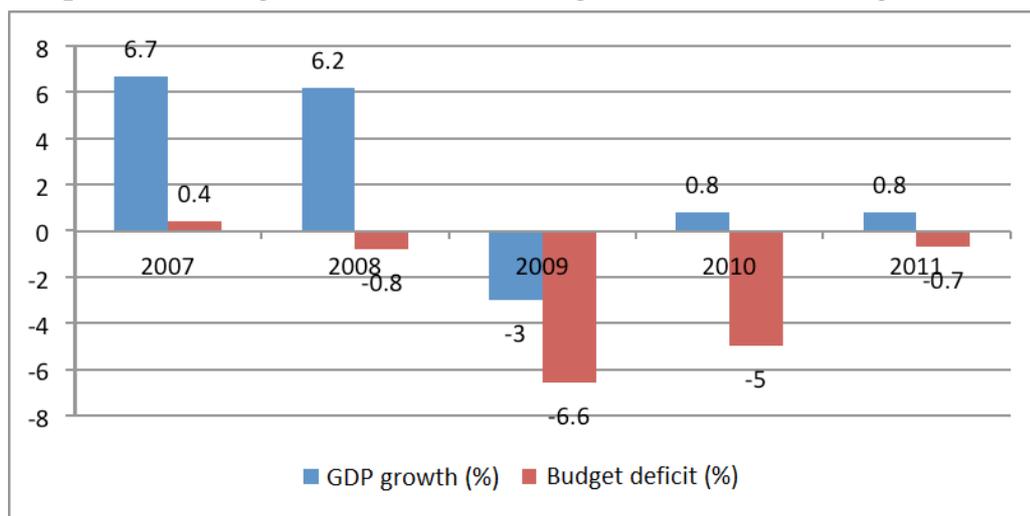
³ Consolidated RS budget includes municipal budgets and extra-budgetary funds.

Table 1.6 – Budget of all levels in RS, 2007 – 2011 (in % of GDP)

	2007	2008	2009	2010	2011
Revenues (in % of GDP)	39.7	38.5	37.5	38.9	42.5
Expenditures (in % of GDP)	33.5	35.4	40.3	41.1	38.9
Overall budget surplus/deficit (in % of GDP)	0.4	-0.8	-6.6	-5.0	-0.7

Source: CBBH

A relatively small budget deficit of 0.8% was present in RS in 2008, even before the impact of the crisis.

Graph 1.4 – GDP growth (in %) and budget deficit (in %), budget of all levels RS

Source: RS Statistics Institute and CBBH

However, under the impact of the crisis, the deficit ballooned to 6.6% of GDP in 2009. The consolidated budget deficit was somewhat reduced in 2010, to 5% in GDP. Measures taken to reduce the deficit in 2011 bore fruit and the budget deficit was reduced to 0.7% of GDP.

3.3 Three-year fiscal projection

The projections of the Republika Srpska Ministry of Finance presented in the 'Framework Budget Document of Republika Srpska, 2012 – 2014', envisage attainment of budget surpluses during the 2012 – 2014 period.

Table 1.7 – RS budget forecasts, 2012 – 2014 (in BAM million)

	2012	2013	2014
Total revenues	3740.1	3925.5	4170.6
Total expenditures	3310.4	3347.8	3441.9
Overall budget surplus/deficit	96.9	264.6	392.9

Source: Republika Srpska Framework Budget Document, 2012 - 2014

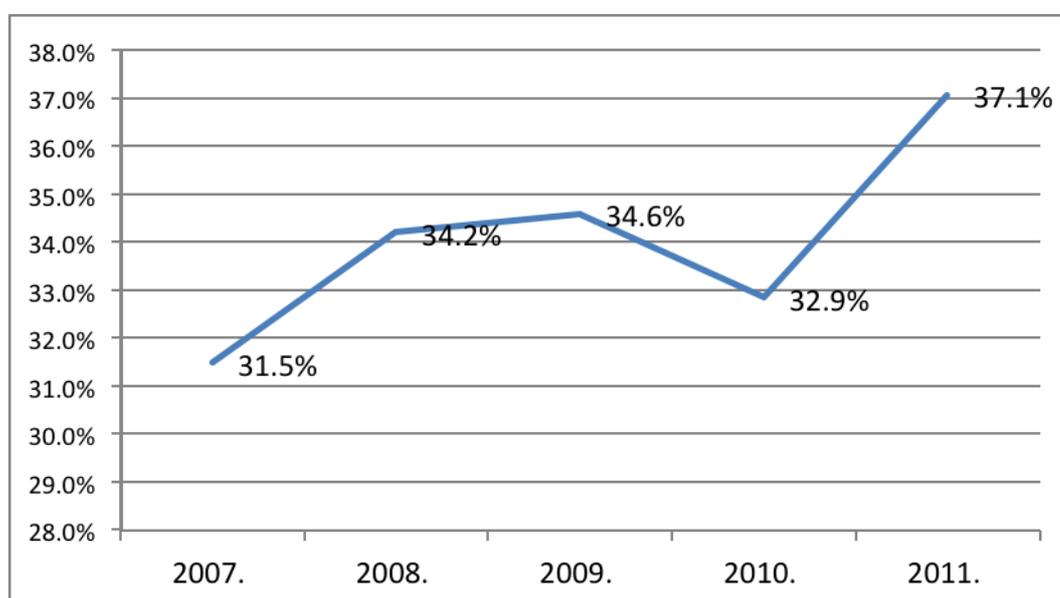
Such an estimate is based on the macroeconomic estimate that the real economic growth will be 3.4%, 4.1% and 5.0% in 2012, 2013 and 2014, respectively. It must be noted that revenue projections were narrowly linked with economic growth. If the growth and other macroeconomic indicators fall short, this will result in different revenue projections. Bearing in mind that the economic growth will not reach the projected 3.4% in 2012, it is realistic to expect much more difficulties for the budgets in Republika Srpska than envisaged in this projection.

4. Spending on non-contributory cash benefits in BiH

Based on the above, it is easy to conclude that public spending in BiH is funded by borrowing at all levels of government ("general government") and that this process will have very adverse consequences.

Non-contributory cash benefits for social protection constitute a considerable part of the problem and their share in budget consolidation of BiH is quite considerable. According to the GFS classification of budget lines, this category of transfers fluctuated between 3.01 billion BAM in 2007 and 4.33 billion BAM in 2011, or between 31.5% and 37.1% of the total consolidated budget of BiH. As the total spending on non-contributory cash benefits for social protection in FBiH grew over this period, it is realistic to assume (in view of its size), that this type of expenditure tended to crowd out other types of expenditures.

Graph 1.5: Change in the share of non-contributory cash benefits for social protection in the total consolidated budget of BiH



Source: CBBiH, annual operational reports, consolidated BiH

It is evident that spending on social transfers rose considerably in the period when the crisis was emerging and that the measures of restrictive fiscal policy subsequently cut in, but that the share of total social transfers in the budget of BiH suddenly rose from 32.3% in 2010 to 37.1% in 2011.

Although during this period throughout BiH a certain increase of overall spending on goods and services may have occurred, this type of public spending contributed little to enhancement of prosperity and development of the country or to really assist large numbers of poor citizens.

The opportunity cost of spending of a major share of GDP on social transfers, accompanied by huge inefficiencies of the system, also implies the choice that BiH made - the choice to prefer spending at the expense of investment. This implies an outcome that boils down to lower competitiveness of the economy and lower potential for capital formation - the potential for enlarging the total wealth and welfare of citizens in the future. In effect, spending of over one-third of the today's GDP reduces the funds needed for investment that may lead to GDP increases in the future.

According to the data of the BiH Labour and Employment Agency, the survey unemployment rate (ILO methodology) was 28.0% in August 2012, with 545,881 unemployed persons registered at the employment bureaus and services. The registered unemployment rate for October 2012 was 44.3% and it was 0.1% higher relative to September 2012.

The tax burden per employee was 71% and 60.3% in FBiH and RS, respectively. One of the consequences of high labour taxes is a large number of workers in the informal sector. A big part of the problem is the fact that, even with the high unemployment (545,881 unemployed), a considerable share of the working age population are not active in the labour market (56%, to be precise).⁴ In essence, the situation remained unchanged relative to 2007, when 57% of the labour force was inactive.

TO a large extent, these are hidden costs of inadequate targeting of non-contributory social transfers. On the one hand, social transfers awarded on the basis of 'status' (particularly with permanent cash benefits, veterans' benefits etc.) demotivate people capable of work from looking for jobs. On the other hand, which is even more pronounced, such character of social benefits stimulates them to seek additional income in the 'grey', informal economy.⁵

The estimates of economic trends for 2013 are not optimistic and it is to be expected that the GDP growth will be very close to negative territory. A result of all negative economic processes is the fact that, according to the assessment of EUROSTAT, BiH is the poorest country in Europe; its per capita GDP, in purchasing power terms, is only 28% of the average of EU 27.⁶

This brief overview makes it clear that BiH economy is in a very poor condition, with all EU integration-related reforms still unaddressed. This has had an extremely adverse effect on the social situation.

5. Social situation – poverty trends

In late 2010, the World Bank conducted the second 2010 Life in Transition Survey (LiTS 2) to better understand the impact of the crisis, particularly on social inclusion. Survey results indicate that over 60% of households were 'either considerably or significantly affected by the crisis'; nearly 1/3 of the population was at risk of poverty, while around 60% of the population was 'at risk of poverty or social inclusion.'⁷

Measuring poverty in BiH began in 2001 with the implementation of a Living Standards Measurement Survey. This survey was also conducted in 2004. The Household Budget Survey was conducted for the first time in 2004 and repeated in 2007, and as the Extended Household Budget Survey it was implemented in 2011.

The methodological approach used in preparation of the report 'Poverty in BiH 2011 - Trends and Achievements and Adequacy Indicators for Targeting of Non-contributory social transfers in BiH 2011', from which we took over the data, aims to present changes in the poverty levels in BiH, FBiH and RS in the 2007-2011 period, while retaining and presenting in one place all different approaches to poverty measurement that have emerged in BiH and the entities (FBiH and RS) since 2007.

The report encompasses seven poverty lines (four absolute and 3 relative ones) and provides an appropriate poverty profile for each. As this analysis compares published 2007 data with 2011 data, the already published data and its corresponding table formats and methodologies were given priority wherever possible. Attention was also paid to ensuring at least a minimum of visual comparability of different poverty profiles, wherever possible.

Data comparability was prioritized over the methodological approach, so e.g. in selection of weighting factors attention was paid that the same weights are used as in 2007.

⁴ See: BHAS, '2011 Labor Force Survey', Sarajevo, November 2011, p. 3.

⁵ World Bank – 'Policy Note on Social Transfers in Bosnia and Herzegovina: Moving Towards a More Sustainable and Better Targeted Safety Net,' April 2009.

⁶ See: EUROSTAT, Press Release, 19 June 2013.

⁷ World Bank 'Social Exclusion in Bosnia and Herzegovina and the Global Crisis,' March 2012.

The report did not produce a single new poverty line, except that the relative poverty line for FBiH in 2011 was calculated in order to ensure the report's consistency (see Table: Poverty Lines and Corresponding Poverty Rates, Annex I).

All persons whose consumption is smaller or equal to the relative poverty line are considered relatively poor. The relative poverty line is defined as 60% of median monthly household consumption per adult equivalent. The levels of relative poverty lines in BAM were expressed in nominal prices in the year when the survey was conducted.

BHAS published the relative poverty lines for BiH for 2004, 2007 and 2011. The relative poverty line in 2004 was set at 311.00 BAM per adult equivalent, in 2007 it was 386.00 BAM per adult equivalent, and in 2011 it was set at 416.00 BAM per adult equivalent (see Annex I). The percentage of the relatively poor population has not changed significantly in the period from 2004 to 2011, measured by the official relative poverty line at the BiH level. The percentage of the relatively poor population in 2004 was 18,3% (FBiH: 18.8%; RS: 17.8%), in 2007 it was 18.2% (FBiH: 17.0%; RS: 20.1%) and in 2011 it was 17.9% (FBiH: 17.1%; RS: 19.5%). Relative poverty in BiH as a whole has neither increased nor decreased in this period. The same goes for entity-level poverty measured by the official relative poverty line set at the state level.

The Republika Srpska Statistics Institute (RSSI) published the relative poverty lines for RS in 2007 and 2011. These poverty lines refer to the population of RS. The RS relative poverty line in 2007 was set at 350.00 BAM per adult equivalent, while in 2011 it was 381.00 BAM per adult equivalent. Relative poverty in RS, measured by the relative poverty line of RS at the entity level in the period 2007-2011 has mildly decreased by around 1 percentage point, from 15.6% to 14.4%. Considering that the RS relative poverty line is lower than the BiH level poverty line, it can be concluded that persons who have risen above the relative poverty line in that period remained close above it and are at risk of returning to relative poverty.

Authors of the report „Poverty in BiH 2011 – Trends and Achievements and Indicators of the Targeting Accuracy of Budgets Transfers for Social Protection in BiH in 2011“ (June, 2013) calculated the relative poverty line for FBiH for 2011. This is not the official relative poverty line for FBiH published by the Federation Statistics Institute (FSI). The FBiH relative poverty line in 2011 was set at 443.60 BAM per adult equivalent and, according to this poverty line, 18.9% of the population in FBiH was poor.

All persons whose consumption is smaller than or equal to the absolute poverty line are considered to be absolutely poor. While calculating the absolute poverty line, the minimum calorie intake amounting to 2,100 kCal per day is considered, transferred into its monetary counter value and increased by the monetary counter value of the minimum non-food products necessary for sustenance. The heights of the updated absolute poverty lines in BAM for 2011 are expressed in 2007 prices by correcting the prices of 479 products for inflation for the period 2007-2011 at the entity level. Prices from 2011 were adjusted to inflation by using this methodology.

BHAS published the absolute poverty line for BiH for 2007 which was set at 238.00 BAM per capita (per household member). In BiH, 18.6% of the population was below the absolute poverty line in 2007 (FBiH: 17.4%; RS: 20.2%). Authors of the report „Poverty in BiH 2011 – Trends and Achievements and Indicators of the Targeting Accuracy of Budgets Transfers for Social Protection in BiH in 2011“ (June, 2013) updated the BiH absolute poverty line for 2011. Based on the updated poverty line for BiH in 2011, 23.4% of the population was below the absolute poverty line (FBiH: 22.7%; RS: 25.3%), which represents a significant increase of absolute poverty in the 2007-2011 period.

RSSI published the official absolute poverty line for RS for 2007, which was set at 201.00 BAM per capita. According to this poverty line, a total of 16.8% of the population was absolutely poor in RS in 2007. Authors of the report „Poverty in BiH 2011 – Trends and Achievements and

Indicators of the Targeting Accuracy of Budgets Transfers for Social Protection in BiH in 2011“ (June, 2013) updated the RS absolute poverty line for 2011. Based on the updated absolute poverty line, a total of 15.8% of the population in RS in 2011 was absolutely poor. Therefore, the official absolute poverty rate in RS measured at the entity level dropped by one percentage point, from 16.8% to 15.8%. Similar to relative poverty – considering that the entity level absolute poverty line is lower than the state level absolute poverty line, it can be concluded that persons who have risen above the entity level absolute poverty line remained close above it and are at risk of returning into absolute poverty as measured by the entity absolute poverty line.

FSI has not produced the FBiH absolute poverty line for 2007, so the official absolute poverty line for BiH was used in order to make the poverty profile for FBiH.

In its report „Protecting the Poor During the Global Crisis: 2009 Bosnia and Herzegovina Poverty Update“, the World Bank also published the absolute poverty line for 2007 based on the absolute poverty line from 2001. This line is methodologically different than the BHAS absolute poverty line, because it does not cover health consumption. The WB absolute poverty line for 2007 was set at 205.00 BAM per capita. A total of 14.0% of the population was absolutely poor (FBiH: 13.3%; RS: 15.0%). Authors of the report „Poverty in BiH 2011 – Trends and Achievements and Indicators of the Targeting Accuracy of Budgets Transfers for Social Protection in BiH in 2011“ (June, 2013) updated the WB poverty line for BiH for 2011. Based on the updated WB poverty line, a total of 15.0% of the population was absolutely poor in BiH in 2011 (FBiH: 15.1%; RS: 14.9%). Therefore, absolute poverty, as measured by the WB methodology from 2009, has slightly increased in the 2007-2011 period by 1 percentage point in BiH, and the increase of poverty occurred due to the increase of poverty in FBiH.

Regardless of the methodology used for calculating poverty lines, it is clear that absolute poverty and risk of absolute poverty in BiH in 2011 have increased in comparison to 2007.

6. Efficiency of budget (non-contributory) cash benefits for social protection in BiH

The fundamental problem of the social protection in BiH is its poor efficiency in poverty reduction.⁸ In 2011, BiH expended 3.88% of GDP on various forms of non-contributory cash benefits. This far exceeded the average for the countries of the region (1.6% of GDP). In essence, the situation remained the same as in 2007, when BiH spent 3.91% of GDP on non-contributory social benefits.

The budget transfers in FBiH were 4.44% and 3.62% of FBiH GDP in 2007 and 2011, respectively. The reduction was caused mainly by the reduction of the share of veterans' benefits in FBiH GDP from 2.87% in 2007 to 1.95% in 2011. However, these benefits still account for nearly 2/3 of the total budget transfers for social benefits.

In RS, total budget transfers for social benefits also decreased slightly, from 3.01% to 2.92% of RS GDP in 2007 and 2011, respectively. Here also the main reason was the decrease in the share of veterans' benefits from 2.28% to 1.90% of RS GDP in 2007 and 2011, respectively. Nevertheless, here also the veterans' benefits continue to account for nearly 2/3 of total budgetary social transfers.

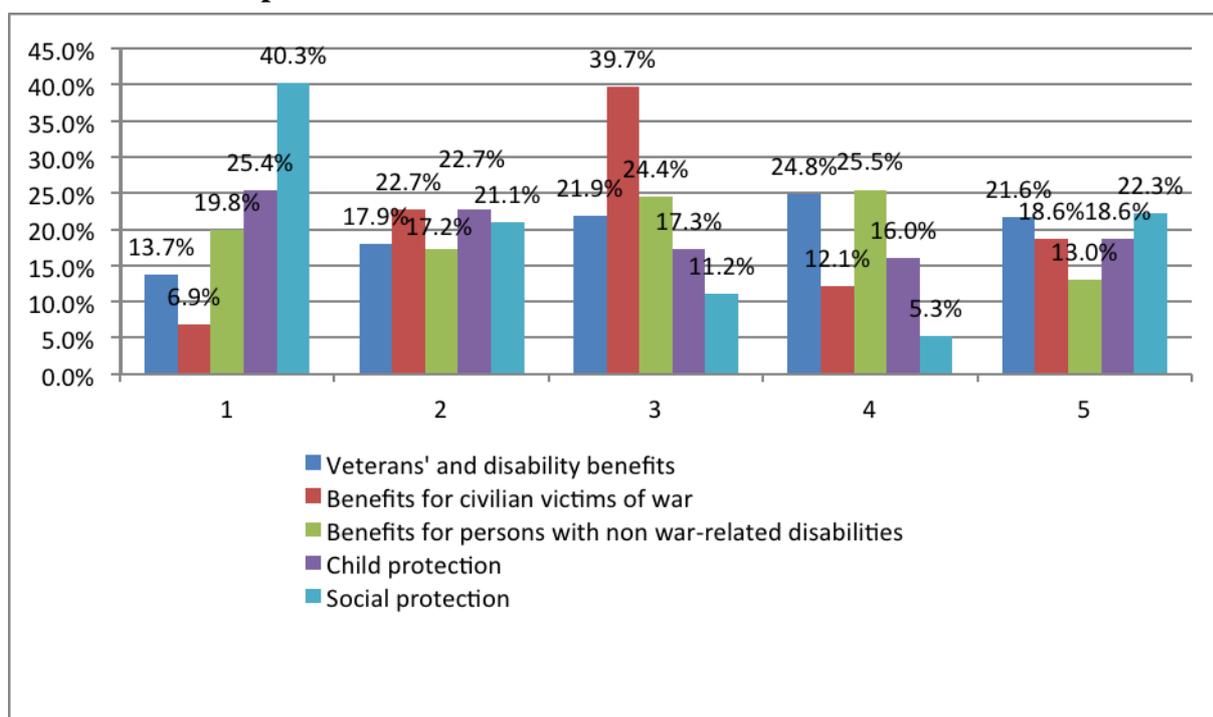
To assess the efficiency of budgetary (non-contributory) cash benefits in poverty reduction, we used the approach from the World Bank document 'Social Transfers in Bosnia and Herzegovina: Moving towards More Sustainable and Better Targeted Safety Net' from April 2009, as well as from the WB and DEP document 'Protection of the Poor during the Global Crisis: Updated 2009

⁸ See: World Bank Policy Note 'Social Transfers in Bosnia and Herzegovina: Moving Towards a More Sustainable and Better Targeted Safety Net (April 2009), pp. 6-9.

Poverty Report for Bosnia and Herzegovina' from December 2009. In view of the Terms of Reference, we examined only budgetary (non-contributory) transfers, unlike the WB documents that studied the overall social protection (including pensions etc.). Consequently, on the basis of EHBS 2011, we analyzed the transfers for civilian victims of war, persons with non-war related disabilities, child protection and social protection, as well as veterans and disability benefits for comparison with civilian beneficiaries of budget transfers. For Republika Srpska we also analysed other programmes which have the features of social protection and are financed from budgets at all levels.

The identical approach meant, first and foremost, an analysis of the share of total budget transfers received by five groups of population, from the poorest 20% to the richest 20%.⁹ On the other hand, an uneven coverage of transfers in the WB document and in this study (as per the ToR) permits comparison of 2007 and 2011 only for some types of non-contributory transfers and for the whole of social protection (including pensions), as the WB had done. Thus, for example, it was not possible to make a comparison for persons with non-war related disabilities and civilian victims of war, which the World Bank in its 2009 Policy Note presented within the framework of the social protection through CSRs, and in this report/study, as per the ToR, they are presented separately.

Graph 1.6: Total non-contributory cash benefits for social protection by quintiles of household consumption in BiH in 2011



Source: Extended Household Budget Survey 2011 - Authors calculations

Due to different understandings of social protection and for the purposes of analytical precision, we shall list the types of cash benefits that 'come under' the above categories as per the EHBS 2011 Questionnaire.

Veterans and disability benefits include: personal disability benefit, long-term care and support benefit, orthopaedic benefit, survivor dependent benefit, and veteran's allowance. Benefits for civilian victims of war include: personal disability benefit, long-term care and support benefit,

⁹ As stated in the part of the Introduction pertaining to Methodology, a quintile is one fifth (1/5) of a whole, i.e. each quintile contains 20% of the population, divided by their consumption, from the poorest 20% with the lowest level of consumption (quintile I); followed by the 20% of the population with slightly higher consumption (quintile II), to the richest 20% with the highest level of consumption (quintile V).

orthopaedic benefit, survivor dependent benefit, monthly personal cash benefit/additional financial assistance, allowance for family members unable to work, and allowance for single parents. Benefits for persons with non-war related disabilities include: personal disability benefit, long-term care and support benefit, orthopaedic benefit. Child care benefits include: child-care allowance, maternity benefit and baby packages. Social protection (in the narrow sense) includes permanent financial assistance (permanent cash allowance or cash allowance), temporary one-off and other financial assistance (from the government), subsidies for accommodation (rent), heating, power and funerals, as well as assistance for gaining qualifications.

The poorest fifth of the population receives only 17.3% of the total amount of non-contributory cash benefits for social protection, which is much below their real needs - i.e. the situation has not improved relative to 2007, which reveals the regressiveness of non-contributory cash benefits for social protection for the five analyzed groups of beneficiaries.

It is evident that these transfers have negligible influence on poverty reduction. If these benefits did not exist at all, relative poverty in BiH would increase by only 1.7 percentage points, from 17.9% to 19.6%. This result is only slightly better in comparison with 2007, when an abolishment of these benefits would increase relative poverty by 1.2 percentage points. In the entities, the situation is identical, and the poverty would have increased by no more than 1.8 and 1.5 percentage points in FBiH and RS, respectively.

Therefore, non-contributory cash benefits for social protection are not targeting those most in need. Contrariwise, their targeting is regressive.¹⁰ The fundamental problem lies in the fact that non-contributory cash benefits for social protection in BiH are mainly based on 'status rights', particularly in the case of veterans' benefits. This results in poor targeting accuracy.

In the previously cited World Bank Policy Note, this situation was assessed as 'fiscally unsustainable, economically inefficient and socially inequitable.' BiH ought to reform non-insurance social cash benefits and move towards programs and measures that aim to develop a social safety net in a way that will be: (a) less of a burden for public resources, (b) more efficient and (c) better targeted to the poor.

If we compare the situation in 2011 with 2007, we will discover negative tendencies. The social protection transfers as a whole (as per the Module 11 of the 2011 EHBS, from B1-B29, i.e. including pensions) for the poorest quintile of the population were 16.9% and 15.5% of total transfers in 2007 and 2011, respectively. Non-contributory cash benefits for social protection have the same tendency, in 2007 the poorest quintile received 18.3% of overall transfers, and in 2011 it received 17.3% (see Table 1.8).¹¹

Table 1.8:

	Q1	Q2	Q3	Q4	Q5	Total
Transfers for social protection as a whole, 2007 ¹²	16.9%	18.9%	21.3%	22%	20.9%	100%
Transfers for social protection as a whole, 2011	15.5%	18.2%	19.7%	21.3%	25.4%	100%
Non-contributory cash benefits for social protection, 2007	18.3%	16.8%	21.0%	20.6%	23.3%	100%
Non-contributory cash benefits for social protection, 2011	17.3%	19.1%	22.4%	21.3%	20.0%	100%

* Source: Extended 2011 Household Budget Survey - Authors calculations

¹⁰ WB, *ibid*, pp. 6-9.

¹¹ WB, BiH DEP 'Protection of the Poor during the Global Crisis: Updated Poverty Report on Bosnia and Herzegovina for 2009', 2009, p. 43.

¹² WB, *ibid.*, pp. 6-9.

As we can see, regressiveness increased in 2011, relative to 2007. When we look at trends in individual categories of transfers, the veterans and disability transfers were most regressive in 2011 as well, Q1 (the poorest 20%) received 13.7% of total transfers (vs. 14.7% in 2007), while the richest quintile (Q5) received 21.6% (vs. 26.7% in 2007). The progress was recorded in the domain of child protection and protection of families with children: in 2011 the poorest quintile received 40.3% of total transfers (vs. 25.9% in 2007), while the richest received 22.3% (vs. 17.6% in 2007).

The tables provided in Annex II present in detail the regressiveness of targeting of budget transfers in 2011 (for BiH, F BiH and RS).

At the same time, the coverage (the share of the population that receives cash transfers, in total and by quintiles of consumption) in BiH remains very low.

Of the total population, 18% receives some form of budget transfers (vs. 12.4% in 2007). of the poorest quintile, 22.9% receive benefits (vs. 15.1% in 2007), and among the richest quintile - 2.1% (vs. 9.7% in 2007). This represents a degree of improvement which, in this regard, does not affect the assessment about regressiveness of budget transfers.

It is also important to conclude that the budget transfers based on means testing indicate significantly lower regressiveness relative to those that are exclusively rights-based. This concerns primarily child and family protection and benefits channelled through the centres for social work both in F BiH and in RS.

For instance, in F BiH cash transfers through CSRs for the poorest quintile account for 37.7% (25.1% in 2007), while this percentage is 52.1% in RS (47.7% in 2007). In both cases, particular criteria of means testing were applied.

In comparison with the countries of the Western Balkans and ECA region (Europe and Central Asia), BiH is in the last place by targeting accuracy (the lowest quintile receives the least share in comparison with other countries). Very detailed comparisons with other countries are provided in the analysis 'Targeting of Non-contributory Cash Transfers - Theory and Evidence in Selected Countries', which constitutes the second part of this study.

Another issue that characterizes the social situation in BiH is an explosive growth of 'new poverty', i.e. the decline of the middle layer of the population, who, from a relatively high living standard before the war, nowadays end in poverty.

In addition to the problems of poverty and inefficiency of the targeting of social benefits, there is also the issue of demotivation for work of beneficiaries of social benefits. The potential for demotivation for work is mainly a consequence of particular design features of the program. Veterans' benefits and benefits for civilian victims of war are of unlimited duration, are not conditioned by means testing or inability to work and the entitlement to them carries also the entitlement to health insurance. After years of enjoyment of these benefits, beneficiaries develop a sense of material security and expect benefit increases on the basis of their past services, without investing additional efforts to seek employment, let alone starting or developing their own businesses. As most of them are capable of work and of working age, in time they lose motivation to work and remain permanently on the attained level of security, without attempts to create social security for themselves and their families from work and to distance themselves from poverty lines. At the same time, their frustration increases because of modest living conditions and the failure of expectations that the state will continue to improve and develop mechanisms for increasing cash benefits they receive, which causes discontent and increased sense of social exclusion.

In social protection, beneficiaries (except beneficiaries of one-off cash benefits and, partly, beneficiaries of long term care and support benefits) are incapable of work and in their case the problem of the lack of motivation to work does not arise, but those problems that arise are those

of enduring poverty, generational reproduction of poverty within the family and moving in a vicious circle without a possibility of exit.

The analysis presented in the following chapters details all aspects of weaknesses of social transfers from FBiH and RS budgets, and provides reform recommendations.

7. Legal framework for social security and protection in BiH

In purely legal terms, Bosnia and Herzegovina has the Constitution as the supreme legal document that lays the foundation for a most extensive human rights protection system. This is a result of its peculiar structure that emerged as part of the Framework Peace Agreement of 1995, with 11 annexes, among which Annex 6 was dedicated to human rights, and Annex 7 to refugees and displaced persons as a special category in need of protection. Annex 4 is the Constitution of Bosnia and Herzegovina that, in its Article II, requires the state and the entities to ensure the highest level of recognized human rights and basic freedoms, while the rights and freedoms from the European Convention of Human Rights and Fundamental Freedoms and its protocols are directly implemented and have priority over any law. Point 3 of the same Article lists the rights and freedoms from the European Convention, but points 4 and 7 of Article II indicate that the achievement of rights from the Constitution and all international conventions (15 listed in the appendix to the Constitution) will be ensured on the basis of the principle of non-discrimination. Point 7 introduced refugees and displaced persons as a constitutional category that is in particular assured of the right to return and property, i.e. compensation for the property that cannot be restored, while Point 6 requires all state and entity institutions and courts to apply these constitutional provisions.

In legal theory, a context defined in this way means that all these provisions constitute the highest law and document that should be followed by all other stakeholders in social relations. Incorporation of the European Convention into the text of the Constitution and its legal supremacy over any law as early as 1995 meant that it had the strength of a constitutional provision, as well as all listed international documents that Bosnia and Herzegovina either adopted or signed and that are listed in the Appendix to the Constitution. As these conventions constitute the most significant international legal documents in the domain of protection of human rights, as a source with the power of the constitutional norm they constitute a source for all other legal acts in Bosnia and Herzegovina. Point 3, line b) of Article III of the BiH Constitution, following an established legal principle of hierarchy, established that the provisions of the BiH Constitution are superior to the laws of Bosnia and Herzegovina, entity constitutions and decisions of the joint institutions, and that the general principles of international law will constitute an integral part of the laws of BiH and the entities.

The BiH Constitution entrusts the entities and the Brcko District with social protection, because it is not listed in Point 1 of Article III of the competences of the Institutions of Bosnia and Herzegovina. The competences that touch upon social protection at the level of BiH are immigration, refugees and asylum, which also led to creation of the Bosnia and Herzegovina Ministry of Human Rights and Refugees, which compiles and submits reports to the committees on the status of human rights as per certain conventions, monitors cases, verdicts of the European Court of Human Rights and provides protection for persons who, by the Law on Stay of Foreigners and on Asylum enjoy international legal protection of Bosnia and Herzegovina (refugee and asylum status). In this regard, there are regulations (rule books) that extend to such persons the rights to social and health care, education, identification documents etc.

The constitutional norms in the domain of social protection include the norms of the International Covenant on Economic, Social and Cultural Rights, which Bosnia and Herzegovina accepted through succession in 1993 (RBiH Official Gazette 25/93, hereinafter: ICESCR - International Covenant on Economic, Social and Human Rights). This international treaty provided the

foundation for a minimum of rights in the economic domain (labour), social security (thereby social protection), and cultural rights. If equality in the access to the rights in the domain of social protection (Article 9 of this covenant) were to be implemented, then the minimum of rights would be those prescribed in Article 10 (protection and assistance to families, mothers, children and the youth - concerns protection in performing certain jobs, employment of these categories and absence from work in order to ensure their protection), as well as in Articles 11, 12 and 13. Article 11 requires member states to recognize every person's right to living standard adequate for himself and his family, including sufficient food, clothing and accommodation, protection from hunger through programs of improving the methods of production and ensuring fair distribution. Article 12 concerns the rights in the domain of health, i.e. it recognizes each person's right to best physical and mental health and requires member states to take a minimum of measures to implement this right. Article 13 recognizes every person's right to elementary education (it is obligatory); secondary education is general and accessible to all. Article 14 sets a minimum of cultural rights. Remaining provisions define the requirement of member states to report on the status and measures taken by member states to ensure these rights and assumed obligations to ensure these rights to the UN Secretary General for periods determined by the UN Economic and Social Council, as well as the signing and amendment procedures. Bosnia and Herzegovina prepared its initial first report for the 1993-2004 period and it stated that social protection in BiH is implemented through social protection, health care and pension and disability protection, and listed the social protection rights and institutions where these rights are realized (it includes civilian victims of war, protection of families and children).

As the BiH Constitution extended the option to regulate basic rights also by the entity constitutions, the Statute of the Brcko District, cantonal constitutions, this option was applied in the preparation of these legal documents, so the constitutions of lower governmental levels include the lists of more rights and constitute an additional obligation to ensure these rights on the level of the territorial administrative unit for which the given constitution is passed.

Therefore, all forms of social protection overall are under legislative and financial competences of FBiH, RS and Brcko District of BiH. Variations in legislation and in administrative structure of the entities (with cantons in FBiH) objectively conditioned the differences in the following analysis.

II Non-contributory Cash Benefits in the Federation of Bosnia and Herzegovina

The Constitution of the Federation of Bosnia and Herzegovina, in Chapter II 'Human Rights and Basic Freedoms', in Article 2 stipulates that the Federation will ensure application of the highest level of internationally recognized rights and freedoms, set out in the documents in the Appendix to the Constitution (21 international conventions and treaties having the power of constitutional provisions, including the International Covenant on Economic, Social and Cultural Rights). Among others, these are the rights included therein:

- protection of families and children;
- social protection;
- nutrition;
- shelter;
- health care;
- protection of minorities and potentially vulnerable groups.

Furthermore, in Chapter III of the Constitution, which regulates the division of competences between the federal and cantonal authorities, Article 2 stipulates that social policy is among other domains in the shared competence of the cantons and the Federation. Article 3 of the same chapter explicitly states that the mentioned powers may be exercised jointly or separately or by the cantons with coordination by the federal authorities. Paragraph 3 of the same article stipulates that, in the domain of legislation, the federation authorities will respect the cantonal authorities and specific characteristics of individual cantons, but it is empowered to create policy and pass laws for any domain listed in Article 2. Finally, Paragraph 4 of Article 3 provides the possibility for the intercantal council to harmonize intercantal issues and proposes or develops proposals and decisions in legislative bodies. In the same chapter of the constitution, in Article 4, it was determined that the cantons are responsible for all competences not explicitly assigned to the Federation. The competences where they have a special role are listed and include the implementation of social policy and creation of social protection services.

In effect, these constitutional provisions provide a formal framework for regulation of rights by legislation and regulations. However, the practice proved that certain other processes overturned the primacy of legal ones, although the Constitution clearly set the foundations and competences. In legal terms, the Federation had the right and obligation to set the foundations of social policies and pass laws, and the cantons had the obligation to implement adopted social policies through social protection services, thereby exercising the rights set in the legislation. However, in reality, some cantons passed the laws before the federal level (Sarajevo Canton and Canton 10).

Municipal competences were set in Chapter VI of the FBiH Constitution - Municipal Government. In the general provisions in Article 1 it is defined that municipalities take necessary steps to ensure protection of rights and freedoms listed in articles IIA 1-7 and in the instruments listed in the Appendix to the FBiH Constitution. A clearer explanation of the role of the units of local government was provided in cantonal constitutions, although not in all of them. Thus, for instance, the Constitution of the Una-Sana Canton and the Constitution of the Tuzla Canton define the role of municipalities in the same way as the Federation Constitution, while the Constitution of the Posavina Canton defines the competences of the local governments separately (e.g. developing the conditions for fulfilment of material and common needs with the set policies and regulations of the Canton and the Federation), while the Constitution of the Zenica-Doboj Canton defines municipal competences in detail and in Article 68 (Paragraph 3, Line f) states that 'social policies are implemented and social services established' in municipalities.

From the above, we may conclude that a part of competences for implementation of social policies and establishment of social protection was passed to municipalities as units of local government in accordance with the legislation at the level of FBiH and cantons.

In practice, this resulted in establishment of municipal centres for social work, or cantonal centres, as for example in the Sarajevo Canton or Bosnian Podrinje Canton. The funding for centres for social work are allocated from the budgets of their founders. In addition to the centres, some municipalities also established municipal administrative services (e.g. Sarajevo Canton), which deal with implementation of the rights in the domain of child protection and protection of civilian victims of war.

Regarding the budget allocations for funding the rights in the domain of social protection, protection of families with children and of civilian victims of war, the practices differ and depend on the economic power of a given municipality. Typically, these funds are limited and allocated for grants to non-governmental organizations for programs and projects in the domain of social protection, funding children's school meals, purchase of tickets for transport to school, renovation and improvement of houses for people belonging to socially vulnerable categories etc. There are no well-ordered records about the amount of such funding, but a portion of such funds set aside by the municipalities is included in the administrative data provided by the Federation Ministry of Labour and Social Policy and by responsible cantonal ministries.

In general, one may conclude that FBiH has a highly decentralized system of social protection, but according to the legislative arrangements, cantons are the central pillar of the entire system, while municipalities have practically no competences, particularly in key segments that relate to management: they are not monitoring needs, do not adopt special programs, do not pass decisions, do not carry out oversight and control and have a very limited organizational and funding role in the system. All this is a great departure from the needs and competences of local government units as stipulated in the European Charter of Local Self-Government.

Social protection in the Federation of Bosnia and Herzegovina is an activity of public interest, regulated by the Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children, and by corresponding laws and other regulations adopted at the cantonal level.

The first law in the domain of social protection at the level of FBiH was adopted in 1999, entitled 'the Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children' and it was published in the FBiH Official Gazette no. 36/99. This law was amended several times: in 2004, 2006, and 2009. The very title of the law permits the conclusion that it is very complex and that it covers several segments, including: social security, protection of families with children, rights of persons with disabilities and rights of civilian victims of war. The complexity of this approach made implementation of this law in the cantons considerably harder.

Every one of these segments should be regulated by a separate law. This would ensure a more detailed regulation of each segment and issue and it would result in better understanding and more effective implementation in practice. In recent years, the FBiH Government has been trying to resolve this matter. Several early drafts were prepared, but due to the general situation in FBiH and the complicated legislative procedure on the federal level, the law's working versions have not yet entered the formal parliamentary procedure.

Article 1 of the federal law stipulates that this law regulates fundamental rights of citizens and their families in the domain of social protection, protection of families with children, protection of civilian victims of war, foundation and operations of social protection institutions and establishment of associations of persons with disabilities. Article 8 of this law defined that the responsible bodies of the cantons, in accordance with the Constitution and applicable legislation, adopt more detailed regulations in the segments of social protection, protection of civilian victims of war and protection of families with children. The oversight of the implementation of

this law was entrusted to the responsible federal ministry, and the oversight of cantonal regulation to responsible cantonal bodies. Institutions of social protection and their establishment are also regulated by cantonal regulations, and only the institutions of interest for FBiH are regulated by federation regulations. Organizations of persons with disabilities are recognized in the Law due to particular characteristics of their members and beneficiaries who are of special interest to social protection.

Changes of the 2004 Law permitted that certain tasks, such as provision of social protection services, may be carried out by municipal administrative services (e.g. the Sarajevo Canton applied this provision and through legal amendments entrusted that the services from the domain of protection of civilian victims of war and protection of families with children are carried out by municipal administrative services).

Article 27 of the law stipulated that the cantons would set the levels of benefits and allowances provided by the law, and that the persons with disabilities have to meet easier terms to obtain such benefits and allowances. Although the legal basis exists for provision of easier terms for accessing such rights to persons with disabilities, and for higher amounts of such rights, some cantons did not cover this aspect in their own regulations.

2004 amendments to the law included incorporation of the Chapter 'Fundamental Rights of Persons with Disabilities' into the text of the law, provided the definition of such persons and their rights, and defined the procedure for obtaining these rights. The funding for these purposes is allocated in the FBiH Budget.

Because of dissatisfaction of civilian victims of war with the solutions of their rights in the 1999 Law, and slow and inefficient regulations on the cantonal level, further amendments to the law were carried out in 2006. These amendments were primarily aimed to provide clarifications and further refine the provisions of the law that concerned civilian victims of war, their rights and rights of their family members. According to the 1999 law, funding of the rights of civilian victims of war was provided by cantonal budgets, which caused considerable discrimination, because most cantons failed to regulate this matter by their own regulations. Following the 2006 amendments to the law, the funding for the rights of civilian victims of war is allocated according to the 70:30 split from the federal and cantonal budgets, respectively, on the basis of the reported needs of the responsible cantonal bodies, in themselves derived from cumulative reports of municipal services or centres for social work that conducted the procedures and passed decisions on approving these rights.

These amendments redefined the benefit of 'children allowance' by harmonization of the definitions with the FBiH Family Law and international conventions of harmonization of the status of children born in and outside of wedlock.

2009 amendments concerned a reduction of the categories of persons with disabilities (categories with 60-80% of bodily damage were abolished), the evaluations were to be conducted following the Rule Book on Evaluation of Bodily damage for Persons with Disabilities, and on the basis of the opinion of the responsible institute (FBiH Official Gazette no. 46/05) and the regulations about responsible medical commissions. The terms for approval of the carer's and attendance allowance were redefined and made stricter.

The legal amendments also equalized men and women in terms of the age of reaching inability to work (65), which actually constituted harmonization with other labour regulations. The amendment to Article 7, regulating exclusion of persons in access to rights regardless of whether they satisfy the appropriate terms, was very significant. Namely, the Law prohibits that the rights are exercised by persons lawfully sentenced for crimes against the BiH constitutional order, FBiH constitutional order and for crimes against humanity and international law. Also, these rights cannot be exercised by persons who exercise, or are entitled to exercise, the same right in accordance with another regulation, or by persons who are not citizens of Bosnia and Herzegovina.

One concludes that, considered as a whole, the FBiH Law is in itself rather complicated, with a series of amendments that were not consolidated in an integral text, all of which makes its application and monitoring of its effects more difficult, and which is particularly reflected in the cantonal laws and other regulations. As this document does not provide a full analysis of cantonal laws, only their overview is provided here, while some specific features will be presented further below in the text. If all legislation texts are compared, one concludes that all cantons passed the laws (although in truth some failed to harmonize them with the FBiH Law), while the procedure of accessing the social protection rights and levels of benefits were regulated by other regulations.

As we explained that the law suffered multiple amendments, the text below follows the categories of beneficiaries of the rights from this law (by segments), rights from the domain of social protection and presents an overview of funding issues, particularly as regards budget allocations and allowances paid from such funds for all social protection benefits.

1. Social Protection Beneficiaries

The Law defined social protection as an organized activity in FBiH aimed to ensure social security of its citizens and of their families in the situation of social need. Social need is defined as a permanent or temporary condition of a citizen or a family, caused by war events, natural disasters, general economic crisis, individual's psycho-physical status or other reasons that cannot be resolved without other people's assistance.

In accordance with the principles of humanism, solidarity and civic morality, social protection of the family and their members, as well as citizens as individuals, is carried out by identification of the situation of social need, elimination of its causes and alleviation of the consequences that cause the situation of social need, and by acquiring certain social protection benefits. Social protection of the child, in line with the provisions of the Convention of the Rights of the Child, is carried out in the best interest of the child.

According to Article 12 of the Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children, beneficiaries of social protection are persons in the situation of social needs, as follows:

1. children without parental care,
2. educationally neglected children,
3. educationally uncared children,
4. children whose development is impeded by family circumstances,
5. persons with disabilities and persons with impediments in physical or psychological development,
6. materially unsecured persons and persons incapable of work,
7. old persons without family care,
8. persons exhibiting socially negative behaviour
9. persons and families in the situation of social need, who due to particular circumstances need a specific type of social protection.

The Law permitted the cantons to expand the scope of beneficiaries of social protection by their own regulations in line with the programs for development of social protection and with particular circumstances in each canton, and in accordance with their economic capacity.

As a rule, the cantons did not expand the scope of beneficiaries, and the primary attention was paid to economic capacity of cantons and municipalities.

For example, the following cantons expanded the scope of beneficiaries:

- **Sarajevo Canton** included among the beneficiaries persons and families who should achieve their social security through work or in another way, but their income is

insufficient to meet their basic living needs, as well as persons exposed to mistreatment and violence in the family;

- **Tuzla Canton** included 'persons exposed to mistreatment and violence in the family', and
- **Zenica-Doboj Canton** has 'persons addicted to psychoactive substances' among its beneficiaries.

At the focus groups and in the interviews with the centers for social work, 15 of which were organized in FBiH, it was strongly emphasized that unemployed persons, capable of work, persons holding formal employment but not receiving salaries, or those salaries are insufficient for supporting their families appear as applicants for accessing social protection rights. It was stressed that there are situations that both spouses lose employment and that they have multi-member families including children in need of education.

Legally, such persons and their families can not be included as beneficiaries of permanent cash allowances, but there are efforts to aid them in different ways, as for instance through one-off support, recommendations to other institutions to extend assistance etc., in line with the definition that persons and families who, due to special circumstances, need an appropriate form of social protection, by implementation of the principle of humanism, solidarity and civic morality from Article 11 of the Law (from the minutes of the interviews and the focus group session with beneficiaries from FBiH, held on 16 April 2013).

The social protection benefits defined in the federal law in Article 19 are as follows:

- 1) financial and other material assistance,
- 2) training for life and work,
- 3) placement in different families/households,
- 4) placement in institutions of social protection,
- 5) social work and other specialist services,
- 6) home care and home assistance.

One-off assistance is a type of cash benefits, and in their budgets the cantons allocate insufficient funds for this type of transfers, which causes the suspension of applications' reception for these forms of assistance when the planned funds are exhausted.

The centres of social work noted in particular:

- Different categories of people apply to the centres for assistance. Lately these are most frequently persons capable of work who apply to the centres for material assistance. The law prohibits such persons from obtaining the right to permanent cash benefits, and in the event of illness, illness of children and for purchase of medicines, the centres approve one-off cash assistance. Federal and cantonal laws on social protection, protection of civilian victims of war and protection of children with families envisage that only persons over 65 years of age without income and younger persons incapable of work are entitled to permanent cash benefits.
- Interviewed expert staff pointed out that the system needs a comprehensive reform to ensure that assistance reaches most vulnerable categories. This implies a different approach to social protection.
- In the opinion of interviewed expert staff, the problems in the current system of social protection arise from imprecise channelling of funds, so that the funds do not always reach those most in need. In addition, available funds are not allocated equitably, because the transfers vary considerably between cantons, and this practice should be changed.

Although the data on beneficiaries from the Posavina Canton were not collected, but it is evident from the Table 2.1 that the number of beneficiaries in 2011 grew slightly relative to 2007, but

that cash transfers rose by 7,105,698 BAM, which indicates that the transfers per beneficiary rose.

Table 2.1: Cash and material benefits: Number of beneficiaries and amounts disbursed

No.	Canton ¹³		2007		2011	
			Number of beneficiaries	Total amount in BAM	Number of beneficiaries	Total amount in BAM
1	USC	X	1,960	1,399,031.00	1,266	1,514,516.00
2	PC	X	NA	637,406.00	NA	694,727.00
3	TC	X	14,225	8,985,952.00	16,349	10,945,643.00
4	ZDC	X	2,590	5,155,700.00	3,119	6,476,104.00
5	BPC	X	1,167	1,146,412.00	924	1,477,756.00
6	CBC	X	4,030	3,399,600.00	3,810	3,828,000.00
7	HNC	X	2,595	2,374,024.00	2,401	3,486,575.00
8	WHC	X	1,699	1,587,979.00	1,193	1,758,176.00
9	SC	X	12,283	11,426,016.00	12,164	12,609,144.00
10	C10	X	930	561,450.00	740	988,654.00
Total FBiH			41,479	36,673,569.00	41,966	43,779,294.00

Source: Responsible cantonal ministries, 2013.

Legend:

"X" - Funds set aside in the given canton

"-" - Funds not set aside in the given canton

"NA" - data not available

2. Analysis of implementation of laws

An analysis of laws and other regulations passed by the cantons reveals that solutions vary between cantons. As an illustration, in the Sarajevo Canton there is a Cantonal Centre for Social Work with eight cantonal services of social protection. The Cantonal Centre was established by the Assembly of the Sarajevo Canton and it allocates funds from its budget for the Centre's operations. The Cantonal Centre is responsible for procedures related to social and other transfers and for conducting the procedures for persons with non-war related disabilities who access their right in accordance with the FBiH Law, and at the same time within municipal administrative bodies there are departments that conduct procedures regarding access to rights in the domain of protection of families with children and rights of civilian victims of war. In other cantons, except the Bosnia Podrinje Canton, the centres for social work are established by municipalities, and the responsibilities of the centres vary in accordance with the systemic arrangements by the given canton or municipality.

As per the 1999 law, FBiH assumed no financial obligations for the rights envisaged by the FBiH law, and the funds were supposed to be provided by the budgets of the cantons and municipalities, and from other sources, while most cantons failed to pass corresponding regulations in their own jurisdictions, so citizens were, for a period, prevented from accessing their rights that would provide them with at least a minimum income for livelihood or assistance. Although Article 103 of the law envisaged the requirement for the cantons to pass the regulations

¹³ Acronyms: USC – Una-Sana Canton; PC - Posavina Canton; TC – Tuzla Canton; ZDC – Zenica-Doboj Canton; BPC – Bosnian Podrinje Canton; CBC – Central Bosnia Canton; HNC – Herzegovina-Neretva Canton; WHC - West-Herzegovina Canton; SC – Sarajevo Canton; C10 – Canton 10.

from their own jurisdiction within three months from the FBiH law's entrance into force, some cantons have omitted to do so in an adequate manner to this day, such as the Canton 10, which continues to implement the 1998 Law on Welfare. The situation was being addressed by passing cantonal subordinate regulations, which would not intervene with the process of passing cantonal laws. Here one should stress that legislative ordering of a given sector provides far greater security to citizens, particularly regarding the issues that were treated only in general terms at the federal level.

Such a situation was unacceptable for citizens who were in social need, but there was no significant pressure on cantonal authorities to change this situation. The civic sector was not yet at the sufficient level of organization to be able to exercise a more serious influence the local authorities in the cantons to devote appropriate attention to this matter. The situation was alleviated by humanitarian and other non-governmental organizations, which provided various forms of assistance to the population, and in this fashion in some way amnestied governmental bodies for irresponsible attitude towards their citizen.

In practice, it often happened that persons residing in the cantons that failed to regulate this domain registered in the cantons where they could access certain rights and receive support. This kept increasing pressure on the cantons that responsibly met their obligations. Persons with disabilities were in a particularly grave situation, because their survival and functioning directly depended on community support.

The federal authorities do not have and have not found an adequate way to address the social protection benefits on the federal level and to allocate funds in the FBiH budget for them, and for now it also lacks the instruments and mechanisms to ensure even approximately equal benefits for beneficiaries of social and child protection, whose benefits are regulated by cantonal regulations and funded from cantonal and municipal budgets. At the same time, there are persons from other social protection systems who turn to social protection with demands of assistance, which requires considerable funds. The ongoing economic crisis caused an increase in unemployment, and the active working population cannot generate sufficient funds for the budgets to cover enormous needs of beneficiaries. Such a way of regulation of these very important sectors creates great discontent among FBiH citizens and constitutes a strong precondition for perpetuation of territorially-based discrimination. Whether a person will access a benefit, and in what amount, depends not on his or her level of real need, but on his/her place of residence.

The participants in the focus group and many of interviewees in the centers for social work quite accurately stated that it would be necessary to define a number of issues in the domain of social and child protection more clearly on the federal level, which entails setting a range in transfer amounts, a unified procedure and terms for access to a given right. The proposals for addressing the current situation are as follows:

- Some interlocutors in the centers for social work believe that the decisions of the Institute for Assessment of Disabilities are provided faster than before, and that the SOTAC program proved sound. Nonetheless, they believe that the best solution is for these matters to be addressed in an 'umbrella' fashion, i.e. that in FBiH the rights be regulated in a single and balanced manner to avoid more significant disparities in the modes or amounts of assistance, and also that FBiH and RS ought to have more equalized social protection rights. All stressed that it is necessary to strengthen the centers for social work in terms of staffing and resources and to divide administrative tasks (administrative decision about applications) from social work (work with beneficiaries).*
- Interviewees and participants in the focus group believe that it is necessary to link the institutions in Bosnia and Herzegovina with the (software) programs that would unify the data of municipalities, pension and disability insurance funds, tax administrations etc. They believe that rights of the people who had to obtain decisions from the Institute were infringed upon, because this procedure could be initiated only upon receipt of a decision on assessment of disability and ability to work, and since the wait for the Evaluation Board is long, it sometimes takes several months. Frequent reviews of the disability decisions are not necessary, particularly for those persons for whom it is known with certainty that the disabilities cannot be eliminated, or their condition improved. Participants in the focus group believe that this represents just an encumbrance both for persons with disabilities and for the entire system, in addition to causing unnecessary costs. (From the minutes of the interviews and the focus group meeting with beneficiaries from FBiH, held on 16 April 2013).*

FBiH citizens have to negotiate a very difficult procedure when they find themselves in the state of social need and it becomes necessary to access a benefit in the domain of social protection. A very complicated and complex system of regulation of this sector caused establishment of difficult-to-comprehend procedures, actions and documents that are required to access certain benefit. In order to access a benefit, a citizen has to consider carefully which institution to address, because in different cantons the application for obtaining certain benefits are submitted to different institutions: to cantonal centres for social work - municipal services, to municipal services of social work, to municipal services organized within administrative bodies etc. In addition to differences between cantons, there are also differences within cantons, depending on the municipality where a given applicant resides.

For example: if a person needs to access the right to child allowance, in some municipalities the application will be submitted to the centre for social work, in others to the municipal department within an administrative body. The number of documents required to access the same benefit also varies greatly in different cantons and municipalities. Many of the required documents are formal in nature and do not essentially prove the status of the person (income from assets, possession of real estate, ability to work etc.).

It is a special problem when certain documents cannot be obtained in the place of residence, but need to be requested from other municipalities, such as, for instance, the certificates of birth, the finding and opinion of the Commission for Assessment of Disability or Ability to Work. Moreover, some of these documents are issued against payment of a fee.

In the Center for Social Work in Citluk, the problem of collection of required documentation in Mostar was highlighted. They pointed out to the problem of travel costs for clients' two trips to Mostar to obtain certificates from the pension and disability insurance fund, along with the payment of a 10 BAM fee, which is why the Center officially obtains this certificate of its clients. As a rule, the Center obtains all necessary documentations from Mostar through official channels. (From the minutes of the interview).

The situation is similar in other municipalities, particularly in those where many displaced persons reside. This mode of operation of the social protection system, apart from making it more difficult for citizens to access their benefits, makes it almost impossible to monitor the system, keep unified records, compile statistical data and compare the situation by canton and municipality.

The data that permanent financial assistance disbursed in 2011 ranged between 54.00 BAM and 120.00 BAM, and that child allowance was paid in only five cantons, ranging from 12.00 BAM to 33.00 BAM, and that job-searching persons with disabilities can access their benefits in only four cantons, with amounts varying from 25.00 BAM in the Una-Sana Canton to 120.00 BAM in the Sarajevo Canton best illustrates the disparities in the system that cause discrimination of FBiH citizens on the territorial principle.

Federation and cantonal regulations determine that the benefits are exercised as a set percentage of the previous year's average wage in FBiH or the canton. That even this principle is disregarded is evident from the fact that some cantonal laws envisage that the wage shall be multiplied by a certain coefficient, upon the decision of respective governments, which causes that the average wage, as the basis for calculation of benefits, fails to reflect the real situation as published by the statistical institute, but is maintained at the levels which the governments believe permit them to cover the obligations due to beneficiaries. On the example of the Sarajevo Canton, we shall demonstrate how this affects the rights of beneficiaries, even though the domain of social protection in this canton has been regulated in the most comprehensive manner and the amounts of benefits are highest in FBiH. All benefits are calculated on the basis of the average wage paid in the Sarajevo Canton in the previous year. Through legal amendments, the Government was empowered to alter this legal provision through a decree, so that every year it sets a coefficient for multiplication with the average wage as published by the statistical institute. For 2011, this wage was 1,000 BAM, but after multiplication with a coefficient of 0.5996, set by the Government, the amount was around 600 BAM. If this had not been the case, the permanent financial assistance would not be 120.00 BAM, but 200.00 BAM, and all other rights of beneficiaries of social protection and protection of families with children would be higher in the same proportion. It is not difficult to conclude which is more favourable for citizens, particularly the poorest ones.

The situation is similar with the FBiH Law that regulates the benefits of persons with disabilities, in which the FBiH Government was provided an option to reduce the calculation coefficient, valid until the adoption of the budget, in case when the budget lacks sufficient funds to ensure this disbursement, and this disbursement is final. In this way as well beneficiaries are placed in a position that they are denied legal security and that they can never be sure of the extent to which their benefits will be disbursed.

Another example of a legal solution reveals the extent of discrimination against persons with disabilities, this time on the basis of the cause of disability. Persons with civilian (non-war) disabilities access their benefits only if their degree of incapacity is 90% and 100%; civilian victims of war access benefits with the degree of bodily damage of 60% and above; while war veterans with disabilities access benefits with the degree of incapacity of 20% or more.

The amounts of benefits also vary. Persons with the same type and highest degree of disability, that exercise their right to a disability allowance, I group care and attendance allowance and orthopaedic allowance at 100% level receive the following allowances:

- persons with non-war disabilities receive 403.00 BAM;
- civilian victims of war receive 1,314.00 BAM
- disabled war veterans receive 1,850.00 BAM.

Certainly, this situation is untenable, as the disabilities are of the same degree of severity, which implies the same level of need and retention of this mode of extending support to persons with disabilities violates all principles proclaimed in international documents, and particularly in the Convention on Rights of Persons with Disabilities.

Beneficiaries, primarily persons with disabilities who participated in the focus group, stated the above differences as a great inequity and grave discrimination, as the rights in question are about equalization of potential, and not about status issues. (From the minutes of the focus group session with beneficiaries from FBiH, held on 16 April 2013)

All interviewees believe that the documentation collection system is very complicated, unnecessary, and particularly difficult for persons who cannot obtain the documents for themselves. Most interviewed staff members of the centres agree with this assessment. Beneficiaries are satisfied with the treatment accorded by the centres' staff, despite insufficient staff levels. All centres highlighted the problem of the lack of trained staff, particularly social workers, which inevitably has negative effects on specialist work with clients. Most time is devoted to the procedures, and the specialist work in the field is neglected.

Application for access to benefits are submitted to the centre or the municipal administrative department following the procedure established by law or by other regulations. In most cases, a form prepared in advance is provided to the client when he/she first visits the centre, which considerably facilitates application process.

Beneficiaries come to competent services (centres or municipal departments) to access their rights. The number of visits depends on the type of procedures, which also impacts the duration of the wait for the decision. Typically, simpler and urgent procedures require one or two visits. The procedure is resolved within periods specified by law, and in urgent cases the same day. Naturally, procedures requiring documents from the Medical Expert Evaluation Institute or another institution in charge of evaluating working capacity or disability take longer. The same holds for proving support by family members or obtaining excerpts from land registries etc. As a rule, the procedure is conducted by an individual and the decisions are passed by an expert team and signed by the head of department or the municipal body. All decisions are subject to complaint, but this option is not frequently exercised. Persons handling the procedures process the cases properly and inform all parties about their rights in detail. Complaints are submitted to cantonal or federal bodies, depending on the type of the benefit and the level of the law. Only a very low percentage of complaints are accepted.

2.1 Permanent financial assistance

The FBiH Law envisages the right to permanent financial assistance as one of the rights of individuals and families on the terms set by the FBiH Law and corresponding cantonal regulations. In Article 25, the Law stipulates that the monthly amount of the permanent financial assistance will be set as the difference between all income of the members of the household and the lowest income level of the household deemed sufficient for maintenance.

The amount of permanent financial assistance, defined by the Law, may be considered as the social minimum sufficient for maintenance. The procedure to access this right, as well as monthly amounts, are set by cantonal regulations. As every canton takes into account primarily

its economic power when defining the procedures and amounts, citizens of FBiH are exposed to a very large degree of discrimination. In addition, the amounts of permanent financial assistance in 2011 ranged from 54.00 BAM to 120.00 BAM. It is not hard to conclude that these amounts were insufficient to ensure maintenance, even assuming that all citizens exercise this right in the highest amount. Although all cantons defined this benefit in some way, it is clear that neither the number of beneficiaries nor the amounts reflect the real economic power of the given canton (see Table 2.2).

Focus group participants and interviewees in the centers for social work are united in the view that this right and all other right, and particularly the rights in the category of cash benefits, should be regulated in a different fashion. Most believe that a federal regulation should set minimum amounts of permanent cash benefits, and a single means test that would be the precondition for accessing these rights. Current definitions of proxy means and means' test conditions for accessing social protection rights are difficult to monitor and verify, so a possibility of abuse exists. (From the minutes of the interviews and the session of the focus group with beneficiaries from FBiH, held on 16 April 2013).

Because of a poorly regulated property records system, it is possible that even persons owning property outside their place of residence, which should be an obstacle to accessing social protection rights, may obtain access to certain benefits. The situation is similar with income, particularly the income not received from regular employment (such as service contracts, work in the grey economy, support from members of their close and extended family etc.).

The situation ascertained on the ground by the social worker need not reflect the situation the citizen proves by providing formal documentation, but the finding of the social worker will not be decisive in the passing of the decision. If the client meets formal conditions, the application must be approved regardless of the situation on the ground, because the client will be granted on appeal.

Interviewees and focus group participants generally believe that the history of the social status or the report prepared by the social worker during the visit to the applicant need to have greater legal weight, even to have crucial significance in the decision-making procedure and that this should be defined by law. (From the minutes of interviews and the session of the focus group with beneficiaries from FBiH, held on 16 April 2013).

Table 2.2: Permanent financial assistance: beneficiaries and amounts

No.	Canton	Existence of benefits	2007		2011	
			Number of beneficiaries	Total amount	Number of beneficiaries	Total amount
1	USC	X	505	346,966.46	332	296,918.66
2	PC	X	NA	410,401.50	NA	392,068.00
3	TC	X	2,779	3,410,811.92	3,189	5,214,394.92
4	ZDC	X	1628	800,000.00	1,199	777,821.89
5	BPC	X	176	154,783.00	140	247,312.70
6	CBC	X	870	840,000.00	820	996,000.00
7	HNC	X	973	648,380.22	850	1,064,130.00
8	WHC	X	970	751,002.00	810	753,029.00
9	SC	X	655	1,334,244.00	573	1,231,464.00
10	C10	X	930	479,850.00	740	869,600.00
Total FBiH			9,486	9,176,439.10	8,653	11,842,739.17

Source: Responsible cantonal ministries, 2013.

In Article 20, the FBiH Law stipulated that persons and families in need that meet the conditions for accessing and exercising social protection benefits would be provided with certain forms of health care and their housing and other needs will be met in accordance with the Law, from social protection funds. This provision of the Law was formulated generally and the cantons did not take it seriously. As in other cases, most cantons omitted to regulate these issues at all. This was particularly evident regarding the matter of resolving housing issues. However, it is worth considering whether these issues and extended rights arising from them should form a part of social protection, or whether it is more appropriate to provide health care within the health care sector, and resolve housing needs through a housing policy that would take into account social needs (social housing etc.)

2.2 One-off transfers

One-off cash and other benefits were envisaged by law and other regulations as an option for intervention in extraordinary situations that an individual or a family find themselves in. The procedure and conditions for accessing these benefits, as well as their amounts, are set by cantonal regulations. The situations when this type of intervention is applied vary: sudden loss of income, illness, procurement of heating fuel, purchase of medicines etc. This type of support is increasingly sought after both by individuals and by families who, in common view, do not belong to the category of socially vulnerable persons, but due to general economic crisis and inability to ensure revenues they find themselves in the situation that they have to address their economic difficulties in this manner. This form of transfers is conditional on economic power of the cantons and municipalities, so after the planned amounts for these purposes have been expended, applications for this type of support are no longer accepted.

According to the data available from the cantons, 1,688,000 BAM and 1,440,000 BAM were disbursed for these purposes in FBiH in 2007 and 2011, respectively.

2.3 Training for life and work

The right to training for life and work was generally envisaged by the FBiH Law, and it is regulated in more detail by cantonal laws and other regulations. Training for life and work is a benefit of persons with disabilities (children and adults) who can be trained to work in line with their psycho-physical abilities. It is rarely conditioned by means testing and is treated differently from one canton to another, depending on the given canton's economic strength. If beneficiaries are directed elsewhere outside their place of residence for work training, they are entitled to financial assistance to cover the costs of board, lodging and transportation, if their families cannot cover such costs.

The cantons lack accurate records, but according to rough data of the federal ministry, this benefit was accessed by 1,350 persons and 1,290 persons in 2007 and 2011, respectively. The Federal ministry has no data on the levels of allocated funding for this purpose, except that it is noted that the funding allocation levels vary according to economic power of the cantons.

2.4 Placement in another family/household

Placement in a different family/household is a benefit envisaged by the FBiH Law and beneficiaries of this benefit are listed in Article 32 of this law. The conditions for accessing this benefit and the level of benefits are set in detail by cantonal regulations (solutions differ between cantons, in line with their economic power). Funding is provided from the assets of the beneficiary or the family member who has legal obligation of support, and if this is not possible, the funds are provided from the cantonal or municipal budget.

According to the data received from the Federation and cantonal ministries, the costs of such placement ranged from 100.00 BAM to 700.00 BAM per month per person placed, depending on

the canton's economic power. According to the data of cantonal ministries (without the data from the PC and C10), 723 beneficiaries were placed in another family in 2007, and the cost of their placement was 2,770,518 BAM, while in 2011 there were 510 beneficiaries placed at the cost of 2,352,256.00 BAM.

2.5 Placement in institutions of social protection

Placement in institutions of social protection is another benefit envisaged by the FBiH Law, and the procedure and conditions for accessing this benefit are set by cantonal regulations. This benefit is also regulated differently between cantons depending on their respective economic power. Its funding is of mixed type, from the income of beneficiaries or family members who have the obligation to provide support.

Rough data received from the Federation Ministry of Labour and Social Policy and the data from some cantons illustrate that this system is not well regulated, that the situation is rather chaotic, that there are no adequate standards in terms of premises, equipment and trained staff in the placement institutions, which requires a serious analysis and implementation of urgent measures to improve the current situation.

The difficulties are particularly great for persons with disabilities who are sent to institutions housing a large number of persons with intellectual difficulties. Their situation is particularly difficult, because, having no business capacity, they may not participate in passing the decision about their care. The society has failed to develop programs that would aim to prevent institutionalization, such as assisted living in the local community, as well as other services to support persons with disabilities in the local community.

It is generally assessed that organization of life of persons with disabilities in the local communities is less costly for the society, but regardless, it is certainly in line with general trends in Europe and it is a requirement for the country, as it ratified the Convention on the Rights of Persons with Disabilities.

2.6 Institutions for placement of beneficiaries of social protection:

In FBiH there are several social institutions that admit beneficiaries. Those are:

- three institutions for care about mentally disabled beneficiaries, which housed 1,199 and 1,260 beneficiaries in 2007 and 2011, respectively;
- twelve institutions for caring for children without parental care (governmental and non-governmental), with 876 and 628 beneficiaries in 2007 and 2011, respectively;
- one institution for upbringing of male children and youths, used by 21 and 13 beneficiaries in 2007 and 2011, respectively;
- eleven institutions for providing care for the elderly (governmental and non-governmental), with 1,098 and 1,500 beneficiaries in 2007 and 2011, respectively.

According to the federal ministry data, the institutions for provision of care to beneficiaries of social protection housed 3,194 beneficiaries in 2007 vs. 3,400 in 2011. Monthly cost of admission ranged between 350.00 BAM and 800.00 BAM. Without the data for the Canton 10, the total costs for placement of beneficiaries in social protection institutions were 14,627,155.69 BAM in 2007 and 19,600,647.26 BAM in 2011.

2.7 Social and other specialist services

The right to social and other specialist services was regulated by Article 46 of the Law and by cantonal regulations, and the services are, as a rule, provided in centres for social work and other specialized institutions, such as counselling centres etc. Social and other specialist services are defined by the Law as counselling work that institutions perform in resolving family and marital issues, as well as measures and activities aimed to prevent socially unacceptable behaviour in

children, adults, social groups etc. Although the general assessment of interviewees and participants in the focal group was that centres of social work had a lot of problems with the shortage of trained staff, still, according to the federal ministry data, this right was used by 225,715 and 190,250 persons in 2007 and 2011, respectively.

2.8 Home care and assistance

Home care and assistance is a benefit from Article 47 of the Law that is regulated in more detail by cantonal regulations. It is accessed by old and feeble persons lacking adequate income or family members who are required to provide them with care and support. House care and assistance includes assistance with feeding, performance of house chores and other necessary work (purchasing foodstuffs, medicines, payment of bills etc.), tasks of personal hygiene and housekeeping etc. According to the federal ministry data, this benefit was accessed by 1,825 persons and 685 persons in 2007 and 2011, respectively. The decline in the number of beneficiaries does not reflect real needs for this type of assistance, but the limited availability of funding in cantonal budgets allocated for these purposes.

2.9 Basic benefits of families with children

An entire chapter in the Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children was devoted to protection of families with children. The law dealt with the protection of families with children in general terms and defined the basic benefits which were subject to regulation by cantons in all pertinent aspects, such as: procedure, conditions for accessing the benefits, amounts, as well as the funding to be allocated for their exercise. Article 89 of the Law defined 9 benefits accessible by families with children, as follows:

- 1) child-care allowance,
- 2) wage compensation benefit for employed women – mothers, during absence from work due to pregnancy, childbirth and child care (this benefit previously belonged among the health insurance benefits and was funded from the health insurance contributions),
- 3) cash allowance during pregnancy and giving birth for a non-working women – mothers,
- 4) one-off allowance for provisions for the newborn child,
- 5) assistance in feeding the child up to six months and supplementary nourishment for breast-feeding mothers,
- 6) special psychosocial treatments for spouses wanting children and for pregnant women,
- 7) placement of children with provision of food in pre-school institutions,
- 8) provision of one meal during classes in elementary schools,
- 9) scholarships for pupils and students.

In addition to above mentioned benefits, cantons may introduce other benefits in accordance with their economic power and other capacities.

The Table 2.3 provides an overview of the number of beneficiaries of this right and of the allocated funds. It is evident that most cantons failed to adequately implement even those rights stipulated by the FBiH Law, let alone introduced new rights. One can also conclude that in 2011 all cantons allocated some funds for funding the benefits in the domain of the protection of families with children, which has not been the case in 2007. Relative to 2007, the number of beneficiaries in 2011 increased by 6,194, while the allocated funding increased by 22,550,336 BAM. Of the total funds for funding the benefits in the domain of the protection of families with children, over 50% were used to pay the benefits to mothers during maternity leave. It needs to be noted here that two cantons failed to pay any benefit of this kind to women – mothers.

It is not difficult to conclude that in this domain also the conditions have not been equitable and benefits approximately equal across the entire FBiH, but that citizens have been exposed to discrimination depending on the canton or the municipality where they reside. Regardless of the

significant increase of funds in 2011, still certain benefits have not been disbursed in some cantons, while the child-care allowance is available in just five cantons.

Table 2.3 : Protection of children and families with children: Number of beneficiaries and amounts

No.	Canton		2007		2011	
			Number of beneficiaries	Total amount in BAM	Number of beneficiaries	Total amount in BAM
1	USC	X	649	1,446,000.00	867	2,089,954.00
2	PC	X	NA	207,500.00	NA	171,600.00
3	TC	X	23,945	7,808-282.00	21,611	14,610,203.00
4	ZDC	X	15,780	5,940,000.00	26,220	10,983,271.00
5	BPC	X	1,292	759,384.00	1,458	1,929,315.00
6	CBC	X	1,757	1,488,000.00	2,207	2,340,000.00
7	HNC	-/X			1,856	741,400.00
8	WHC	X	1,484	1,406,946.00	1,683	2,196,611.00
9	SC	X	34868	27,082,180.00	29,949	34,255,633.00
10	C10	X	79	151,900.00	197	522,541.00
Total FBiH			79,854	46,290,192.00	86,048	69,840,528.00

Source: Responsible cantonal ministries, 2013.

Legend:

"X" - Funds set aside in the given canton

"-" - Funds not set aside in the given canton

"NA" - data not available

2.10 Child-care allowance

The right to child-care allowance was envisaged by the Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children, with the aim to provide all children with roughly same conditions for development and education. Article 91 of the Law stipulates that the child-care allowance may be accessed by the family, on condition that the income they receive from all sources does not exceed, per household member, the amount specified by cantonal regulation as the income level sufficient for supporting themselves.

The lawgiver had good intentions and it created the preconditions for all cantons to react appropriately, at least as regards children, to adopt necessary regulations that would provide support for children from poor families. In practice, however, this had not happened. The basic law failed to stipulate the minimum amounts of child-care allowance or the minimum income sufficient for family support. The situation in 2011 was as follows:

- The right to child-care allowance was exercised in five cantons: Tuzla, Zenica-Doboj, Bosnian Podrinje, Central Bosnia and Sarajevo Canton;
- the amount of benefits varied between 12.00 BAM and 33.00 BAM;
- only the Bosnian Podrinje Canton introduced a stimulative (pro-natal(ist)) allowance for multiple children.

The cause for such situation may be found in the fact that the right to child-care allowance is the benefit of the family with children, and not the benefit of the child.

The procedure for accessing this benefit is very complicated, and it is regulated by cantonal regulations. Institutions where the procedure is initiated also vary. These may be the centres for

social work or municipal administrative departments, depending on the corresponding regulations of the given canton or the municipality. The supporting documentation that needs to be provided also differs between cantons and, in the opinion of the beneficiaries who were interviewed, as well as the specialist staff members in various departments, frequently fails to reflect the real status of the family in question (documents about assets, income, possession of a vehicle etc.). This procedure is renewed annually, even in the situations where this is objectively unnecessary, particularly in the case of minors and children with disabilities. The parties are also required to submit documentation that can be obtained through official channels: certificates of income, tax administration certificates, ownership of real estate and cars.

The interviewees' general opinion is that this is the benefit where the highest number of situations occur that the situation of the applicant families does not correspond to submitted documents. The major requirements of accessing this benefit, in addition to existence of minor children, are the family's income level and possession of movable and immovable property. The cantons that passed the regulations to permit access to this benefit mostly took into consideration the following aspects:

- that income per household member does not exceed a set percentage of the last year's average wage;
- that members of the household do not own companies or independent businesses or do not have a registered subsidiary business activity;
- that household members do not own a car, except in the case of persons with disabilities, when it serves them as an aid;
- The FBiH Law also permits that the child-care allowance for children with disabilities or families with one or both parents with disabilities (and cantons may extend the scope of legibility by their own regulations) need not be conditioned by the means test;
- the cantons are also required to augment the amount of the child-care allowance for above mentioned families.

While analyzing the received data, it was concluded that not all cantons fulfilled the obligation of establishing the right to child-care allowance, which means that the children were treated differently (Table 2.4). Some cantons never even introduced this benefit, and only three cantons (Sarajevo, Tuzla and Bosnian Podrinje) introduced the augmented child-care allowance. According to the data from the Sarajevo and Tuzla cantons, in 2007 13,708 children received the augmented allowance, which cost 7,997,680.00 BAM, while in 2011 12,882 children received 7,653,078.00 BAM>

The lawgiver's intent was to additionally protect families where either children or parents are with disabilities, or were, for reasons beyond their control, placed into an inferior position. As in such situations the means test is not required and the benefit levels are higher, attention should be paid to proper targeting. The definition of disability is rather broad and imprecise, so abuses are possible.

The mode of defining child-care allowance at the level of FBiH and the attitude of the cantons towards this issue leave many children outside the system, even in those cantons where this matter had been formally resolved. The children of socially vulnerable families and children of socially excluded groups are in a particularly difficult situation, and, in general terms, one might assess that the system is inequitable and effectively does not work. Even to discuss creation of the basic conditions for approximate equalization of the levels of meeting children's developmental needs, it is urgent to initiate the process of adoption of a special law that would regulate children's benefits throughout FBiH. It is impermissible to leave this matter entirely to the cantons, because the cantons will always be guided by their economic, and frequently also political, motives, which will not permit creation of adequate conditions for development, growth and education of children.

In recent years, it has become obvious that allocations for benefits for mothers during maternity leave are being increased relative to allocations for children protection and support. According to the collected data, nearly two-thirds of funds in 2011 were allocated for benefits for mothers for maternal leave, which jeopardizes all other child protection functions.

Table 2.4: Number of beneficiaries and total funds in BAM allocated for child-care allowance in FBiH in 2007 and 2011, by canton

No.	Canton	Child-care allowance	2007		2011	
			Number of beneficiaries	Total amount in BAM	Number of beneficiaries	Total amount in BAM
1	USC	-				
2	PC	-				
3	TC	X	21,215	3,281,660.65	19,511	5,738,090.80
4	ZDC	X	15,000	800,000.00	21,905	3,413,865.20
5	BPC	X	1,110	483,971.00	1,050	718,344.50
6	CBC	X	1,400	396,000.00	1,750	624,000.00
7	HNC	-				
8	WHC	-				
9	SC	X	17,858	5,765,124.00	13,820	6,816,048.00
10	C10	-				
Total FBiH			56,583	10,726,755.65	58,036	17,310,348.50

Source: Responsible cantonal ministries, 2013.

Legend:

"X" - Funds set aside in the given canton

"-" - Funds not set aside in the given canton

"NA" - data not available

2.11 Wage compensation benefit for employed women - mothers, while they are absent for work due to pregnancy, giving birth and child care

The FBiH Law stipulated the protection of employed women - mothers during absence from work due to pregnancy, childbirth and child care, as well as the allowance for unemployed women - mothers. Cantons regulated these benefits by their own regulations in various ways, both in terms of amounts and duration.

Not even this benefit has been introduced in all cantons, and even where it has been, there are differences in approach (Table 2.5). The average wage in the given canton, or the realized average wage of the woman - mother prior to maternity leave is taken as the base. When it is taken into consideration that this benefit has not even been introduced in some cantons, and that there are considerable differences even where it has been introduced, one easily concludes that this situation causes discrimination of women and motherhood by place of residence, i.e. on the territorial principle.

As regards assistance to unemployed women - mothers, the situation is similar: this benefit has not been introduced in every canton, and where it has been, the amounts vary from 100.00 BAM to 150.00 BAM (Table 2.6). This attitude of cantons does not adequately support families with children and does not stimulate birth rate. The exception is the Bosnian Podrinje Canton, which has made some efforts with the so-called 'pro-natal(ist) allowance'.

In specialists' debates there is open advocacy for returning this benefit back into the health care system where it previously belonged, because it is not by its nature a social protection measure nor does it result from a situation of social need, but from pregnancy and childbirth. Working mothers may exercise this benefit within the health insurance system and unemployed mothers from unemployment benefits, or they may stay with the current model. The current model of protection of families with children is unsustainable, because it lacks clearly defined standards and criteria for application throughout FBiH.

Table 2.5: Wage compensation for mothers during maternity leave

No.	Canton	Wage compensation benefit - maternity leave	2007		2011	
			Number of beneficiaries	Total amount in BAM	Number of beneficiaries	Total amount in BAM
1	USC	X	275	1,377,046.74	320	2,040,944.09
2	PC	-				
3	TC	X	NA	2,845,660.43	NA	7,638,032.07
4	ZDC	X	780	4,200,000.00	907	6,992,567.42
5	BPC	X	48	154,130.00	60	338,791.88
6	CBC	X	350	1,056,000.00	450	1,680,000.00
7	HNC	-				
8	WHC	X	263	1,013,626.00	331	1,542,811.14
9	SC	X	1322	10,492,296.00	1872	17,356,284.00
10	C10	X	NA	144,000.00	NA	483,141.08
Total FBiH			3,038	21,282,759.17	3,940	38,072,571.68

Source: Responsible cantonal ministries, 2013.

Legend:

"X" - Funds set aside in the given canton

"-" - Funds not set aside in the given canton

"NA" - data not available

Table 2.6 presents the data about the number of beneficiaries and level of disbursement for allowance for unemployed women - mothers. The situation is comparable to the overall situation in the field.

Table 2.6: Allowance for unemployed women - mothers

No.	Canton	Allowance for unemployed women - mothers	2007		2011	
			Number of beneficiaries	Total amount in BAM	Number of beneficiaries	Total amount in BAM
1	USC	X	374	68,953.47	421	44,759.53
2	PC	X	NA	187,500.00	NA	147,600.00
3	TC	X/-	234	437,345.09		

4	ZDC	X	NA	940,000.00	1,136	153,360.00
5	BPC	X	60	53,240.00	122	232,169.10
6	CBC	X	7	36,000.00	7	36,000.00
7	HNC	-				
8	WHC	X	459	220,320.00	486	291,600.00
9	SC	X	1,992	2,992,044.00	1,919	3,039,840.00
10	C10	X	79	7,900.00	197	39,400.00
Total FBiH			3205	4,943,302.56	4288	3,984,728.63

Source: Responsible cantonal ministries, 2013.

Legend:

"X" - Funds set aside in the given canton

"-" - Funds not set aside in the given canton

"NA" - data not available

2.12 Other forms of support to families with children

Other forms of support to families with children established by the FBiH Law, such as: one-off allowance for provisions for the newborn child, assistance in feeding the child up to six months and supplementary nourishment for breast-feeding mothers, special psychosocial treatments for spouses wanting children and for pregnant women, placement of children with provision of food in pre-school institutions, provision of one meal during classes in elementary schools, scholarships for pupils and students have been only partially regulated by cantonal regulations. Some cantons failed to introduce these benefits at all, while seven cantons at least partially regulated access to these benefits. The total amount spend for these purposes was 1.3 million BAM in 2007 and around 3 million BAM in 2011, respectively, which permits an easy conclusion that these benefits are deemed marginal and unimportant in the system of support to families with children.

In the process of consultation with centres of social work, as well as with the beneficiaries, they expressed great dissatisfaction with the current situation, and particularly with the attitudes of responsible cantonal and municipal bodies towards this issue, which is certainly of great importance for any society.

It is also a generally held view of both beneficiaries and specialist staff members in social services that this situation in the domain of protection of children is untenable, and that it needs to be radically changed. A special law should be adopted to regulate the domain of protection of families with children, which would provide same benefits and same opportunities for development, growth and education to children throughout the territory of FBiH, and every form of discrimination against children should be prevented.

2.13 Social protection of persons with non-war related disabilities

Under pressure from non-governmental organizations, and primarily organizations of persons with disabilities, in 2004 the FBiH Parliament, bypassing the FBiH Government, which was not the sponsor, adopted the amendments to the FBiH Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children (FBiH Official Gazette no. 54/04), introducing a new section entitled 'Basic Rights of Persons with Disabilities' - so-called non-war related invalids or persons with non-war related disabilities. These amendments to the Law regulated the rights of persons with disabilities whose disability is over 60% in the unified way throughout FBiH, and the funding was to be provided from the FBiH

budget. In this way, the discrimination against persons with non-war related disabilities on the territorial principle was eliminated, but the discrimination among persons with disabilities on the basis of the cause of disability remained.

Civilian victims of war and disabled war veterans enjoy considerably higher benefits and support for the same type and degree of disability, which will be explained later on concrete examples. Later it became evident that this Law, besides positive effects which were described above, created significant practical problems. In implementation of the amendments to the Law, it was calculated that the benefits according to this Law will be accessed by around 20,000 persons, including the right to personal disability benefit, long-term care and support benefit and orthopaedic benefit. The original budget was 16,000,000 BAM, which soon proved to be a very poor estimate. In accordance with this Law, persons with disabilities are categorized into five groups with degrees of disability ranging from 60% to 100%.

Because of the lack of accuracy and precision of certain legal provisions, and primarily because of unclear and broadly formulated definition of disability, between 2006 and 2009 first-instance bodies issued around 103,000 binding decisions, with around 40,000 more in procedure. The funds planned in the FBiH budget for these purposes could not suffice to cover this number of positive decisions, which led to great delays in the decision review procedure and vesting of the rights of beneficiaries.

Between 2006 and 2009, over 470,000,000 BAM were disbursed from the federal budget to fund the recognized benefits. During the same period, the disbursements were not made to numerous persons whose rights were recognized due to the shortage of funds in the FBiH budget, which led to creation of debt to the beneficiaries, which kept accumulating. In 2009, due to the large number of beneficiaries, implementation of this Law required the allocation of 247,000,000 BAM in annual terms.

The above reasons led the FBiH Government to take urgent steps to change the existing Law, which was achieved by adoption of the Law on Amendments to the Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children, which entered into force on 12 March 2009. (FBiH Official Gazette no. 14/09). According to new legal solutions, the benefits could be accessed only by persons with the degree of disabilities of 90% and 100%. The criteria for accessing the right to long-term care and support benefit and orthopaedic benefit were considerably tightened. The decisions about lapsing of rights for all beneficiaries whose disability was found to be below 90% were passed within six months upon the entry into force of the provisions of this Law.

All these measures were exclusively intended to permit the persons with gravest degrees of disability, who are in the greatest need of protection, to access these benefits. On the other hand, these measures contributed to relieve the burden from the federal budget, and the reduction of the number of beneficiaries. Approximately 63,000 persons with disabilities received decisions about the lapse of their rights.

Implementation of this Law required around 105,000,000 BAM from the budget annually for 40,000 persons with disabilities. In comparison with the previous Law, the relief of the burden on the federal budget was around 142,000,000 BAM. At the same time, average benefits per beneficiary were increased from previous 190.00 BAM to 220.00 BAM, which indicates that targeting was improved, because persons with graver degrees of disability received support.

For comparison purposes, Table 2.7 contains:

- the number of beneficiaries according to the 2004 Law, and the number of beneficiaries upon completion of the review process (based on new legal solutions),
- annual amount of funding that had to be planned in the federal budget on the basis of 2004 Law as well as the amount of funding to be budgeted according to the 'new' Law,
- differential between average benefits per beneficiary.

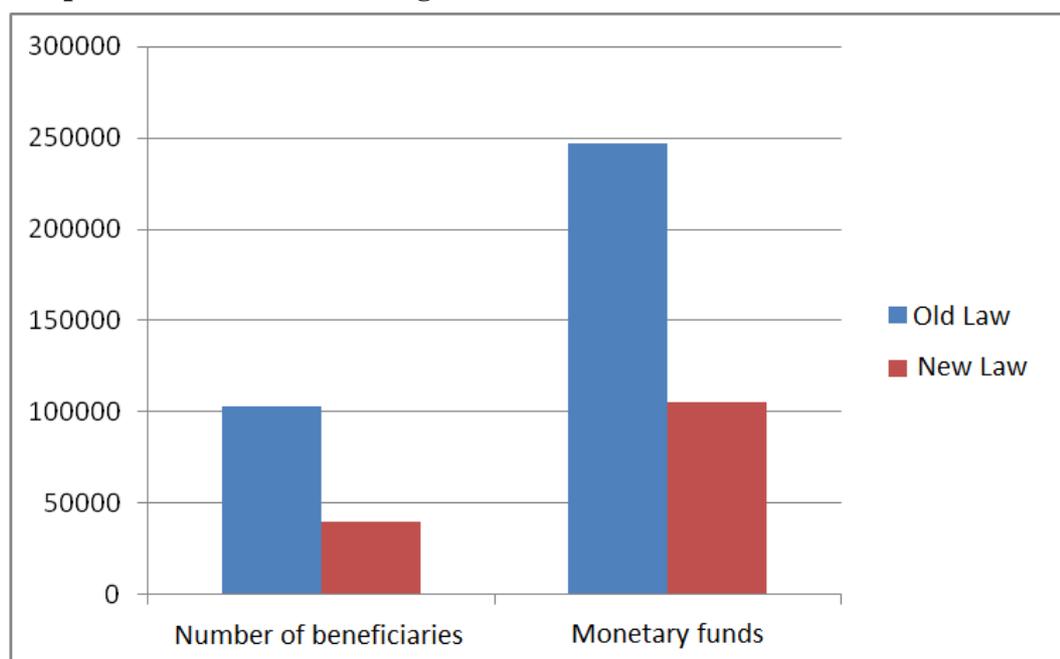
Table 2.7:

Beneficiaries		Annual amount for implementation of the Law in BAM	Average cash benefit per beneficiary in BAM
Number of beneficiaries on the basis of the 2004 Law	103,000	247,000,000.00	190.00
Number of beneficiaries upon completion of the review, on the basis of 2009 Amendments to the Law	40,000	105,000,000.00	220.00
Differences in the number of beneficiaries, required budget allocation levels and average benefit amounts	- 63,000	-142,000,000.00	+30.00

Source: Federation Ministry of Labour and Social Policy, 2013

Graph 2.1. illustrates the scale of differences in question.

Graph 2.1 : Overview of changes in the number of beneficiaries and amount of funding



Source: Federation Ministry of Labour and Social Policy, 2013

Outstanding debts for the rights awarded in accordance with the 2004 law were fully repaid as of end-2012. The 2004 and 2006 amendments to the FBiH law improved the status of persons with disabilities and civilian victims of war, as their rights were regulated at the federal level and unified principles and procedures for accessing these rights throughout the entire FBiH were introduced, leaving the option for expansion of these rights to the cantons.

The domain of classical social transfers and transfers for support to families with children remained unchanged in any way, and are still in the competence of the cantons. The data presented here reveal large variations in the number of benefits and level of cash transfers between cantons.

The FBiH law (Article 12, Paragraph 1, Item 5) defines persons with disabilities and persons with impediments in physical and mental development as children and adults who are:

1. blind or partially sighted,
2. deaf or hearing-impaired,
3. suffering from speech and voice impediments,
4. suffering from physical damage and permanent impediments in physical development,
5. suffering from impediments in mental development (of mild, moderate, severe and profound),
6. with combined impediments (multiple developmental impediments).

This approach preserves the traditional view of disability, while the Standard Rules for Equalization of Opportunities for Persons with Disabilities, and in particular the Convention on the Rights of Persons with Disabilities links disability, among other things with external factors and the environment.

In Article 1, the Convention defines persons with disabilities as follows: 'Persons with disabilities are persons with long-term physical, mental, intellectual or sensory impairments, which in combination with various impediments may hamper full and effective participation of such persons in society on an equitable basis.' This definition necessarily includes that the assistance for PWDs is provided according to actual needs, in order to permit their functioning and equal opportunities, and not in accordance with the general status. Earlier attempts to alter this approach through various rule books produced limited results.

In 2007, the competent bodies of FBiH established the Institute for Medical Expert Assessment of Health Conditions, in order to harmonize the approach in the assessment of the degree of bodily damage for the entire territory of the FBiH. The Institute's very name indicates its approach. The complete expert examination is conducted by medical staff on the basis of medical findings. A person with a real disability is frequently subject to revisions, even in cases of permanent disability where improvements are not possible. This creates unnecessary costs and exposes users to additional difficulties.

The 2009 amendments to the Law represented a major turning point and the number of PWDs who may access benefits on the basis of their disability was considerably reduced.

To protect the FBiH budget, while at the same time offering support to persons with most severe disabilities, it was envisaged that only persons with disabilities, i.e. bodily damage of 90% and more, may access benefits from the social policy domain. PWDs may access the following benefits:

1. personal disability benefit,
2. long-term care and support benefit
3. orthopaedic benefit
4. allowance for treatment costs and purchase of orthopaedic aids,
5. vocational training (professional rehabilitation, retraining, additional training),
6. priority employment.

The first three benefits are accessed under the conditions, in the way and following the procedures set by the FBiH Law and have the form of cash benefits funded from the federal budget. The remaining three benefits are accessed following the laws covering these particular sectors and basically do not have the form of cash benefits, but relate to creation of better conditions for inclusion of persons with disabilities into social activities, i.e. to increasing the level of their social inclusion.

A canton may provide other benefits and expand the scope of benefits established by law on the basis of its financial capacity and other needs of persons with disabilities. According to collected data, the cantons, as a rule, failed to exercise this option, because of the limitations of their budgetary resources. Moreover, the cantons believe that cash benefits for assistance to PWDs, provided from the federal budget, constitute considerable progress relative to the situation that preceded the 2004 amendments to the Law.

The rights of persons with disabilities in social protection, which have the form of cash benefits and serve to provide support for creation of equal opportunities, include: personal disability benefit, long-term care and support benefit and orthopaedic benefit. FBiH Law and other regulations set the procedure and conditions for accessing these benefits. Collection of numerous documents issued by various institutions and bodies is required, but the finding and opinion of the Institute for Medical Expert Assessments of Health Conditions. This finding is provided against payment, and the formal procedure for award of benefits in centres for social work may be initiated only when the finding from the Institute has been provided.

Specialist staff in interviews, as well as the beneficiaries in the focus group, pointed out as a major problem in the procedure the wait for the Institute's findings, while the procedure of awarding rights may be initiated, and the right approved, only when the Institute's finding has been received. (From the minutes of interviews and the focus group session with beneficiaries held on 16 April 2013)

The procedure is initiated at the centre for social work of the municipality of the person's residence. It is also a first-instance body that decides about awarding the benefit. The second-instance body that receives complaints is the Federation Ministry of Labour and Social Policy. The review of decisions is conducted *ex officio* by the Federal Ministry and it delays the implementation of the decision.

When they access the right to **personal disability benefit**, persons with disabilities are classified into the following two groups:

- group I included persons with 100% of bodily damage and the level of the personal disability benefit is 40% of the set base, which amounts to 109.76 BAM per month;
- group II has 90% of bodily damage and they receive the benefit at the level of 30% of the set base, which amounts to 82.32 BAM per month.

When accessing the **long-term care and support benefit**, persons with disabilities are also divided into the following two groups:

1. group 1 includes persons with disabilities who cannot independently meet their own basic living needs. They receive a benefit of 100% of the base, which amounts to 274.40 BAM per month;
2. group 2 includes persons with disabilities who may not completely meet their basic living needs and who access the benefit of 50% of the base, which amounts to 137.20 BAM per month.

With the 2009 amendments to the Law, persons with disabilities whose disability occurred after the age of 65, and whose need for the long-term care and support benefit was established by the opinion of the Institute, these benefits are awarded in accordance with respective cantonal regulations. As of end-2011, most cantons had yet to regulate this matter.

The right to **orthopaedic benefit** is enjoyed by persons with disabilities who, due to the damage to the body, suffered an amputation of at least one limb, or severe damage of limb functions, blind persons, as well as the persons with enucleation of one eye.

Orthopaedic benefit is set as the monthly sum equal to 7% of the base, which amounts to 19.21 BAM per month.

The **base** for calculation of the levels of above mentioned benefits is 274.40 BAM, which was 80% lower from the lowest wage in the Federation of BiH as set by the Collective Agreement. This level has not been adjusted since 2009.

When analyzing Table 2.8, one may conclude that the increase in the number of beneficiaries in 2007 was temporary, and the number of beneficiaries has been considerably lower after the amendments to the Law. As the table below presents beneficiaries by rights, the sum total of beneficiaries does not reflect the total number of persons that received benefits, as some persons received two or even all three of the above mentioned benefits.

To determine the exact number of PWD beneficiaries, one should **look at the personal disability benefit data**, because it is a precondition for receiving either of two other rights: long-term care and support benefit and orthopaedic benefit. The text above implies that 43,740 and 53,375 persons exercised some of these rights in 2007 and 2011, respectively. One must not forget the piece of data provided above: in early 2009, prior to the amendments to the Law, there were 103,000 persons who were awarded this benefit and who had received binding decisions. Here it should be noted that the amendments to the Law were adopted only in March 2009, while the period set for conducting the review was 6 months, so it will be possible to ascertain the real effects of the adoption of the amendments to the Law only in the next period, after the outstanding debts are repaid.

Table 2.8 - Cumulative data on transfers to persons with non-war related disabilities

No.	Type of benefit	2007		2011		2012	
		No. of benef.	Total amount	No. of benef.	Total amount	No. of benef.	Total amount
1	Pers. dis. benefit	43,740	57,930,997.96	53,375	64,377,862.08	46,526	47,389,235
2	L-T care & support benefit	29,771	46,344,625.20	25,555	63,567,504.00	25,057	55,597,006
3	Orthop. benefit	14,952	5,732,596.80	18,900	4,356,828.00	17,644	3,547,227
	Total	43,740	5,754,673.8	22,922	4,360,850	46,526	106,533,468

Source: Federation Ministry of Labour and Social Policy, 2013

The benefits accessed on the basis of disability should not be viewed nor addressed through poverty assistance, but as a form of support for functioning and creation of equal opportunities for persons with disabilities. The personal disability benefit is in some way a compensation for bodily damage and a contribution to covering increased costs that a person had due to disability. The long-term care and support benefit primarily serves to cover the support PWDs receive from other persons.

The orthopaedic benefit is a cash benefit that covers a portion of the costs the person has for purchase and maintenance of orthopaedic and other aids. Such aids serve to replace for a lost, or severely impaired organ or sense, or at least to mitigate the ensuing consequences.

Establishment of any types of tests, means or proxy means, would not be in accordance with the principle of equal opportunities because it would only increase social exclusion of persons with disabilities. This primarily concerns persons with most severe forms of disability, who require assistance of other persons for their daily functioning.

Improved targeting in this segment is possible through proper definition of disability, which would, among other things, imply individual approach when establishing benefits for PWDs. This would mean that the benefits would not be awarded on a general basis, but it would be awarded based on the actual need of a given individual.

2.14 Protection of civilian victims of war

Protection of civilian victims of war is regulated by the FBiH Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children.

Civilian victims of war were dissatisfied with the amendments to the FBiH Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children, adopted in 2004. The benefits envisaged for them were to be funded from cantonal budgets. As usual, most cantons failed to meet this obligation, so civilian victims of war were in an inequitable position when exercising their benefits throughout FBiH, which

was untenable. For these reasons, and in order to equalize the position of all CVWs in FBiH, the associations of such persons started a broad campaign to obtain a more favourable solution for their status. In 2006, the FBiH Parliament adopted the Amendments to the Law (FBiH Official Gazette no. 39/06), which primarily dealt with the regulation of benefits of civilian victims of war. These amendments clearly defined who civilian victims of war are and who can receive benefits on that basis. In accordance with this Law, a civilian victim of war is a person who suffered bodily damage during the war or the state of 'immediate danger of war' due to wounding or another form of war suffering, including mental impairment, significant impairment of health condition, disappearance or death. Civilian victims of war are awarded disability benefits solely if their degree of bodily damage is 60% or higher.

The levels of benefits is related to the level of benefits of disabled war veterans and are set at the level of 70% of the benefits of disabled war veterans for the same type and degree of disability. It was also stipulated that 70% of CVW benefits would be funded from the federal budget, and 30% from cantonal budgets. In this way, the cantonal budgets would be at least partially relieved and the funding requirement would be transferred to the federal budget in a greater extent. However, even this change failed to completely eliminate the territorial discrimination of CVWs.

Although considerable progress was achieved, the equal position of civilian victims of war has not yet been fully attained, as some cantons execute payments of benefits with delays, regardless of the fact that the Federal Ministry regularly remits funds to them.

Besides defining civilian victims of war and the benefits they may access on this basis, the Law also regulates matters related to the procedure, responsible bodies for conducting procedures and the mode of funding.

First-instance bodies responsible for passing decisions are centres for social work or municipal administrative departments of the municipality where the given beneficiary is domiciled or resident. The cantonal ministry is the second-instance body.

The review of passed first-instance decision is conducted *ex officio* and delays implementation of the decision.

By the Law, the status of a civilian victim of war is granted to:

- 1) the person who suffered bodily damage of at least 60%, or significant impairment of health condition due to torture, inhumane and humiliating treatment, illegal punishments, unlawful detention, imprisonment, concentration camp, internment, forced labour during the state of war or immediate danger of war;
- 2) the person who suffered bodily damage of at least 60% related to war occurrences (bombardment, street fighting, detonation of ordnance, stray bullet etc.);
- 3) the person who suffered bodily damage of at least 60% from the detonation of residual ordnance after the end of the war;
- 4) the person who suffered bodily damage of at least 60% related to demolition and terrorist actions that threatened the security and constitutional order of FBiH;
- 5) the members of the family of a missing person, if the missing person was a civilian, i.e. he/she was not a member of the armed forces;
- 6) the members of the family of a person who was killed or disappeared in relation with war occurrences (bombardment, street fighting, detonation of ordnance, stray bullet etc.);
- 7) the persons who suffered sexual abuse and rape are considered a special category of civilian victims of war.

The status of a civilian victim of war is also recognized for persons who suffered a subsequent impairment of the body, manifestation or deterioration of condition, long incubation period, loss of limbs and sight in both eyes, due to deterioration of the general health condition, mental impairment and other bodily damages caused by war conditions.

The status of a civilian victim of war is also recognized for civilians and members of the forces of the former so-called 'Autonomous Province of Western Bosnia', unless they receive corresponding benefits following the Law on the Rights of Veterans and Members of Their Families (FBiH Official Gazette, no. 33/04, 56/05, 70/07, 9/10).

Victims of the fascist terror, victims of war occurrences, victims of ordnance and victims of enemy demolition attacks, as well as members of the families of the victims of the fascist terror, whose right was recognized in accordance with the regulations of protection of civilian victims of war that were previously in force on the territory of FBiH.

In accordance with the FBiH Law, the status of a civilian victim of war is also recognized for a person with the bodily damage of under 60%, or with significant impairment of the health condition, in order to receive certain benefits.

Civilian victims of war, whose degree of bodily damage is 60% or higher, are considered persons with disabilities and are divided into six groups in terms of exercising their rights, as seen in Table 2.9 below.

Table 2.9: Classification of civilian victims of war

No.	Group	Degree of disability
1	I	Disabled with 100% of bodily damage who require care and support of another person for ordinary life
2	II	Disabled with 100% of bodily damage
3	III	Disabled with 90% of bodily damage
4	IV	Disabled with 80% of bodily damage
5	V	Disabled with 70% of bodily damage
6	VI	Disabled with 60% of bodily damage

Basic rights of civilian victims of war are as follows:

- 1) personal disability benefit or monthly cash benefit,
- 2) long-term care and support benefit,
- 3) orthopaedic benefit,
- 4) survivor dependent benefit,
- 5) allowance for medical treatment costs and purchase of orthopaedic aids,
- 6) training for work (professional rehabilitation, retraining, additional training),
- 7) priority employment,
- 8) priority in access to social housing,
- 9) psychological assistance and legal aid

Personal disability benefit

Personal disability benefit is a cash benefit that is set in monthly amounts as per the appropriate group defined by the degree of bodily damage, as shown in Table 2.10.

Table 2.10 - Personal disability benefit of civilian victims of war

No.	Group	Percent of base:	Monthly amount in BAM
1	I	100%	507.56
2	II	73 %	370.51
3	III	55 %	279.15
4	IV	43 %	218.25
5	V	32 %	162.41
6	VI	18%	91.36

Personal disability benefit is one of the basic rights in the protection of civilian victims of war. The Law failed to define clearly the purpose of this right. Upon analysis of the name and the

basis for award of this right (bodily damage) and comparing it with corresponding rights in other social security system, one concludes that through this right, the government compensates the victim who suffered certain degree of bodily damage due to circumstances related to war actions. Personal disability benefit is paid to every civilian victim of war who meets the basic criteria, i.e. has suffered a specified degree of bodily damage. Bearing in mind diverse standpoints and opinions, one still might state that payment of personal disability benefit represents, in some way, a compensation for bodily damage, but also a sharing of increased costs the given person bears due to his/her disability.

The personal disability benefit is also paid to persons whose disability has not been established, but who attained the status of a civilian victim of war under special circumstances because of sexual abuse and rape.

The level of personal disability benefit is established as an amount equal to a set percentage of the base amount, it is graded by the degree of damage suffered and in 2013 it ranged from 507.56 BAM to 91.36 BAM.

2.15 Long-term care and support benefit

Long-term care and support benefit is set as a monthly amount equal to 70% of the monthly level of the long-term care and support benefit for disabled war veterans with the corresponding degree of disability. The right to long-term care and support benefit is enjoyed by persons who are civilian victims of war of **group I** with 100% of bodily damage, and these are graded across the following three grades, see Table 2.11 below.

Table 2.11 - Long-term care and support benefit for CVWs

No.	Grade	Percentage of base:	Monthly amount in BAM
1.	I	100%	507,56
2.	II	70 %	355,28
3.	III	50 %	253,77

Long-term care and support benefit serves to fund the support that a person with disability - civilian victim of war has from another person, in order to equalize opportunities and thereby greater social inclusion.

2.16 Orthopaedic benefit

The right to orthopaedic benefit is enjoyed by disabled persons whose bodily damage occurred due to the bodily damage caused directly by a received wound, injury or harm that caused amputation of limb(s), a heavy impairment of the function of limbs or a total loss of sight in both eyes.

The orthopaedic benefit is set at the level of 70% of the level of the monthly orthopaedic benefit for disabled war veterans with the corresponding degree of disability

The beneficiaries of the orthopaedic benefit are classified in the following three groups (Table 2.12)

Table 2.12

No.	Group:	Monthly amount in BAM
1	I	147.19
2	II	111.66
3	III	86.28

Orthopaedic benefit is a cash benefit that covers a portion of costs that a civilian victim of war bears due to purchase and maintenance of orthopaedic or other aids. These aids serve to substitute for lost or heavily damaged organ or sense, or at least mitigate the resulting consequences. The right to personal disability benefit, monthly personal cash benefit, long-term care and support benefit and orthopaedic benefit are not conditioned by means or proxy-means testing.

2.17 Survivor dependent benefit

The F BiH Law stipulated that family members of civilian victims of war under certain conditions may be awarded the right to survivor dependent benefit, and established clear procedures and the process for awarding this benefit. The right to survivor dependent benefit is enjoyed by family members of the civilian victim of war in categories I through IV under the following conditions:

1. that the civilian victim of war had enjoyed, until his/her death, the right to long-term care and support benefit;
2. that the death of the civilian victim of war resulted as a consequence of the wound, injury, harm or illness;
3. members of the families of civilian victims of war who suffered sexual abuse and rape.

The law defines precisely which family members, under what conditions and in what amount may receive a right to the survivor dependent benefit. Survivor dependent benefit is set in the amount equal to 70% of the amount of survivor dependent benefit paid in accordance with the federal regulation on the rights of defenders and their families.

The total amount of funds paid under the survivor dependent benefit was 8,925,669 BAM, 11,281,331 BAM and 11,812,657 BAM in 2007, 2011 and 2012, respectively. The above permits the conclusion that the transfers for survivor dependent benefit rose in the period between 2007 and 2011, and that growth continued in 2012 - Table 2.13

Table 2.13 - Cumulative data for civilian victims of war

No.	Type of benefit	2007		2011		2012	
		No. of benef.	Total amount	No. of benef.	Total amount	No. of benef.	Total amount
1	Personal disability benefit	7,597	6,974,606.00	4,433	7,006,497.00	4,332	7,352,849.00
2	Personal monthly allowance	353	1,585,735.00	707	3,077,720.00	750	3,472,651.00
3	Long-term care and support	296	1,257,089.00	287	1,128,043.00	282	1,153,280.00
4	Orthopaedic	1,712	2,886,468.00	1,885	1,771,667.00	1,850	1,869,474.00
5	Survivor dependent benefit	4,812	8,935,669.00	5,642	11,281,331.00	5,545	11,812,657.00
Total		12,762	21,639,567.00	10,782	24,265,258.00	10,627	25,660,911.00

Source: Federation Ministry of Labour and Social Policy, 2013

Some categories of civilian victims of war, including those with the degree of bodily damage below 60%, may access the following benefits:

- allowance for costs of medical treatment and purchase of orthopaedic aids,

- training for work (professional rehabilitation, retraining and additional training),
- priority employment
- priority access to social housing,
- psychological assistance and legal aid.

As a rule, these benefits do not have a form of cash transfers, instead they serve to create better living conditions and are exercised in accordance with the regulations about health insurance, health care, protection of families with children and employment. Cantons may stipulate other benefits and expand the scope of the benefits stipulated by this Law, in line with their capacities and the needs of civilian victims of war.

The total number of beneficiaries of the benefits of civilian victims of war excludes the beneficiaries of the long-term care and support benefit and of orthopaedic benefit, as they have already been incorporated as beneficiaries of personal disability insurance (Table 2.13.).

2.18 Benefits of defenders and members of their families

The rights of defenders and of their families, including disabled war veterans, were regulated by the FBiH Law on the Rights of Defenders and Members of Their Families (Official gazette no. 33/04 56/05,70/07,9/10). The rights of some categories of the veterans' population were additionally regulated by some other laws, and the cantons had the option to provide extended scope of rights for defenders, their family members, and particularly for disabled war veterans, in accordance with their economic and other capacities.

As per this Law, a disabled war veteran is a person who, while performing military and other duties for the purposes of defence as a part of the Armed Forces, participating in the defence of Bosnia and Herzegovina, suffered a wound, injury, disease or deterioration of disease, which caused bodily damage of at least 20%. And while the Law utilizes the terms 'invalid' and 'invalidity', still the focus is here primarily on the bodily damage, and solely the damage related to the injury or its consequences that were related to war actions or other activities connected with participation in the BiH Armed Forces. The medical approach is used in defining disability, and it does not enter into the problem of loss of functions, and only on that basis it would be possible to assess the real need for assistance for equalization of opportunities. Even the manner of assessment of the bodily damage and recognition of rights by type and by scope were based on status, and not on the person's real needs that would permit him/her to adequately function and equalize his/her opportunities. The Convention on the Rights of Persons with Disabilities, when it developed the disability definitions, started from the premise that a bodily damage is present, but that the disability is established in the interaction between the person and his/her environment.

Generally, when establishing rights on the basis of disability in BiH, the definition of disability from the Convention is disregarded, which led to substantially different solutions in the entities and between different systems: disabled war veterans, civilian victims of war, persons with non-war related disabilities, pension insurance system etc.

The rights of disabled war veterans are recognized if the bodily damage is 20% or higher, for civilian victims of war 60% or higher, and for persons with non-war related disabilities, 90% and higher. In this way, it does not strive to provide real support from the society to create equal opportunities, but through this manner of assessment the government provides such a person with some kind of indemnity for participation in its defence. While not attempting to dispute the government's right to provide certain types of indemnities or rewards to the members of the armed forces, and event to civilian victims of war, still it should not be done in such a way as to discriminate against persons with disabilities of the same type and degree, with same functionality problems and same needs for care and aids. In addition to the diversity in assessment of disabilities and of needs for support, the disparity in the amounts of benefits is

enormous, which constitutes another classical form of discrimination. Persons with the same type and degree of damage - disability do not even receive support within certain systems, and even when they do, it varies substantially.

According to the Law, the basic rights of disabled war veterans in the form of monthly social benefits from the federal budget are as follows:

1. personal disability benefit,
2. long-term care and support benefit, and
3. orthopaedic benefit.

By the degree of disability, disabled war veterans are divided into ten disability groups (Table 2.14), which are used to calculate monthly amounts of their personal disability benefit relative to the base set by the FBiH Government, as follows:

Table 2.14 - Disabled veterans, classification and personal disability benefit

Group	Degree of disability	Percentage of the base
I	disabled with 100% disability of I degree who require care and support of another person for normal life	100%
II	disabled with 100%	73%
III	disabled with 90%	55%
IV	disabled with 80%	43%
V	disabled with 70%	32%
VI	disabled with 60%	18%
VII	disabled with 50%	13%
VIII	disabled with 40%	7%
IX	disabled with 30%	6%
X	disabled with 20%	5%

Among disabled war veterans there are many persons with degree of disability of 50% or lower. In 2011 they accounted for around 50% of the total number of disabled war veterans, i.e. 26,315 in nominal terms. Approximately 17,500,000 BAM was paid to cover their rights, while the cost of covering the entire category (numbering 52,609) was 99,469,035 BAM.

Long-term care and support benefit is enjoyed by disabled war veterans from groups I through IV who are unable to meet their basic daily needs without assistance of another person.

With regard to access to the long-term care and support benefit, disabled war veterans are graded in three degrees as follows:

1. Grade One - disabled war veterans of I group, who are completely unable to take care of themselves and independently meet their basic daily needs, and who need permanent care and support of another person. They receive benefits of **100% of the base** amount;
2. Grade Two - other disabled war veterans of I group, as well as disabled war veterans of groups II, III and IV who, in addition to military disabilities, suffer from other bodily damages that arose independently from the military-related disability, and which are, combined with the military-related disability, equal to the bodily damage of disabled military veterans of I group classified as Grade One in terms of the benefit level. The benefits received by this group are equal to **70% of the base**;
3. Grade Three - disabled war veterans of groups II, III and IV, whose degree of disability is equal to the disability of the disabled war veterans classified as Grade Two in terms of the benefit level - receive the level of benefits equal to **50% of the base amount**.

The right to orthopaedic benefit is enjoyed by disabled war veterans whose disabilities were recognized by the responsible medical board due to bodily damage caused by direct

consequences of a received wound, an injury, illness or deterioration of illness that led to amputation of a limb or a severe damage to the function of limbs, as well as the loss of sight in both eyes or enucleation of one eye.

Beneficiaries of this right are graded in the following three degrees:

1. Grade One receives orthopaedic benefit equal to 29% of the base,
2. Grade Two receives orthopaedic benefit equal to 22% of the base,
3. Grade Three receive orthopaedic benefit equal to 17% of the base.

For certain categories suffering from multiple damages, the orthopaedic benefit may be increased by 25%.

The right to orthopaedic benefit was recognized for 9,575 disabled war veterans in 2011, and the amount allocated from the federal budget for this purpose was 17,472,946 BAM.

The total funds paid out to cover the rights of disabled war veterans: personal disability benefits, long-term care and support benefits and orthopaedic benefit were 122,441,269 BAM in 2011.

The Table 2.15 presents all transfers to DWVs with the degree of bodily damage of 60% and higher.

Table 2.15 - Benefits of DWVs in groups I - VI (60% to 100 %)

No.	Benefit	2007		2011		2012	
		No. of benef.	Total amount	No. of benef.	Total amount	No. of benef.	Total amount
1	Personal disability benefit	28,097	87,454,380,00	26,294	81,969,035,00	24,568	79,838,434,00
2	L-t care and support benefit	755	5,644,164,00	717	5,499,288,00	695	5,546,264,00
3	Orthop. benefit	9,885	17,418,456,00	9,575	17,472,946,00	9,260	17,580,291,00
Total		28,097	110,517,000,00	26,294	104,941,269,00	24,568	102,964,989,00

Source: Federation Ministry of Affairs of the Veterans and Disabled Veterans of the Defensive-Liberation War, 2013

The total of DWV beneficiaries in groups I through VI excludes beneficiaries of long-term care and support benefit and orthopaedic benefit, as they were already included as beneficiaries of personal disability benefit.

The FBiH Law established **the rights of the family members of the killed, deceased, disappeared veterans and of the deceased disabled war veterans**. In their essence, these benefits have social character and aim to ensure protection of family members. These benefits include:

1. survivor dependent benefit,
2. augmented survivor dependent benefit,
3. allowance in the case of death.

These benefits are regulated in detail by the Law. In essence, they are not conditioned by means test or any other test, although in certain situations the amount may be reduced because of some other income.

As an illustration, in 2011 44,810 disabled military veterans exercised recognized benefits, which required an annual outlay of 171,493,924 BAM. When we consider the period since 2007, a slight decline in the number of beneficiaries, which is only logical, as children grow up and cease receiving the benefits, and with parents, mortality increases owing to advanced age. Unless the

conditions for recognition of these benefits and their levels change, it is to be expected that the funding allocation for these purposes will continue to decrease in the coming years.

In accordance with the Law, a certain number of beneficiaries exercises rights recognized following the regulations in force until 1992. The total number of such beneficiaries was 2,662 in 2011, while the total amount of funds for these purposes was 14,602,106 BAM. The number of such beneficiaries declines constantly.

Veterans and members of their families exercise other rights as well in accordance with federal and cantonal regulations, without funding allocations from the federal budget. These benefits are as follows:

1. unemployment benefit,
2. priority employment on equal terms,
3. priority when renting and purchasing business premises on equal terms,
4. priority enrolment in educational institutions on equal terms,
5. free required textbooks for full-time education,
6. priority in awarding of scholarships and lodging in student dormitories,
7. health care,
8. priority right on access to housing on equal terms,
9. allowance for the case of death,
10. priority in accessing programs of appropriate employment bureaus,
11. exemption from payment of construction land use fee,
12. eligibility for privileged pensions,
13. other benefits in accordance with special regulations.

These and other supplementary benefits are regulated by laws in other sectors, as well as by cantonal regulations, in accordance with the economic power of the given canton.

According to the **Law on Privileges of Recipients of War-Time Awards and Decorations and Members of Their Families**, certain benefits, such as the 'monthly cash allowance', were introduced for a certain number of participants in the defence of BiH who, for special services, received a war-time decoration or award, as well as other benefits they may access in accordance with the Law on the Rights of Veterans and Members of Their Families.

In 2011, 4,492 beneficiaries received this benefit, which was funded by an outlay of 13,025,669 BAM from the federal budget.

Table 2.16 - Overview of total benefits for veterans and their family members

Benefit	2007		2011		2012	
	No. of benef.	Total amount	No. of benef.	Total amount	No. of benef.	Total amount
Personal disability benefit	52,799	104,087,520,00	52,609	99,469,035,00	50,223	97,380,503,00
Health care and support benefit	755	5,644,164,00	717	5,499,288,00	695	5,546,264,00
Orthop. benefit	9,885	17,418,456,00	9,575	17,472,946,00	9,260	17,580,291,00
Survivor dependent benefit	46,644	180,618,768,00	44,810	171,493,924,00	43,839	173,580,944,00

Other rights (recognized prior to 1992)	3,356	21,118,440,00	2,662	14,602,106,00	2,652	4,819,382,00
Recipients of war-time decorations	5,389	16,464,960,00	4,492	13,025,669,00	4,505	13,503,474,00
Total	108,180	345,352,308,00	104,573	321,562,967,00	101,219	312,410,858,00

Source: Federation Ministry of Affairs of the Veterans and Disabled Veterans of the Defensive-Liberation War, 2013

The total number of beneficiaries of all rights of veterans and their family members excludes beneficiaries of the long-term care and support benefit and beneficiaries of the orthopaedic benefit, as they have already been counted as beneficiaries of personal disability benefit.

Veterans, their family members and disabled war veterans enjoy certain rights also within the social protection system, as well as within the system of protection of families with children.

Without entering into a more detailed analysis of comparative indicators for individual social security systems, the Table 2.17 presents an overview of expenditure by system, in order to indicate relationships and the inter-system allocation of funds, **for 2011**.

Table 2.17 - Budget funds for the social security systems - 2011

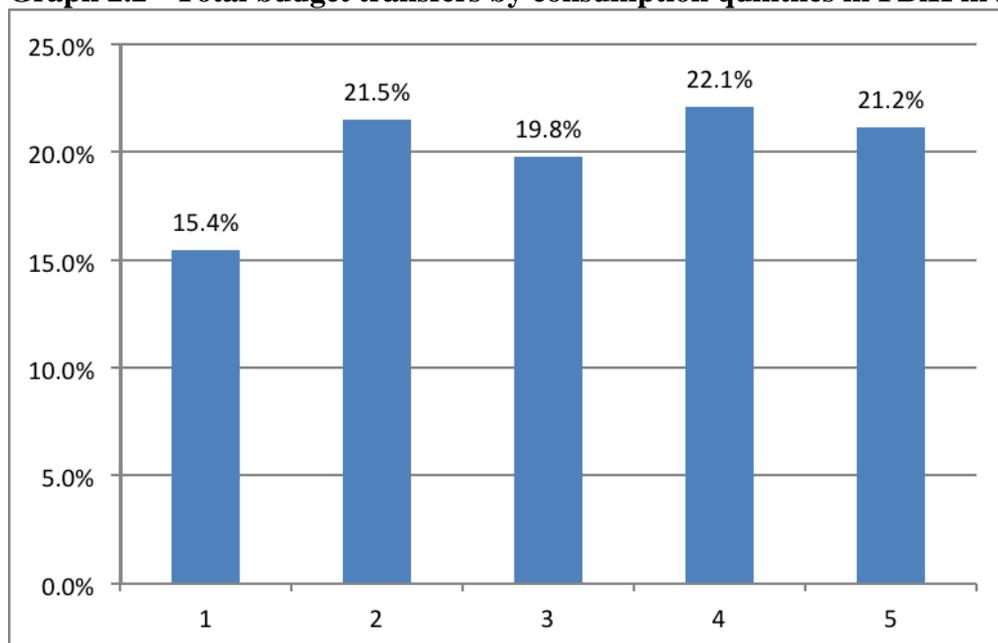
Social security system	Funds disbursed in 2011
Social protection	43,779,294.00 BAM
Child protection	69,840,528.00 BAM
Protection of persons with non-war related disabilities	132,302,194.00 BAM
Protection of civilian victims of war	24,265,258.00 BAM
Protection of veterans and disabled war veterans	321,562,967.00 BAM
T O T A L	591,750,241.00 BAM

It is possible to arrive at a general conclusion that social and other transfers from the FBiH budget are not well targeted. They are frequently paid to persons and families who, objectively, do not need such transfers neither as social protection nor as support for equalization of opportunities. Still, it is worth noting that the worst targeting is recorded in the domain of transfers for the categories of veterans and their family members, because in this domain beneficiaries are awarded rights on the basis of their status.

3. Adequacy of targeting in the current system and practice in FBiH

Despite considerable fiscal outlays for social protection cash benefits in FBiH funded from the budget (non-contributory benefits), the coverage of the poor segments of the FBiH population is low. Moreover, in total, the social protection cash benefits not funded from contributions are markedly *regressive* - meaning that a major share of total expenditure on these types of benefits goes to richer segments of the FBiH population.

Graph 2.2 - Total budget transfers by consumption quintiles in FBiH in 2011



Source: 2011 Extended Household Budget Survey and authors' calculations

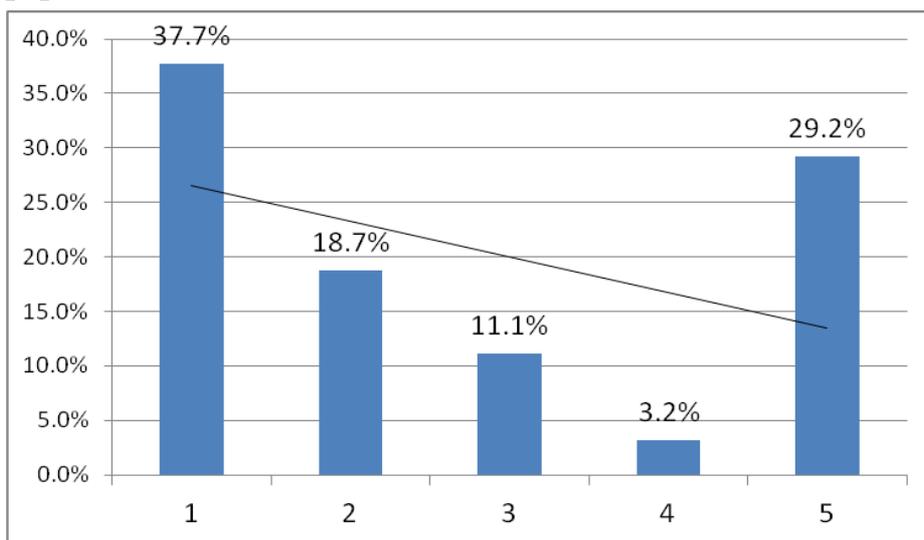
Conversely, the members of the poorest quintile in FBiH receive only 15.4% of the total social protection cash benefits not funded from contributions - which is below their participation in the total FBiH population (as each quintile comprises 20% of the population classified by the consumption indicator), while the richest quintile receives 21.2% of the total budget transfers. **In general terms, targeting of the social protection is poor overall** and to the extent that a large segment of the poor is not even covered by the system of social protection (exclusion error), while on the other hand a considerable part of the population who are not poor receive social protection benefits (inclusion error).

Relative to 2007, the situation has not improved considerably. At the time, the poorest quintile received 14.1% of the total transfers, and the richest received 24.2%.

As regards the coverage overall and by each quintile in 2011, 15.1% of the total FBiH population (vs. 10.4% in 2007) received some type of transfers, the poorest quintile received 19.6% (vs. 10.4% in 2007) and the richest received 9.9% (vs. 8.6% in 2007). Note considerable progress relative to 2007.

As regards the social protection - cash transfers through social work institutions in FBiH, the situation is much better. These benefits behave with partial progressiveness - meaning that the bulk of the total expenditure on these types of benefits goes to poorest segments of the FBiH population, which reveals the effect of means testing.

Graph 2.3 - Cash transfers for social protection by quintiles of consumption of the FBiH population in 2011

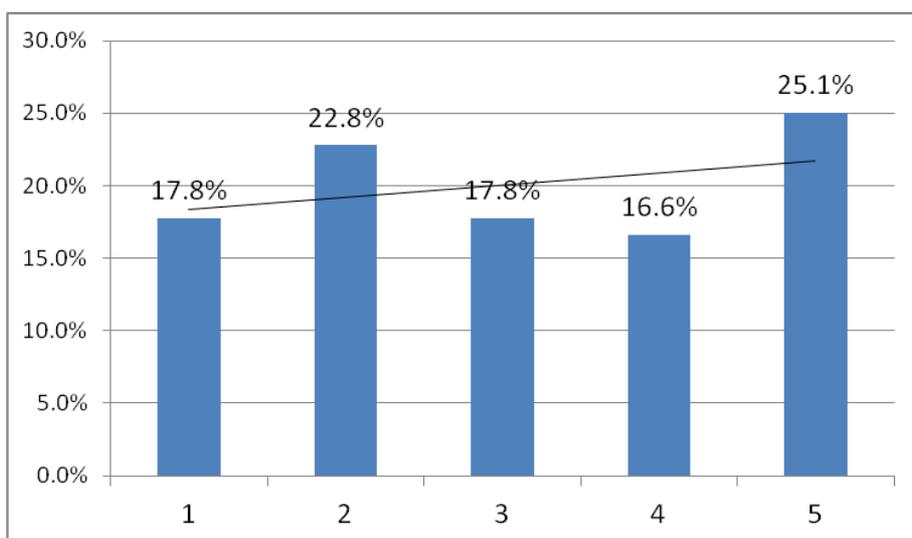


Source: Extended 2011 Household Budget Survey and authors' calculations

Relative to 2007, when the poorest quintile received 25.1% of the total cash transfers, this constitutes a significant improvement. The only flaw in this picture is the fact that the richest quintile of the population received 29.2% of the cash benefits. This piece of data reveals certain failures in the targeting of funds, but, in general terms, social protection - cash transfers through FBiH social work institutions are much better targeted, in the sense that the social protection system covers a greater portion of the poor (lower exclusion error), while, on the other hand, a smaller portion of the non-poor population received social protection benefits (lower inclusion error).

As regards child protection, the situation is much worse than in the case of social protection - cash benefits through FBiH institutions for social work. These benefits exhibited regressive trend - meaning that the bulk of total expenditures for these types of benefits goes to richer segments of the FBiH population.

Graph 2.4 - Child protection in FBiH by quintiles of consumption of FBiH population in 2011

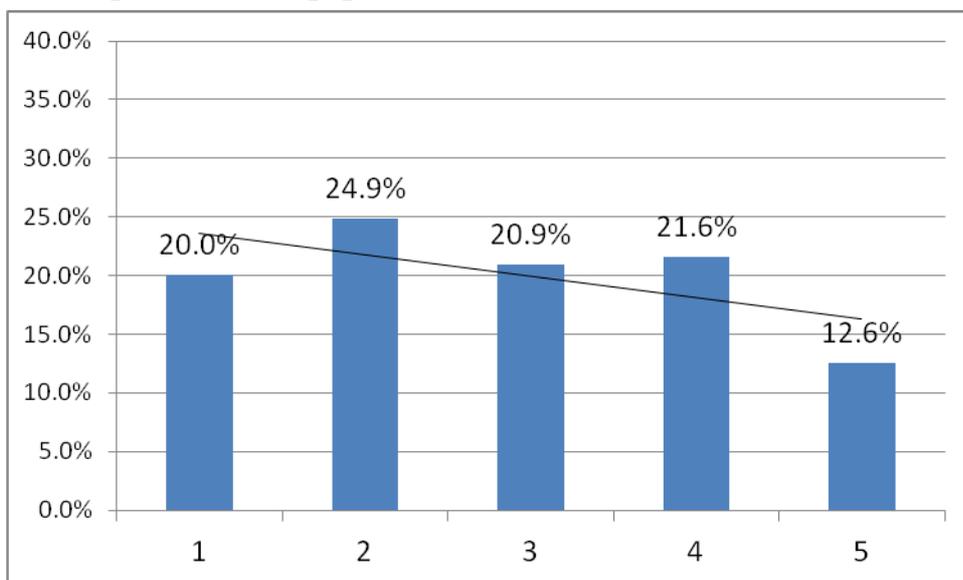


Source: Extended 2011 Household Budget Survey and authors' calculations

Members of the poorest quintile in FBiH received only 17.8% (vs. 20.8% in 2007) of the total cash benefits for child protection, with the richest quintile receiving 25.1% (vs. 19.6% in 2007). In general, child protection is poorly targeted, to the extent that many poor families with children are not covered by child protection (exclusion error), while on the other hand a large segment of the population who are not poor receives child protection benefits, although they do not need such benefits (inclusion error).

As regards the benefits for persons with non-war related disabilities, the situation is somewhat better. These benefits exhibited a mild progressive trend - meaning that poorer segments of the FBiH population receive somewhat higher share of the total expenditure for these types of benefits.

Graph 2.5 - Benefits for persons with non-war related disabilities in FBiH, by quintiles of consumption of FBiH population, 2011



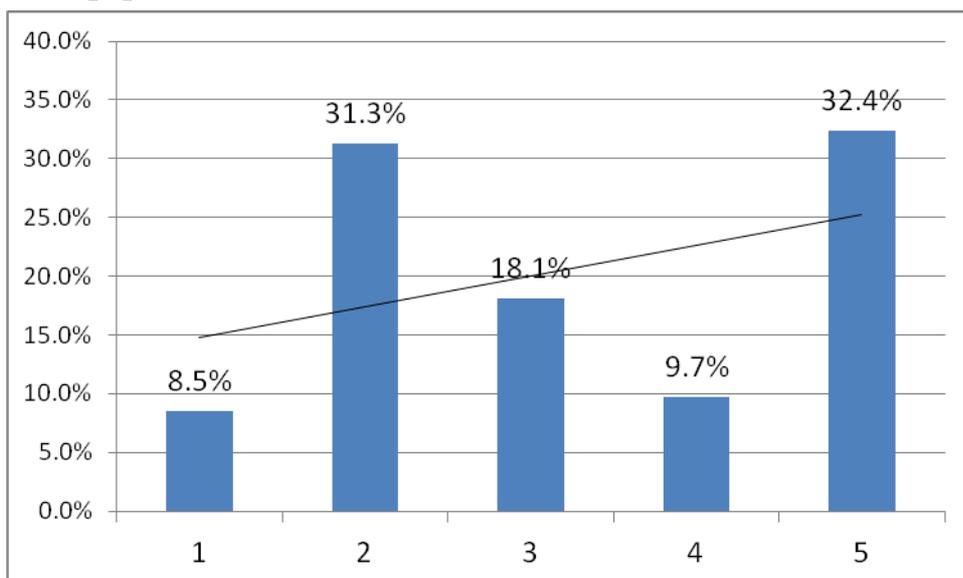
Source: Extended 2011 Household Budget Survey and authors' calculations

However, even here the poorest quintile received only 20% of the benefits for persons with non-war related disabilities in FBiH, which is still too little. This piece of data reveals that this type of social protection in FBiH is not well targeted after all, so that the majority of the poor are not covered (exclusion error), while on the other hand, a considerable part of the population who are not poor receive social protection benefits (inclusion error).

Nevertheless, the above was considered only in terms of poverty, which cannot be deemed poor targeting when it comes to persons with disabilities, because the disability-related transfers do not aim for alleviation of poverty, but to provide support for functioning and equalization of opportunities.

As regards the benefits for civilian victims of war in FBiH, the situation in terms of targeting the poor is very bad. These benefits exhibit a marked regressive trend - meaning that richer segments of the FBiH population received much greater share of the total expenditure on these types of benefits.

Graph 2.6 - Benefits for civilian victims of war in FBiH by quintiles of consumption of FBiH population in 2011



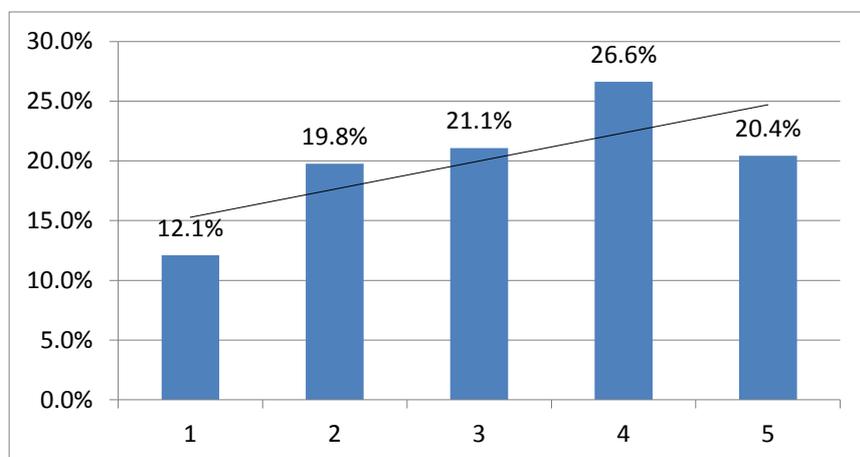
Source: Extended 2011 Household Budget Survey and authors' calculations

The members of the poorest quintile in FBiH received only modest 8.5% of the total cash benefits. In general terms, benefits for civilian victims of war in FBiH are very poorly targeted, to the extent that the poorest receive least, and on the other hand, the non-poor receive the higher total amount of benefits than the poor.

A part of the beneficiaries who enjoy rights as civilian victims of war are also persons with disabilities, so here also one must bear in mind that transfers indispensable for provision of support to equalize opportunities are differentiated from those awarded on the basis of status.

As regards the veterans' benefits in FBiH, the situation with regard to targeting of the poor is also very bad. These benefits also exhibit a marked regressive trend - meaning that a much larger share of the total expenditure of these types of benefits is paid to richer segments of the FBiH population.

Graph 2.7 - Disabled veterans' benefits in FBiH by quintiles of consumption of FBiH population in 2011



Source: Extended 2011 Household Budget Survey and authors' calculations

And while the members of the poorest quintile in FBiH received only the modest 12.1% (vs. 15.1% in 2007) of the total cash benefits, those in the richest quintile received 20.4% (vs. 18.8% in 2007). In general terms, veterans' benefits in FBiH are very poorly targeted to the extent that the poorest receive least, and the situation even worsened relative to 2007.

Final observations:

1. In the Constitution of the Federation of BiH, in the Chapter 'Human Rights and Fundamental Freedoms', Article 2, among other things, establishes the rights to social protection, protection of families and children and to nourishment. These rights are only declarative and FBiH lacks mechanisms to ensure access to these rights to its citizens on its entire territory and on equal terms.

The FBiH constitution is supposed to guarantee to all citizens:

- social security and social minimum;
 - equal opportunity for all citizens;
 - provision of special protection to persons with disabilities, children and the elderly.
2. Social policy is the shared competence of FBiH and the cantons, but its implementation is the exclusive competence of the cantons. This approach fails to ensure equal rights of citizens across the territory of FBiH, because the treatment of this matter varies between cantons. A constitutional solution should be defined that would require both FBiH and the cantons to implement such policies and procedures that would guarantee social security and approximately similar conditions to all citizens across the entity.
 3. After an analysis of laws and other regulations that cover social and other transfers from the budgets in FBiH, it is easy to conclude that the current system is highly complicated and unsustainable. The rights are regulated in different systems and at different levels of government. According to the FBiH Constitution, social policy is a joint competence of the cantons and the entity, which has not been completely clearly defined and delineated in practice.

All laws passed at the level of FBiH must obtain cantonal approval, particularly when such laws create obligations for the cantons. This procedure substantially encumbers passing legislation at the federal level, with some laws waiting for adoption for unreasonably long periods, even several years, for instance the Law on Social Security and the Law on Protection of Families with Children.

4. On FBiH level there is the Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children, adopted in 1999. It has been amended several times, in order to regulate certain rights in more detail on the FBiH level (rights of persons with disabilities and of civilian victims of war). This Law unifies and regulated diverse segments of social policy (social protection, protection of families with children, social rights of persons with disabilities and protection of civilian victims of war), which makes it very complex and difficult to implement and monitor. Even the analysis of its title suggests that these different domains need to be covered by separate laws. In the implementation of the Law, the division of competences between the entity and the cantons constitutes a major impediment, as the cantons are entitled to regulated the domain of social protection by their laws and other regulations, which they do in various ways without unified and joint guidelines, so that each canton has its own system, and these cantonal systems are mutually very different.
5. In the social protection in FBiH, mechanisms to monitor the situation in the system from the entity level, to maintain unified records or to assess the effects of measures taken on the system were not developed, so that there is no unified data which makes conducting analyses of the system, and thereby adequate planning, very difficult to do.
6. Due to absence of clear common rules and procedures, or even agreed principles in some domains and in different social policy systems, and even on different levels of government,

there is no coordination or adequate cooperation between the subjects and stakeholders, which results in the use of different terminology, different record-keeping systems, different bases and procedures for access to certain rights, all of which places the citizens in inequitable position when accessing their social rights in FBiH, depending on the system or the canton in which such rights are accessed.

7. Federation and cantonal laws and other regulations that cover the segments of social transfers failed to clearly determine in some systems the purpose of such transfers and results such transfers or support aim to achieve. Also, no mechanism was established to guarantee that a given right can be exercised on the entire territory of FBiH, except if it was regulated by the FBiH Law and the funding for it are allocated from the federal budget.

The FBiH Law left the option to the cantons to expand the regulated rights or introduce new ones, in accordance with their respective capacities. However, in practice the cantons fail to provide even the basic rights envisaged by the FBiH Law, which causes great concerns for beneficiaries and professionals. Only some cantons introduced expansion of certain rights. In this way, an environment has been created where various forms of discrimination of FBiH citizens occur and the disregard for laws adopted by government institutions is being encouraged, causing a sense of insecurity and fear in citizens.

8. The situation in various protection systems is very complicated and different when the conditions for access to certain rights are considered and analyzed. There are also differences between systems and between cantons.

The rights to cash and other material transfers from the domain of social protection and protection of families with children are regulated by the FBiH Law only in general terms, while all other issues, such as the requirements, procedures, amounts and processes are regulated by cantonal regulations. It is not hard to recognize that the situation in these domains is very disordered and uneven.

Access to rights to cash and other material benefits in the domain of social protection is conditioned by proxy means testing and verification of assets, means testing and application of the census, as well as by introduction of the obligation of support for family members. Access to rights is not meaningfully impacted by the actual situation of the person, unless all conditions are met.

9. In general, one concludes that social and other benefits from the FBiH budget were not well targeted. Frequently, they are provided to persons and families who objectively have no need of them, neither as social assistance nor as support for equalization of opportunities, but on the basis of status, and frequently also depend on the given canton's economic power. Still, it bears noting that the targeting is worst in the segment of transfers for veterans and their family members, as it is in this category that beneficiaries are most often recognized on the basis of status.

10. The rights of persons with non-war related disabilities, rights of civilian victims of war and rights of veterans and members of their families, that are regulated on the FBiH level, are not conditioned by proxy means or other tests, which makes sense when it comes to support of persons with disabilities and is in principled agreement with the purpose of such support.

Another problem is the issue of unequal treatment of the needs of persons with disabilities, which creates discrimination on the basis of the cause of disability, which directly contravenes the UN Convention on the Rights of Persons with Disabilities, which has been ratified by BiH.

11. Benefits of civilian victims of war, veterans and members of their families, who are not persons with disabilities, are approved on the basis of status or due to loss of a family member, and the purpose of such benefits is not always completely clear. If they are defined as benefits for the purpose of ensuring social security, then other conditions would need to be determined, such as assets, income, obligation of support etc. – as envisaged by the requirements in the social protection domain.

12. Processes to access rights vary between different systems, and in different cantons the process may be different even for the same right. Frequently, different bodies are in charge of this process in different cantons. The common thread is that they apply the Law on Administrative Procedure. It requires collection of a large number of documents, which causes that the procedure for accessing a right is sometimes unjustifiably extended. Different systems are not interlinked, which impedes the clients in obtaining required documentation. In this process, the finding and social analysis compiled by the social worker have not significant impact on the adoption of the final decision on cash and other material benefits, although there are cases when the real situation of the client does not correspond to the situation that can be formally proven.
13. The bases for calculation of benefit levels are established differently in all systems, and the cantons independently, without set criteria, establish the bases for the rights funded from cantonal budgets, and these are social protection rights that ensure a minimum of support and protection for families with children. The base for setting the level of benefits in veterans' protection is the nominal amount set by law, which is adjusted by the FBiH Government following a legally established procedure. In the domain of civilian victims of war, the base is set as 70% of the base for benefits following the Law on the Rights of Veterans' and Their Family Members. For the rights of persons with non-war related disability, the base is 80% of the lowest cost of labour in FBiH, while the level of this base has not been adjusted since 2009. The level of benefits is established as a percentage of the base, and different bases and percentages led to large differences in benefit levels. Benefit levels are highest in veterans' protection and the lowest in social protection. This reveals the attitude of the government towards beneficiaries in some systems, in the sense that the needs of veterans' categories are favoured and treated preferentially relative to the needs of other citizens.
14. An analysis of federal and cantonal regulations reveals that social benefits in social protection, that aim to provide a minimum of social security, vary between cantons, but it can be generally stated that the amounts provided are very low and do not permit meeting of even minimal existential needs. A social security minimum applicable for all FBiH has not been set, and this would considerably improve social security of citizens.
15. The rights of civilian victims of war and of veterans and their family members are defined very broadly. The pool of beneficiaries is also broad, family members are also eligible, without particular conditions related to their material position. Here it would be necessary to differentiate between benefits provided to persons with disabilities for the purposes of equalization of opportunities and the benefits on the basis of status, or incomes of family members that, by their character, may have the purpose of providing social security, which would include means and proxy means testing of the family.
16. Existing social benefits intended for persons with disabilities on the basis of disability constitute the greatest form of discrimination for such persons, because their scope and levels are crucially determined by status of belonging to different systems, and not by actual needs of the person in question for creation of equal opportunities. Criteria applied in accessing social benefits in the domains of social and child protection are very strict and exclude some parts of the population who are in the situation of need. Persons able to work do not have access to permanent benefits in social protection, even though they may lack any income to support themselves and their families, while in child protection the situation differs substantially between cantons.
17. Provision of wage compensation for employed women – mothers during absence for work due to pregnancy, childbirth and infant care from budgetary resources, following the established practices, results in different positions of women depending on their canton of residence, which cannot be acceptable and constitutes a form of discrimination. This matter needs to be resolved in a unified manner throughout FBiH, which does not exclude the option

to restore it back into the health insurance system. The situation is similar with the allowance for unemployed women – mothers, but this matter needs to be resolved in different ways, either through the system of social security for the unemployed, or this benefit should remain in social protection. Unified criteria throughout FBiH need to be set for this type of protection as well.

18. Owing to great unemployment and insufficiently developed unemployment insurance, large numbers of citizens exercise pressure on social protection and apply for social benefits, regardless of the fact that strict criteria prevent them from admission into the system. Therefore it is indispensable to develop mechanisms that would permit broader coverage of persons in need and the poor in some of social security systems.
19. The 2007 Law on Establishment of the Medical Expertise Institute established an independent institution for providing medical expertise with the aim to change the approach and standardize assessments of capacity, bodily damage and disabilities. According to the results of their work to date, one concludes that there have been no major changes and that the exclusively medical approach, in use when the Institute operated within the pension and disability insurance system, continues to be applied. The expertise is conducted following various criteria, for different systems, and considering primarily the degree of damage to the organs, without more serious analysis of actual needs of the person who is the subject of expert assessment. The findings of medical specialists continue to have the greatest weight.
20. The procedures for accessing rights are initiated and conducted in different institutions and departments depending on the type of rights and the organizational arrangements in the given canton, which impedes establishment of controls, monitoring and planning of development of social protection systems. Centres for social work were not entrusted with the adequate role in the system, as a rule they deal with administrative procedures and bureaucracy, instead of specialist work with the population and on prevention of certain negative phenomena in society. Centres for social work should be the key services in the social protection system. In addition, most centres for social work in FBiH lack adequate working conditions, are short on financial resources and the lack of specialized staff is particularly marked.
21. The social protection system does not achieve fully effective meeting of needs because the economic situation and war consequences led to an increased number of beneficiaries of social protection and to increased needs.
22. Disharmony and inequality of rights across the cantons are reflected on the protection of rights in this domain, inequality of categories, exclusion from the system or existence of multiple beneficiaries in two or more social security systems.
23. BiH economic system, encumbered by federal and cantonal administrative institutions, is unable to follow the needs in the domain of social protection and to manage long-term burdens, particularly the needs in the domain of protection of veterans and disabled veterans.
24. The FBiH system of social protection needs to be rearranged through simple interventions in such a way to be made more effective and favourable for individuals and groups that access the rights in this domain, while respecting all constitutional principles or protection of human rights, and applying the principle of non-discrimination.
25. The required interventions concern an analysis of all relevant sectors and reviews of their functioning from the standpoint of a scientific approach to definition of terms and categories in social protection, as well as of specialist, realistic and efficient utilization of available (material and non-material) resources.
26. It is desirable to define, at the level of FBiH, the unified foundations for accessing social protection rights, and to establish competences and obligations of the cantons with precision.

Recommendations:

1. In place of the current Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children, four laws should be passed that would regulate the following domains separately:
 - social security and social minimum;
 - protection of families and children;
 - support to persons with disabilities; and
 - rights of civilian victims of war.
2. The social minimum and criteria for its setting should be established by an FBiH law.
3. An FBiH law should establish the same base for calculation of social protection rights and the conditions for access to those rights guaranteed by FBiH, while cantons should be left with the option to augment these rights in accordance with their respective economic power.
4. Protection of children should be regulated in a unified manner throughout FBiH and the funding for kind of protection should be ensured either through a special fund or from the FBiH budget. Certain property conditions could be set for accessing child protection rights, or all children should be eligible for this right, depending on the preference of the society.
5. An FBiH law should define that the rights of women – mothers on maternity leave should be established following the same principle throughout FBiH, in the manner that the base for calculation of such benefits is their wage or average wage in FBiH, if more favourable for the women.
6. Consider the possibility to incorporate the benefit for working women – mothers during the childbirth and infant care absence into a unified system, including possibly the health insurance system (previously known practice, currently implemented in Croatia).
7. As regards assistance to unemployed women – mothers, it is also necessary to establish unified criteria in FBiH. This matter can be resolved through the system of social security for the unemployed, or it might remain within social protection.
8. The current practice in FBiH and the cantons that the executive authorities may set the coefficients for the base by their decision should be abandoned and the rights established by law should not be subject to derogation by decision of executive bodies by setting of coefficients that reduce the base.
9. A unified definition of disability should be set, regardless of the manner and causes of its occurrence, and the rights on the basis of disability should be recognized in accordance with this definition in all systems of social protection.
10. The rights on the basis of disability should be recognized in line with the actual needs of the given person, in order to equalize his/her opportunities, and not on the status basis – generally. This approach would considerably improve targeting, since the rights would be exercised only by those persons actually in need of assistance.
11. In order to improve targeting and differentiate the support provided due to disability and with the aim of creation of equal opportunities, it would be rational to introduce a separate allowance for DWVs and CVWs, as a type of indemnity provided by the government, but it should be separate from the rights accessed on the basis of disability.
12. It would be rational that persons whose disabilities are work-related exercise their rights on the basis of disabilities through the pension and disability insurance fund, in the same manner and to the same level as other persons with disabilities in other systems.
13. No test should be introduced as a precondition for accessing the rights to support that aim at equalization of opportunities for persons with disabilities, as this would create discrimination between persons with disabilities.
14. Medical approach in assessment of disabilities should be abandoned, i.e. the evaluation boards should be multidisciplinary, with obligatory participation of social workers and

other experts, in line with the needs of the given case. This would reduce the scope for abuse of medical findings and considerably improve targeting of support to persons with disabilities who are objectively in need of such support.

15. A unified registry of beneficiaries of social protection in FBiH should be established, which would facilitate monitoring and oversight and consequently improve targeting.
16. A separate registry of persons with disabilities, which would contain all vital information would be entered, and particularly the type and degree of disability and the support received from the government, place of residence etc. should be established by FBiH law or another regulation. This unified registry of persons with disabilities would permit the responsible bodies of FBiH or the cantons to issue necessary identification documents, which may be used as official documents in various situations. This would reduce the need for assorted documents and certificates, as well as using membership cards of various associations as proof of disability, without clearly defined procedures and criteria.
17. Services or agencies for support to persons with disabilities in the local communities should be established by FBiH law and regulated by cantonal and municipal regulations.
18. In order to safeguard basic human rights, the cantons and municipalities as local communities should be required by law to develop social housing programs for persons who are unable to resolve their housing problems, as well as programs of housing in local communities with support for persons with disabilities. In this way, the number of institutionalized persons with disabilities would be reduced while achieving greater cost effectiveness.
19. Services or agencies for support to persons with disabilities in the local community should be established by FBiH law and regulated by cantonal or municipal regulations.
20. FBiH law, cantonal laws and other regulations of the process of accessing social protection rights should grant equal importance to findings of social workers and of specialist teams of the centres of social work, prepared in the field, when passing decisions about awarding social protection rights.
21. Centres for social work should be reinforced in technical and personnel terms, with the emphasis on increasing the number of social workers, in order to enhance effectiveness of their work.
22. All social security systems and sources of data on income, as well as other databases required for more efficient and speedy administrative procedure should be interconnected by information technology.

The basic recommendation is that it is necessary to develop models and mechanism for improved targeting of actual needs of beneficiaries and, consequently, to amend legal provisions to permit practical implementation of improved targeting. Therefore, centres for social work and other social protection stakeholders need to develop additional expertise and organizational capacities for application of better beneficiary targeting methods.

III Non-contributory Cash Benefits in Republika Srpska

Social benefits which are financed from the budget of Republika Srpska and the budgets of local self-governance units in Republika Srpska are defined and realised in different social security systems: the social protection system, child protection system, veterans' protection system, the system that deals with the needs and problems of refugees and displaced persons, as well as other systems which develop special support programmes for socially vulnerable population. Each system is separately organised, has developed its own legislature and acts in accordance with the constitutional and legal jurisdictions and mandates. In order to gain a more precise and clear insight into the characteristics and ways of qualifying for social benefits in these systems, each system will be explained through legislature, organisation, beneficiaries, rights, procedures for realising those rights, and funds along with determining the differences and similarities between those systems.

1. Social benefits in the social protection system

1.1 Legislation of the system of social protection

In Republika Srpska, social protection is an activity of public interest regulated by a special law. The legislation of social protection is based on the Constitution of Republika Srpska as follows:

- Article 43 of the Constitution stipulates that the Republic provides assistance and social security to citizens unable to work and unable to support themselves;
- Article 61 of the Constitution stipulates that the Republic guarantees a minimum of social security of citizens and
- Article 68 of the Constitution stipulates that the Republic regulates and provides social insurance and other forms of social security, veterans' and disability protection and child and youth care.

The Law on Social Protection (RS Official Gazette No. 37/12) defines this domain as assistance provided to persons in the state of need and that is used to take measures to prevent occurrence and mitigate consequences of such a state. Its measures and activities are intended to create 'conditions for providing a protective function for the family, conditions for independent life and work of persons in the state of need or for their activation in accordance with their abilities, to provide livelihood for materially unsecured persons and persons unable to work, as well as to other citizens in the state of need, and to provide other forms of social protection' (Law on Social Protection, Article 2, Paragraph 3). By granting it the status of a domain of general interest for Republika Srpska, the lawgiver channelled the focus on certain groups of beneficiaries, and through definition of rights entirely embraced the narrower view which sees it as the domain of material benefits (cash, social benefits) for various states of need, and of social care, i.e. social services for defined beneficiaries. In this way, social protection is not defined as a segment of social security, but as an area of social policy which provides assistance to persons in the situation of social need.

The established principles define social protection even more narrowly as an activity that takes effect that available options in other social security systems have been exhausted, as well as the capacities of beneficiaries themselves (principle of subsidiarity), while stressing the obligation of every individual to care about meeting of his/her living needs and of persons he/she is required to support, by law or on some other legal basis.

Apart from the Law on Social Protection, several subregulations regulate this area in more detail in order for the responsible ones and stakeholders to be able to realise all rights prescribed by the Law and provide assistance to beneficiaries. In the implementation of established tasks, other

laws are also used, which regulate individual legal areas such as administrative procedures, office management, child and family protection, etc.

Republika Srpska and the units of local self-government, as titular founders of social protection, bear the responsibility for its implementation. The Republic regulates the social protection system, adopts policies and development strategies, establishes rights and criteria, identifies beneficiaries, allocates a portion of funds for execution of rights, monitors the situation and execution of rights, establishes and guides the work of social protection institutions and ensures optimal development of social protection within the framework of economic and social policy.

The units of local self-government adopt their own annual and medium-term social protection programs on the basis of analysis of the social situation of inhabitants on their territory, adopt decisions about augmentation of rights and other documents that regulate requirements for access to rights and measures envisaged by the decisions and programs, allocate funding for implementation of these activities, establish and ensure operation of social protection institutions, coordinate social protection activities on their territory, establish working bodies for social protection and perform other tasks aimed to achieve the goals of social protection.

The shared jurisdiction between Republika Srpska and the units of local self-government binds the system of social protection tightly and enhances its compactness, mutual interlinkages and conditioning, while stressing the need for inclusion and ownership of both levels of government in the entity. The entity develops and creates the system, sets the basic principles and elements of the system, exercises the control function and assumes its share of responsibility for the system's funding. The units of local self-government may influence the development of the system on their territory, on the basis of established specific needs, they may adopt special decisions and programs and allocate funds for their implementation. At the same time, they have responsibility for the functioning of the system, as they provide funding for financing the rights established by law.

The units of local self-governance in Republika Srpska have a very important role in social protection, which is a result of their constitutional definition that local self-governance units are in charge of fulfilling all needs in this area. Apart from the Law on Social Protection, the Law on Local Self-Government defines the jurisdictions of local self-governance units in this area very similarly. These tasks include:

- monitoring of social needs of citizens, families and certain vulnerable groups and consequent defining of expanded social protection policies in their territory,
- adoption of municipal programs of development of social protection and stimulation of development of social protection programs,
- creation of conditions for provision of quality services to their citizens (services for children, elderly, disabled, problem families and other socially vulnerable persons),
- establishment of the centres for social work and care about providing personnel, premises, funding and technical conditions for their operation,
- allocation of the funding amounts for disbursement of benefits established by law.
- monitoring and assistance in the work of social-humanitarian organizations and citizens performing humanitarian activities and
- development of other specific forms of content in line with the needs and capacities in social protection.

A precise definition of competences of the local self-governments in the domain of regulatory and administrative, service and evaluation tasks points to the importance of the jurisdiction of the units of local self-government (municipalities and cities) in this sector, which also entitles it to the status of the titular founder of the social protection system. In this manner, and in accordance with the roles and responsibilities of municipalities in democratic and decentralized systems,

which is the direction of development sought by the RS society, the municipality as a local community represents a framework for meeting most social protection needs of citizens and it is in charge of both delivering and developing social protection. This is particularly prominent in provision and delivery of social services when the municipality is responsible for development of services proportionate to needs, while provision of minimum incomes for citizens' social security should become a responsibility of the higher levels of social organization (i. e. the entity).

Thirty-six units of local self-government in Republika Srpska implemented their competences in the activities of monitoring the social needs of citizens, families and certain vulnerable groups, and corresponding definition of policies of extended social protection in their respective territories by adopting decisions on augmentation of rights, which established those specific social needs of their population that they would support and meet through such established rights. Until the adoption of the current Law on Social Protection, most rights served to protect additionally material security of beneficiaries of the rights established by law, owing to very low levels of benefits, such as the additional financial assistance for beneficiaries of the cash benefit, or additional allowance for beneficiaries of the long-term care and support benefit etc. The Law on Social Protection additionally channelled the policy of extended social protection by providing a list of possible rights, such as personal assistance for persons with disabilities, protected housing, assisted living, subsidies for utility costs etc., but left the option to the units of local self-government to define other rights according to their needs. For established extended rights, the unit of local self-government provides the funding and conditions for their implementation. In order to manage and secure social protection rights, social protection institutions are established and, apart from social protection institutions, social protection operations can also be performed by NGOs and other persons, in accordance with the Law. The Law on Social Protection prescribes that a social protection institution can be founded by the Government of Republika Srpska, a local self-governance unit, legal or natural person in accordance with the law which regulates the system of public services. Institutions that can be founded are: institute of social protection, centre for social work, social protection and placement institution, social protection institution for day-care and services, centre for home assistance and care, gerontologic centre, centre for social rehabilitation of persons with disabilities, centres for child and youth education, centre for children and youth with developmental difficulties, shelter and counselling centre.

Funding for social protection, as established by the Law on Social Protection, is provided from public revenues collected in the budgets of the entity and the units of local self-government. Certain social services may be provided within a mixed system which includes, besides public agencies, non-governmental organizations and the private sector, and these may be funded by donor funds, funds of legal and physical persons and by citizens' contributions. Beneficiaries participate with own resources in the funding of certain rights, as per established criteria.

RS provides the funding for the following:

- co-funding of the right to cash benefit and the long-term care and support benefit,
- funding of the right to assistance for equalization of opportunities of children and youth with developmental impediments,
- co-funding of a share of costs of institutionalization of beneficiaries in social protection institutions,
- funding of construction, adaptation, refurbishment, equipping and parts of heating costs for social protection institutions founded by the Government of Republika Srpska,
- funding of the activities of the Social Protection Institute once it is established,
- funding of developmental and intervention programs,

- funding of the maintenance of the information system of the social protection system of the Republic and
- co-funding of a share of costs of health insurance for beneficiaries of cash benefits and long-term care and support benefits.

The budgets of the units of local self-government allocate funding for:

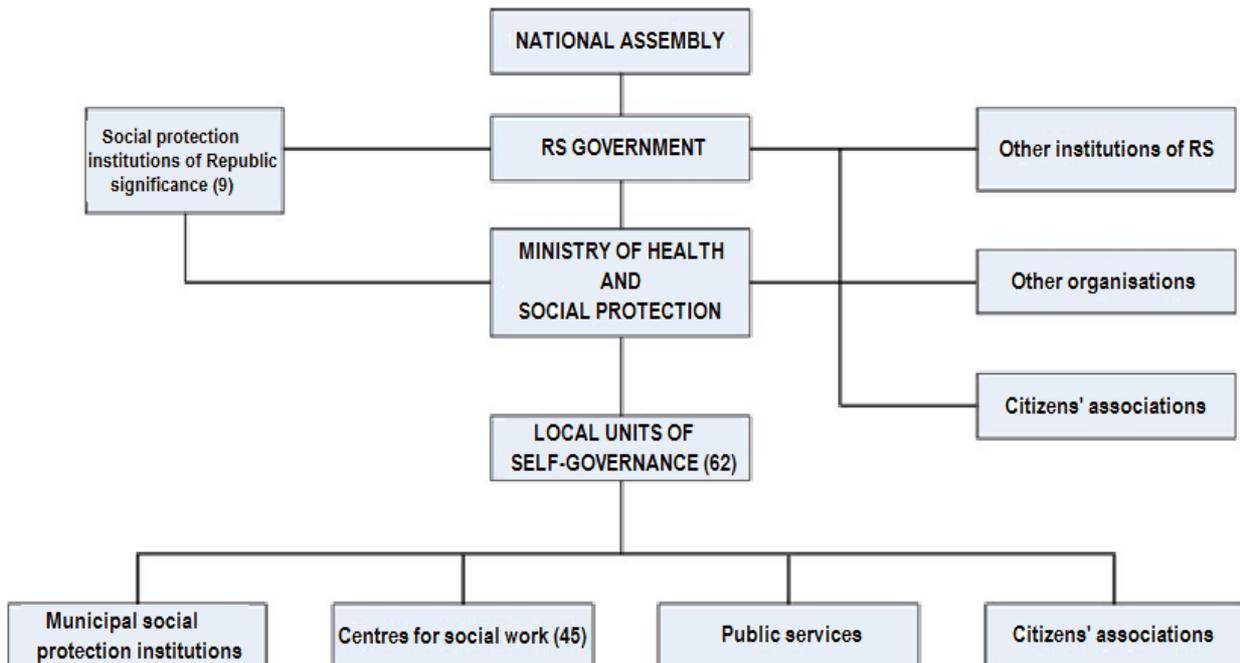
- co-funding of the cash benefits and long-term care and support benefit,
- funding of other rights not supported by the entity,
- funding of extended rights,
- funding of the centres of social work and other institutions founded by the given unit of local self-government, and
- funding of stimulus and development programs aiming to enhance social protection of individuals, families and groups.

1.2 Organisation and functioning of the social protection system

Social protection in Republika Srpska is organized as a separate system with built organizational structure and established social norms by social subjects, which are contained in the policies, strategies, laws and by-laws, other legal acts, as well as moral and customary norms. Social stakeholders in the system are the legislative and executive authorities at all levels and political parties as political entities. They create the system, develop the vision, manage legislation, monitor and improve the system and provide its funding. Production relations of the system are made up of social protection institutions, institutions and services that are organised within the public, civil and private sectors and they engage in social protection activities by realising its core values and ensuring that the rights of beneficiaries are met. At the heart of the system structure are citizens in need or beneficiaries with their primary and secondary networks. In addition to the organizational structure, the system consists of connections and relationships that exist between various parts which provide access to social welfare through dynamic interaction.

The institutional structure of the social protection system in Republika Srpska is shown in Figure 1.

Figure 1: Institutional structure of the social protection system in Republika Srpska



Jurisdictions of institutions in the system are defined by the Constitution of Republika Srpska, Law on social protection and other laws and legal acts that regulate the operation of these institutions. Establishing links and relationships between different parts of the institutional structure enable the functioning of the social protection system and can be best explained through two processes. The first process is regulation of the system, and the second process is fulfilment of the rights of beneficiaries.

In the first process, the Government of Republika Srpska proposes the policies and laws that govern the system of social protection to the National Assembly at the initiative of the Ministry of Health and Social Protection. Social stakeholders in the system, primarily social institutions, but also local units of self-governance, implement the decisions and determined actions.

In the second process, individuals, families or groups in need start the procedure to exercise the rights established by laws and other legal acts of institutions of social protection. The process for accessing social protection rights is conducted by the responsible centre for social work as determined by the beneficiary's place of residence. The decisions passed by the centre are not automatically subject to review. The responsible ministry may review a decision on recognition of rights and, if it determines that such decision is in contravention with the law, it may cancel it, revoke it or return it for renewal of the process. However, the centres have a legal obligation to review the conditions for receiving benefits every year. In case of change, a new decision is made.

The institution of appeal is established for all stages of the application approval process. The minister rules on the appeal against the decision of the centre for social work. His decision is final and they can be taken to court (or disputed in administrative procedure). In this way, a full administrative and judiciary protection of beneficiaries' rights is ensured.

Relevant ministry of RS, and centres for social work at the level of local self-governance provide the payments of benefits. The process of implementation of the rights of beneficiaries and of the work of institutions is subject to internal and technical supervision and inspection. Internal supervision is carried out in accordance with the Law on Social Protection, the law that stipulates the work of administrative bodies and law on administrative inspection. Supervision is carried out by the inspection for social protection. Professional supervision is supervision over the implementation of professional work in social care institutions and it is carried out by the Ministry of Health and Social Protection, which is responsible for the area of social protection. In social protection institutions at the local level, i.e. institutions established by the local self-governance unit or legal and natural persons in local communities, in addition to legally defined control and supervisory mechanisms, local self-governance units monitor the operations and supervise the exercise of functions by the management structures (appoints manager and management board) and adopts work programs and reports.

1.3 The Situation of social protection in Republika Srpska: beneficiaries, rights, procedure and funding

The Republika Srpska Law on Social Protection stipulated that beneficiaries of social protection are persons in the state of social need, i.e. in the situation when they need assistance to overcome social and other difficulties and create conditions for meeting basic living needs, if these needs cannot be met within other social security system. Both children and adults can be beneficiaries. The law particularly specifies and emphasizes eligible persons. When children are concerned, eligible children are: those without parental care, with developmental impediments, those whose development is disturbed due to family circumstances, victims of violence, of children-trafficking, with socially unacceptable behaviour, exposed to socially risky behaviours and those who, due to special circumstances, need social protection. Adult beneficiaries are persons who are: financially unsecured and unable to work, persons with disabilities, elderly, without family

care, with socially negative behaviour, victims of abuse of mind altering substances, victims of family violence, victims of human trafficking and those in need of social protection due to special circumstances.

Above beneficiaries are eligible as beneficiaries of rights and services established by the Law if they meet the established requirements for each right. These rights are as follows: cash benefit, long-term care and support benefit, allowance for equalization of opportunities for children and youth with developmental impediments, placement in institutions, placement in foster families, home assistance and care, day care, one-off cash benefit and counselling. The number of beneficiaries for 2007-2011, by individual benefits, is presented in Table 3.1.

Most frequent reasons that bring citizens to social services and make them ask for assistance: poor material situation which makes them unable to meet basic living needs and health problems which burden them with increased treatment costs. Therefore the majority of their demands concern cash benefits, and to a lesser extent also various social services.

(From the minutes of the focus group session with beneficiaries held on 03 April 2013)

The staff in the centres for social work find that the assistance of centres is demanded by the most vulnerable (elderly, families with children, persons with disabilities, unemployed persons able to work...) due to generally unfavourable economic situation, poor health and the want of assistance from the family that has none or very low income, that most beneficiaries ask for assistance to buy food, pay utility bills, particularly electricity and water, cover the medical costs and procure medicines and aids, buy firewood, buy books and school kits for children. They very rarely ask for purchase of clothing and footwear, and these are mostly families with kids. It is not rare that clients ask for benefits on the basis of their status, for instance of the status as a family of a dead soldier, unemployed person or a retiree, and that they emphasize status as a relevant criterion for receiving social protection assistance, because their system(s) have failed to provide them with security.

From the minutes of interviews.

One-off cash benefits and long-term care and support benefits are the ones provided most frequently in social protection and they have the most beneficiaries (Table 3.1).

Table 3.1: Changes in numbers of beneficiaries of certain rights, 2007-2012

Right	2007	2008	2009	2010	2011	2012
Cash allowance	4,965	5,114	5,123	5,586	5,451	6,782
Long-term care and support benefit	9,378	11,911	13,253	15,124	15,059	16,731
Allowance for training for work	62	214	235	209	270	290*
Placement into social protection institutions or other institutions	1,147	904	963	1,005	997	1,000*
Placement in another family	282	335	355	342	372	400*
Home assistance	494	327	277	285	285	350*
Health insurance	6,804	5,291	4,365	4,300	3,572	3,800*
One-off cash allowance	14,177	13,063	12,345	10,327	10,317	10,500*
TOTAL	37,309	37,159	36,917	37,178	36,323	39,853*

Source: Republika Srpska Ministry of Health and Social Protection

* Data based on estimates

The above rights include cash benefits and services. The total number of beneficiaries of social protection in accordance with the Law on Social Protection over the past six years has not changed significantly. The increase of the number of beneficiaries by around 37% relative to 2007, or by around 6% per year on average is evident (Graph 3.1). Cash allowance is the benefit received by poorest citizens unable to work and lacking other sources of social security. By the level of income, such beneficiaries belong among the extremely poor.

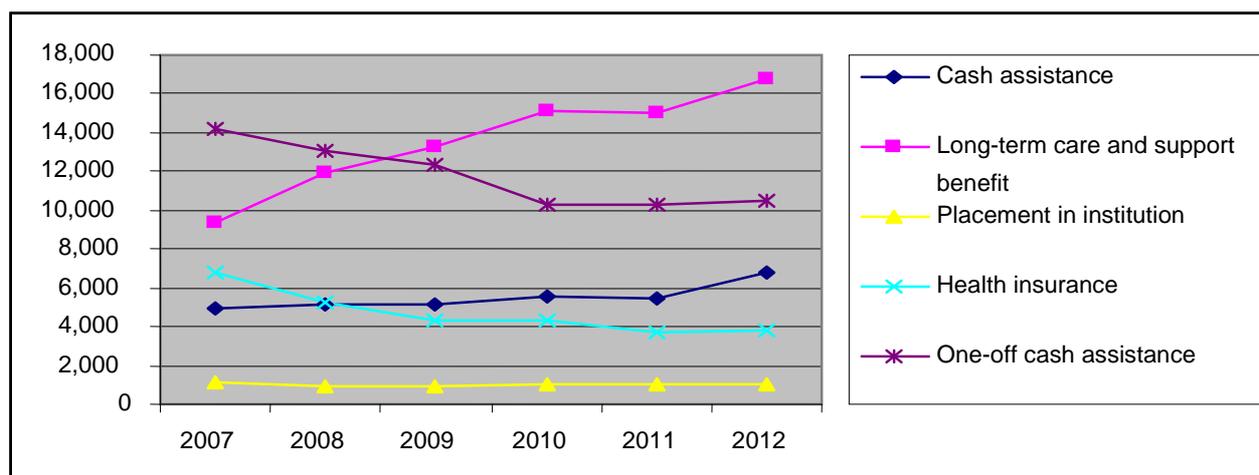
The number of beneficiaries of the long-term care and support benefit increased the most (by 79%). On average, the number of recipients of this benefit increased by 13% annually and its largest recorded increase was in 2010 – 15% (Graph 3.1) It is expected that the implementation of new criteria for assessment of situation and needs in the process of recognition of this right will lead to the changes in the number of beneficiaries. This right is extended to persons with disabilities who have the need for constant assistance and care of another person due to bodily, mental, and sensory disorders and manifest changes in their health condition.

A reduction in the number of beneficiaries was recorded for the rights to home assistance, health insurance and one-off cash allowance. Home assistance is the right provided to elderly frail persons, persons with severe conditions and other persons unable to take care of themselves, who need assistance in meeting everyday needs in feeding, clothing, hygiene, maintenance of living premises, food preparation etc. in the beneficiaries' homes. Only few localities work on implementation of this right, the number of beneficiaries is not large and the reduction in the number of beneficiaries is more a result of poor information of beneficiaries about its availability and of the attitude of specialist staff in its promotion and use.

A drop of 90% in the number of beneficiaries of health insurance over the past six years is a result of changes in the manner of its calculation and of a restrictive policy in establishing of this right. Due to the high base for calculation of health care contributions for beneficiaries of social protection (40% of the average gross wage in RS for the preceding month), specialist social protection services conducted a review of the beneficiaries of this right and eliminated all beneficiaries who currently lack the need for health care, i.e. recognize this need only in the event of manifest need.

The reduction of the number of beneficiaries of one-off cash allowances of 38% over the past six years (Graph 3.1) was not a consequence of reduced needs, but a consequence of funding shortages, so many services treated beneficiaries' applications very restrictively and fully applied their discretionary right in deciding about the number and amounts of approved benefits. There are localities where one-off cash benefits were not approved at all for several months, or where payments were in arrears by half a year or longer, which completely invalidates the purpose of this right to address urgent and current social needs of persons lacking income and who are in the state of poverty due to long-term unemployment. As they do not have certain access to social benefits in no social security system, they are left to fend for themselves in the gray labour market and to the greatest extent they rely of family resources, which were greatly exhausted and encumbered over the preceding years. According to a case study in one municipality (Nevesinje), the shortage of funds emerged as a problem back in 2008. In 2007 160 persons applied for one-off cash benefit, 150 persons received it, while in 2008 this type of assistance was requested by 167 persons, with 116 receiving it. In the following years, the number of beneficiaries dropped by 33%, and in 2011 the strategy was adopted to approve assistance to beneficiaries with manifest needs, but in significantly lower amounts (from 20.00 BAM to 50.00 BAM), which caused the number of beneficiaries to rise by 50%, but in 2012 this situation was repeated and the number of beneficiaries plummeted by 64%.

Graph 3.1: Changes in the number of beneficiaries of most frequent rights, 2007 – 2012



The level of two key benefits (cash benefit and long-term care and support benefit) prior to adoption of the 2012 Law was 41.00 BAM. This level was set in nominal terms and was adjusted to the changes in the previous year's cost of living index. As the index was not officially published, no adjustment of benefit levels was carried out. Verification on individual cases revealed that, because adjustment of the benefit levels had not been carried out, beneficiaries received one monthly benefit less over the course of the year and, when beneficiaries complained, the centres for social work would resolve this problem by approving one-off cash benefits in equivalent amounts. The valid Law on Social Protection raised the levels of benefits and established a mechanism of their adjustment with changes, stipulating that the calculation base is the preceding year's average net wage. An overview of the levels of different benefits is presented in Table 3.2.

Table 3.2 - Cash benefit levels in social protection

No.	Type of right	Benefit level until June 2012 in BAM	Benefit level in December 2012 in BAM	Percentage of base	Increase in %	Benefit level for 2013 in BAM
1	Individual cash benefit	41.00	121.35	15	196	122.70
2	Cash benefit for two persons	49.00	161.80	20	231	163.60
3	Cash benefit for three persons	57.00	194.16	24	241	196.32
4	Cash benefit for four persons	65.00	218.43	27	236	220.86
5	Cash benefit for five and more persons	82.00	242.70	30	196	245.40
6	Long-term care and support benefit	41.00	80.90	10	98	81.80 and 163.60
7	One-off cash assistance	Up to 205.00 BAM	364.05-728.10	3x15%-30%	256	368.10 – 736.20

When assessing the usefulness of cash benefits in social protection, beneficiaries find their levels low and insufficient to meet the needs the benefits are approved for, but those benefits permit them to meet basic urgent needs: purchase of basic foodstuffs, repayment of a share of utility costs in arrears, purchase of a portion of firewood, purchase of certain medications, repayment of loan instalments that were in arrears etc. No one reaches social security with social benefits, they are

assistance in surviving and overcoming current problems, until other sources are identified.

(From the minutes of the focus group sessions with beneficiaries, held on 03 April 2013)

The criteria for access to cash benefit rights are diverse and different for each right. Cash benefits may be paid to individuals unable to work, lacking own incomes or whose total support incomes are below the level of cash benefit set by the Law, who have no excess housing space, who possess no other assets from whose value the funds for support may be provided and who have no relatives with the legal requirement to support them, i.e. who are, due to disability or another objective obstacle unable to fulfil the obligation of support. There are advantages with regard to assets when beneficiaries are able to use it to fund their own support (mortgages, donations to municipality, encumbrances etc.). Specialists believe that the criteria, and particularly means tests, are set realistically, so that they permit inclusion of the poorest and elimination of people with higher incomes.

Experts from centres for social work believe that the benefit levels are in most cases set by laws and other regulations of responsible bodies, which is good for their work because it excludes the possibility of discretion evaluation and decision-making. They also state that the current levels of cash benefits are insufficient to meet the needs of beneficiaries, although they are considerably higher since the adoption of the new Law. In current conditions, characterized by unemployment, low incomes and poverty, along with the economic crisis that has lasted for several years, the current level of benefits is not negligible and is of significance for beneficiaries.

From the minutes of interviews.

The process of accessing social protection rights is initiated upon request of the person applying for assistance or seeking to access a right, or upon the initiative of other citizens, institutions and social workers themselves. On the occasion of submission of demands, there is a preliminary assessment in the admissions service or by a social worker, and on this occasion the situation is assessed and an initial screening is conducted that determines the validity of the given application in the social protection system, i.e. whether there is a need to address another social security system because of the lack of competences of the centres of social work.

To access social protection rights, certain documentation needs to be presented when submitting the application. The client needs to collect the documentation on his/her own, and it should include information about: identification, residence, family, certificates of income, movable assets and real estate, medical documentation about health condition and evidence of expenses for which the assistance is requested. The documentation varies for different benefits. The centres for social work do not check documentation provided by official bodies, but it does verify the overall situation in the family through personal visits, in conjunction with other specialists and institutions and in combination with an interview with the applicant and his/her family members. There are also cases that the client is unable to procure necessary documentation. In such cases, he/she receives professional assistance, contacts with responsible institutions are established and official documents officially requested and cash assistance for covering the costs of issuance of such documents. There are cases that elderly person lacks even the personal identification documents and the single citizen ID number, which can further complicate the situation, and in such cases the centre gets involved, establishes contacts with multiple institutions until the problem is resolved.

In the view of social workers, clients most frequently provide accurate information, they are honest and realistic in describing their situation. There are only rare cases when they need to present their situation as somewhat more severe than in reality, and when they do not wish to document certain allegations, mainly these include the information about children and other family members if their obligation to provide support is assessed.

From the minutes of interviews.

The criteria for accessing the right to cash benefits are varied and different for individual rights. Financial assistance can be received by an individual who is unable to work, who has no personal income or whose total income for support is below the level of financial assistance as prescribed by the Law, who does not have an too much housing space, who has no other assets from which values can provide a means of subsistence and who has no relatives who are legally obligated to support them, or who are, due to disability or other objective incapacity, unable to perform their obligation to support. There are advantages when it comes to property in the event that the user has used it as a means of sustenance (placed it under mortgage, donated it to the municipality, land registry, etc.).

Expert employees of centres for social work stated during interviews that, during the preliminary assessment, a considerable number of initiatives and verbal applications are eliminated upon recommendation of a specialist who, most frequently, independently makes a discretionary decision about the admission/non-admission of the person in question into the social protection sytem, or about the continuation of the assessment process. Due to this initial screening, the applications that are admitted into the assessment process are most frequently approved (in excess of 95%). The requests failing to receive a positive assessment lack required documentation, contain inaccurate information or it is found that legally established pre-requirements are not met. There are cases that applications are rejected due to the shortage of funds, as planned funds in the budgets of local communities are not aligned with the needs and requests of the centers for social work, and disbursements are permitted only within the limits of the planned budget. They also believe that the criteria, especially means testing, are set in a way that enables the inclusion of persons who are the poorest, eliminating those with higher incomes. (From the minutes of the interviews)

Beneficiaries estimate that legal criteria are respected when decision about awarding specific rights are made, but that the findings obtained by direct insights into the family and material situation are also used. They particularly value decision-making on the basis of such date and they believe that the views of social workers should have the force of a legal act and that, in certain specific cases, such views should be decisive.

(From the minutes of the focus group session with beneficiaries, held on 03 April 2013)

The common practice in all interviewed centres for social war is that the decisions about awarding of rights are passed by specialist staff members, in some places teams, and that such decisions are approved by the head of the institution if appropriate procedures have been carried out and required conditions met.

Beneficiaries believe that the processes for accessing social protection rights are not complex and that decisions on their applications are passed within reasonably time periods. In case of urgency, decisions are passed in several days, while 10 to 30 days is common. Only in cases when additional expert evaluation (for the long-term care and support benefit) is required, the process takes between two and four months. The process of accessing rights in the centres for social work is much faster, simpler and efficient for beneficiaries than in other systems, particularly in health care, pension and disability insurance system, employment system and in administrative departments of local self-government units. The rights in the domain of health care are particularly difficult to access, procedures are complex and extended, and it is never certain what the outcome would be. During the procedure, they need to visit the centre one or two times, most frequently their participation ends when they submit their applications. In more severe cases, when a client is incapable of coming to the centre, he/she is visited in the family and information is collected in that manner. Beneficiaries that receive occasional benefits apply once or twice a year for one-off benefits, depending on the needs of the moment and material conditions.

(From the minutes of the focus group session with beneficiaries, held on 03 April 2013)

Experts comment this process as a legally required procedure with time limits (30 to 60 days) during which the entire state of social need is reviewed, all evidence obtained during the process assessed and the decision concerning the eligibility of the client is made. (From the minutes of the interviews)

All decisions passed in the centres for social work can be appealed. The second-instance body in the process evaluates the claims submitted in the appeal, checks whether the defined legal procedure was followed and verifies submitted evidence and reaches the decision, which may be: acceptance of appeal and returning the case for re-evaluation, acceptance of appeal and deciding on the case or rejection of appeal.

Beneficiaries are informed about the options to appeal the decisions passed in the centers for social work, but most do not exercise this right, because their applications are approved.

(From the minutes of the focus group session with beneficiaries, held on 03 April 2013)

The funding used to cover the established rights was provided by the units of local self-government and by the entity (Table 3.3.).

Table 3.3 - Funds disbursed for social protection

No.	Right	Total disbursed in 2007	Total disbursed in 2011	Disbursed in 2012, in BAM - estimate
1	Cash benefit	2,512,566.00	2,729,281.40	5,450,336.95
2	Long-term care and support benefit	3,442,092.00	7,427,687.43	12,374,432.02
3	Allowance for work training	374,310.00	504,193.76	563,615.00
4	Placement in social protection or other institution	4,498,689.00	6,617,961.80	7,920,000.00
5	Placement into another (foster family)	377,558.00	1,542,301.00	1,700,000.00
6	Assistance in the home	62,985.00	481,812.14	520,000.00
7	Health insurance	935,505.86	1,542,301.93	1,800,000.00
8	One-off cash benefit	1,437,972.00	1,383,836.00	1,500,000.00
9	Augmented rights	700,000.00	1,848,357.00	2,000,000.00
	TOTAL	14,341,677.86	24,077,732.42	33,828,383.95

Source: RS Ministry of Health and Social Protection

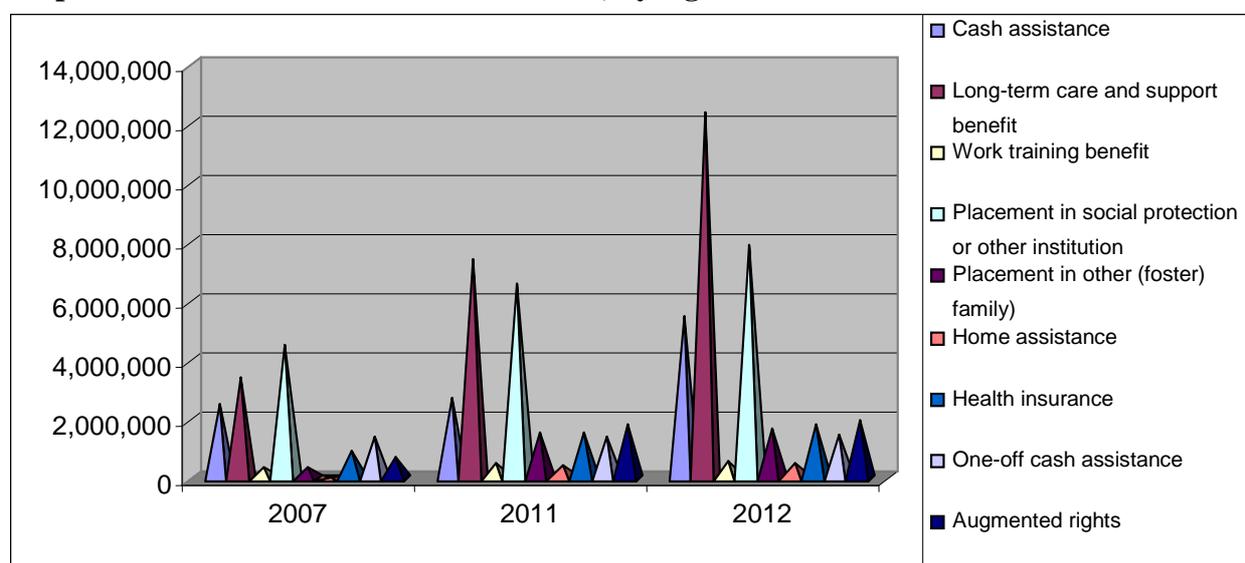
An analysis of consolidated reports on the execution of 2011 budget found that the units of local self-government include into social protection a range of other expenditures implemented directly from the budget outside the social protection system and recorded in the account 4161.

On the example of the City of Trebinje, it was determined that such benefits include: rent subsidies for veterans' categories, assorted allowance for the veterans' population, scholarships for pupils and students, community projects in social protection, celebration of Children's Week, Municipal Inclusion Plan, assistance to NGOs with social and humanitarian mission, Red Cross activities, support to the operation of the soup kitchens, cash assistance for the Pensioners' Centre, student transportation, awards and gifts to students, individual assistance, assistance to refugees and displaced persons, assistance to workers, pensioners and unemployed persons. No criteria were applied for approval of half of the above mentioned expenditures and they were approved by discretionary orders of a political official. Impact of these benefits to poverty reduction is

unknown. 18% of the total amount earmarked for social protection by the City of Trebinje was distributed in this manner.

Multiple increase of funding for cash benefits for approximately the same number of beneficiaries was a result of an increase in benefit levels, costs of accommodation of beneficiaries in institutions and foster families and of the rise in the number of beneficiaries of certain rights, which required more funding. (Graph 3.2.).

Graph 3.2: Funds disbursed to beneficiaries, by rights



Full implementation of the Law on Social Protection in 2013 will require additional increases of funding for benefits with highest number of beneficiaries, such as cash benefits and long-term care and support benefit. An increase of 100% is expected, while for other rights major changes are not expected.

Funding of social protection includes funding the operations of the agencies that carry out tasks in the procedures of recognizing rights, and those that provide services. This is funding for centres of social work and municipal social protection departments in localities where the centres have not been established. Forty-five centres have been established in Republika Srpska, while 16 municipal administrative departments carry out social protection tasks. The new Law on Social Protection introduced a requirement to establish centres of social work in all municipalities within two years. The Table 3.4 provides an overview of funds for operations of centres of social work relative to the funds for beneficiaries' rights.

Table 3.4 – Centres for social work – operational funds

No.	Year	Funds for beneficiaries' rights	Operational funds	Total budget	% of funds for operation of the centres
1	2007	14,341,677.86	8,000,000.00	22,341,677.86	28.00
2	2008	20,974,442.06	10,338,208.00	31,312,650.00	30.30
3	2009	23,772,028.80	10,247,493.10	34,019,521.90	33.20
4	2010	24,510,888.00	11,795,973.00	36,306,861.00	30.80
5	2011	24,077,732.42	10,046,605.88	34,124,338.30	34.00

Source: RS Ministry of Health and Social Protection

Existing ration of utilization of funds will be changed in 2013 to the benefit of the growth of the funds earmarked for funding beneficiaries' rights, while the funds for operation of centres will

not change more significantly owing to savings measures implemented in all public services and units of local self-government, which include the restrictions on new employment and stagnation or reduction of salaries.

2. Social benefits in the child protection system

2.1 Legal regulation of child protection

Protection of families with children is regulated within the system of child protection based on the right and duty of parents to care about raising and education of their children, on the child's right to living conditions that permit his/her normal psycho-physical development and on the government's obligation to ensure these rights. The Law on Child Protection of Republika Srpska regulates the system of child protection. Republika Srpska adopted its first Law on Child Protection in 1996. First amendments were adopted in 1998, second and third ones in 2011, and in 2002 the Judiciary Committee of the Republika Srpska National Assembly adopted the new consolidated text published in the Republika Srpska Official Gazette no. 4/02. Subsequently, the prevailing law has been amended twice.

The 2008 amendments concerned more detailed definition of the modes of calculation of the maternity leave benefit. 2009 amendments recognized changes in the pre-school education, which became part of the educational system, while child protection continued to support preventative programs for preparation of children for school in pre-school institutions.

The goals of the child protection measures are as follows:

- creation of basic condition for approximate equalization of the level for meeting children's developmental needs;
- planning, promotion and enhancement of child protection;
- assistance to the family to achieve its reproductive, protective, educational and economic functions and
- special protection of the third child in families with multiple children.

These goals are fulfilled through child protection rights benefitting both parents and children. All of them enjoy seven basic rights on the same terms on the entire territory of Republika Srpska: wage compensation during maternity leave; maternity benefit; baby package; child care allowance; fulfilment of children's developmental needs; pre-school education for children without parental care, children with developmental impediments and children in protracted hospitalization, as well as vacations for children up to the age of fifteen in children's vacation resorts. The first six rights are of public interest and Republika Srpska ensures that they are fulfilled, while the seventh right is provided by the units of local self-government, who may, if they can set aside the funds, establish additional rights, augmented rights and set more favourable terms for access to such rights. The RS Child Care Public Fund provides for exercise of the rights of public interest. Municipalities in Republika Srpska have failed to exercise their right and adopt decisions about augmentation of rights in child protection. The decisions aimed to stimulate the birth rate, i.e. pro-natal(ist) policy, are an exception and most municipalities with negative population growth adopted regulations establishing various benefits, such as one-off benefits for third and each subsequent child, marriage benefits etc.

The funds for exercise of the rights from this law are collected from a contribution that is set at a single rate for all of RS.

The RS Law on Child Protection is based on the principles of solidarity and equality and ensures equal access to rights for all, regardless of the development level of the given locality and place of residence. By its character, child protection rights reflect orientation on social protection, population and prevention. Social protection rights are the child care benefit and maternity

benefit. Child care benefit is an exceptionally selective benefit and not all children are eligible, as the criteria for accessing this right exclude first-born children, children over the age of 15, they are based on the means test and children whose parents' incomes exceed the set means test threshold are not eligible for it. The means test threshold is defined every year by the decision of administrative bodies in such a way that the entire monthly income per member of the family, received six months prior to the date of application, does not exceed the set amount, which was 75.00 BAM in 2011, 2012 and 2013. The land revenues and income from movable assets are calculated separately and are not included in the family's total income, i.e. the set means test threshold. Some groups of beneficiaries (third- and fourth-born children) have more favourable thresholds (80.00 BAM and 90.00 BAM, respectively), which constitutes a pro-birth policy measure. Some criteria for the child-care benefit include the status aspect as well, because it was stipulated that, regardless of their financial conditions, the children of killed soldiers, children of civilian victims of war and disabled war veterans of I and II category, children who are civilian victims of war, children without parental care, children with developmental impediments and children whose families exercise the right to cash benefits in accordance with the Law on Social Protection are eligible for the child care benefit until the age of 19.

The maternity benefit is a measure with the orientation on both social protection and population. It was intended for unemployed mothers, who gave birth, and it belongs to mothers for their first three children. It is available for one year since the day of childbirth, it is conditioned upon the level of family income and the means test threshold is defined in the same way as for the child care benefit.

The orientation on population growth of this right is evident from the intent to provide assistance to the family in exercising its reproductive function. The pro-population rights include baby packages, wage compensation during maternity leave, and the augmented benefits for third- and fourth-born children and the maternity benefit have the same character, as well as some other programs, such as the program of the Republika Srpska Government that provides one-off cash benefit for birth of the third and fourth child. The right to wage compensation during maternity leave arises from the special protection of women and motherhood regulated by the Republika Srpska Labour Law and which belongs among the fundamental social rights enshrined in international conventions.

Support to developmental rights of children through support for educational programs that prepare children for school, programs of socialization of children, early discovery of children with developmental impediments, refunds of the net wage when working shorter hours etc. is envisaged in the Law on Child Protection, which reveals its preventative orientation. It should be noted that the Labour Law, in the special protection of women and motherhood, extends the right to parents of a child with psycho-physical developmental impediments who has not been placed into an appropriate health care of social institution to work half-time, with the right to wage compensation for the other half of the full working time. The same Law requires the Child Care Public Fund to fund this right.

The child protection system in Republika Srpska does not deal with other needs of children, but mostly supports poor families with children and mitigates their poverty. In this way, it contributes substantially to social protection. The setup of the system rests on two crucial institutions. These are the Republika Srpska Child Care Public Fund and centres for social work. The Fund collects funds from the child care contribution set at the rate established by the Republika Srpska Law on Contributions, the funds of the Republika Srpska budget and from other sources established by law. The collected funds are distributed by beneficiaries on the basis of decisions passed by centres for social work in the defined procedure. In addition, the Fund monitors the needs and financial effects of measures, develops and proposes child protection policies and legal amendments to the responsible ministry. The centres for social work conduct first-instance procedures and award child protection benefits.

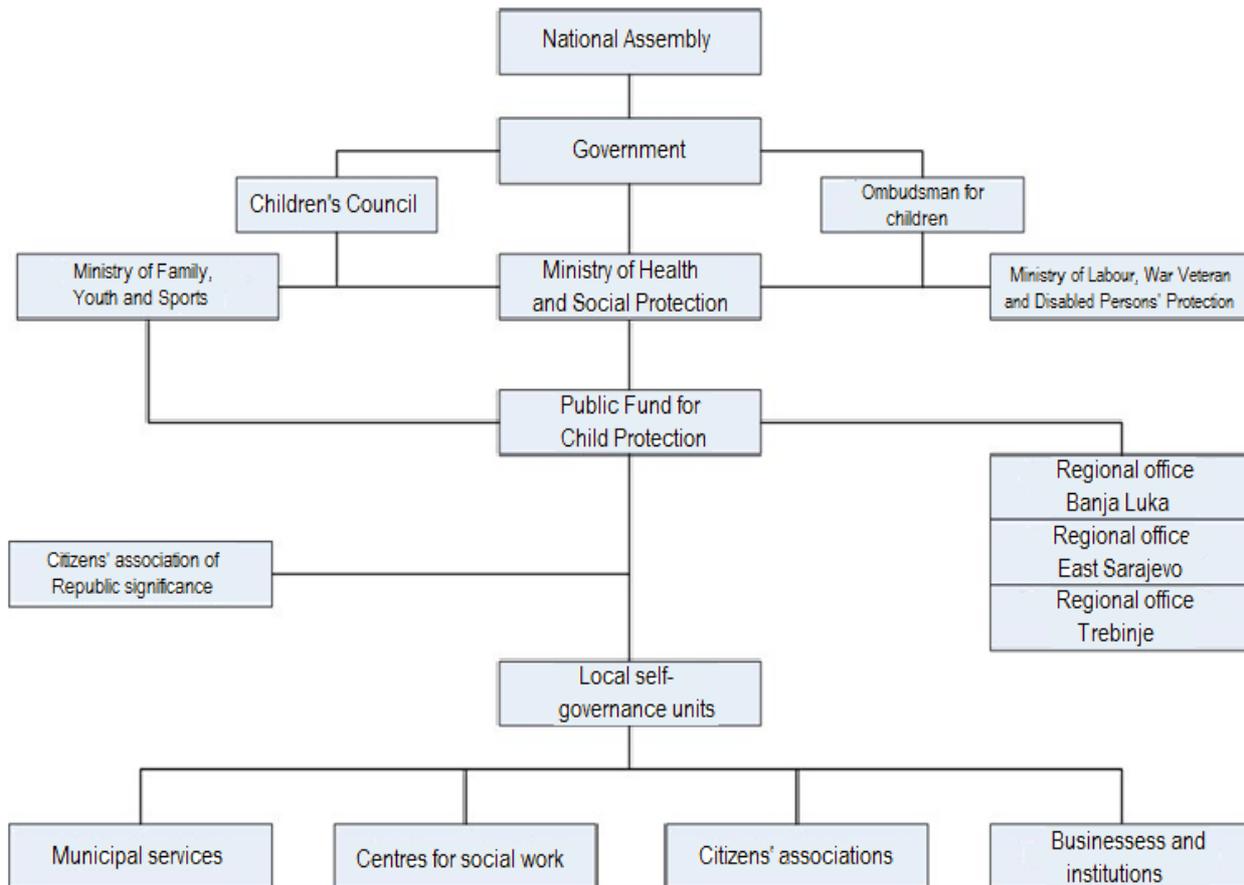
Most funds required for covering child protection rights are collected from contributions¹⁴ established by the Republika Srpska Law on Contributions. The rate of contributions for child protection is 1.5% on gross personal revenues, as defined by the Law on Income Tax, that are subject to income taxation, and on other revenues of the contribution payer for which the Law on Contributions established the base for calculation of the contribution rate (personal revenues of employees: wages and compensation of employees and elected and appointed person, personal revenues of owners or co-owners of businesses or other forms of entrepreneurial activities, royalty fees, top and professional athletes' benefits, compensation for religious officials, compensations for performing temporary and occasional work, compensation for work through youth cooperatives and compensation for participation in public works). In addition to contribution revenues, the responsible ministries transfer budget funds to support the operation of the child protection system (the Ministry of Health and Social Protection) and earmark additional amounts for certain specific purposes (the Ministry of Family, Youth and Sports for one-off benefits).

2.2 Organisation and functioning of the child protection system

The child protection system in Republika Srpska, as well as other systems that are analyzed in this study, has its own organizational structure with built connections and relationships among all parts of the system. Social norms of the system are determined through policies, laws, by-laws, strategies, plans, and other legal acts in the area of child protection, labour, economic policy, social protection, human rights and other areas that deal with improving the status of children. Key social stakeholders (Figure 2) in this system are the legislative bodies (National Assembly and the assemblies of local self-governance units) and the executive bodies (the Government with relevant ministries: Ministry of Health and Social Protection, the Ministry of Family, Youth and Sports and the Ministry of Labour, War Veteran and Disables Persons' Protection). These stakeholders deal with the design and delivery of the system, regulation and organization of the system, the adoption of legislation, monitoring and improving the implementation of child protection and support in exercising the functions of the system. The biggest professional support to social stakeholders comes from the Republika Srpska Child Care Public Fund, an institution that is also a social stakeholder, but is in its structure a part of production relations. The main task of the Fund is to provide funds for the implementation of the rights of child protection, which are collected from taxes, contributions and other sources. The Fund monitors the intake of funds, allocates them in line with the Law to planned purposes, taking into account cost-effectiveness and intended use of funds, but also proposes measures for improving the financing and overall functioning of the system to relevant ministries and the Government. In addition to the functions in the area of financing, the Fund provides conditions for the implementation of child protection, supports and educates professional workers who work on the implementation of the Law, supervises the work of professional bodies and departments which decide on the rights of child protection, audits all decisions on established rights and, as the appellate authority, decides on appeals. Interestingly, the Law on Child Protection defines only the Fund's jurisdiction in securing funds, while all other activities are derived from practices and are determined by the decisions of the Fund's management bodies.

¹⁴ Although this analysis treats only budget (non-contributory) transfers, we believed it was necessary to cover the funding of child protection in RS from contributions, for the purposes of comparison of data between FBiH and RS and for comprehensive analysis of child protection in RS, as well as to keep in line with the Terms of Reference for this Project, which also stipulates an analysis of the targeting adequacy of child protection in FBiH and RS to be performed.

Figure 2: Scheme of the institutional structure of the child protection system



Centres for social work, as social institutions, realize all first instance proceedings of determining eligibility using the methods of administrative and social work. All decisions the first instance proceedings are subject to review by the Fund, and only after the audit can the payment of rights performed by the Fund directly to users be completed. All first instance decisions may be appealed and the appellate authority is the Fund.

The decision of the legislator to regulate the process of functioning of the child protection system (which is in the early stages of a part of health insurance) in this way is based on the need to familiarize beneficiaries with their rights and to provide a fully legal and expert-based process that will enable the exercise of rights to persons who meet the statutory requirements.

Local self-governance units are also in the institutional structure and they are authorised to determine other rights, as well as to finance specific rights and provide the environment for accessing rights in places where there are no centres for social work.

Citizens' associations harmonise child protection policies with the needs of beneficiaries through their initiatives, while warning and familiarising social stakeholders with specific groups of children and their needs.

There are two specific institutions within the organisational structure which have an advisory role. They are the Ombudsman for children and Children's Council.

The Ombudsman for children monitors child protection legislature and its harmonisation with international standards of children's rights protection, monitors the performance of obligations of Republika Srpska which are derived from the UN Convention on the Rights of the Child, which refers to children's rights and protection of the interests of children, changes regulations dealing with children's rights, violation of children's rights and interests, and proposes measures for protecting and promoting rights.

The Republika Srpska Children's Council is a constant, advisory, coordinating governmental body in charge of issues from the area of children's rights.

2.3 Child protection: beneficiaries and funding

Families with children are beneficiaries in child protection. The rights to child care benefit and maternity benefit are awarded on the basis of proxy means testing, while other rights are connected with certain states of need or addressing of status matters. The proxy means testing threshold for each year is set by the Director of the Republika Srpska Child Care Public Fund on the basis of monitoring of the changes in the number of beneficiaries, collected funds, wage trends and other economic parameters that impact the living standards of citizens. The proxy means test threshold for 2013 for child care benefit was defined as the total monthly income per family member in the six months prior to application not exceeding 75.00 BAM, while the land revenues per family member not exceeding 1.90 BAM, which constitutes 3% of the highest land revenue on the territory of Republika Srpska, increased by 600% on the basis of re-evaluation. In cases when the families do not receive other income, and the land revenue does not exceed the amount of 6.30 BAM, which represents 10% of the highest monthly land revenue on the territory of Republika Srpska, increased by 600% on the basis of re-evaluation, such families may access the right to child care benefit. The assets are an additional condition, i.e. the catalogue value of assessed movable assets may not exceed 5,000.00 BAM.

Proxy means test thresholds are more favourable for the maternity benefit for the first three children, and for the child care benefit for a third child is set at 80.00 BAM for total income per family members and 1.90 BAM of land revenue, or 6.30 BAM of land revenues if the family receives no other income. The threshold is even more favourable for the fourth child in the family. It is 90.00 BAM for total monthly revenues per family member, with the land revenue threshold set in the same amount as for the third child.

The nominal amounts of benefits for each year are set by the Director of the Child Care Public Fund (Table 3.5) on the basis of the same parameters as for the means testing threshold.

Table 3.5 – Nominal levels of benefits in child protection

No.	Benefit	Nominal amounts in BAM			
		2007	2011	2012	2013
1.	Child care benefit – second child	35.00	35.00	35.00	35.00
2.	Child care benefit – third child	70.00	70.00	70.00	70.00
3.	Child care benefit – fourth child	35.00	35.00	35.00	35.00
4.	Child care benefit for vulnerable groups	90.00	90.00	90.00	90.00
5.	Baby package	270.00	250.00	250.00	250.00
6.	Maternity benefit	70.00	70.00	70.00	70.00

Nominal amounts of benefits have not changed over the last three years, and neither have the proxy means test thresholds. The number of child care beneficiaries is presented in Table 3.6.

Table 3.6 - Number of beneficiaries of child protection, by rights

No.	Benefit	Number of beneficiaries		
		2007	2011	2012
1	Maternity benefit	3,276	3,137	2,867
2	Baby package	10,003	9,969	10,112
3	Child care benefit (number of families)	24,194	26,286	24,205

4	Child care benefit (number of children)	33,253	36,558	33,800
5	Second child	18,196	18,854	16,857
6	Third child	10,039	10,700	9,782
7	Fourth Child	2,112	2,384	2,243
8	Children of vulnerable groups	2,906	4,621	4,918
9	Maternity leave net wage refund	1,943	3,251	3,338
10	Shorter hours net wage refund	47	112	102
11	Meeting of developmental needs	1,609	1,905	1,932
12	One-off cash benefits – pro-population growth policies	1,705	2,437	1,425

Source: Republika Srpska Child Care Public Fund

The number of beneficiaries of cash benefits approved on the basis of means testing (child care and maternity benefits) increased by around 9% in 2011, but it declined by some 8% in 2012, relative to 2011. Regarding other benefits, the number of beneficiaries of the maternity leave net wage refunds is increasing constantly, while no significant changes were recorded for other benefits.

The total funds could cover the needs until 2008, with the requirement of constant monitoring of the number of beneficiaries and adjustment of means tests and levels of benefits. With the 2008 amendments to the Labour Law, upon the initiative of the Union of Associations of Employers, the duration of benefits for maternity leave at the expense of child care was extended from nine to eleven months for the first and second child, and from 12 to 17 months for twins, third and every subsequent child. From this time, the number of requests for refunds of the wage compensations has begun to increase (170% in 2012, relative to 2007), while required funds rose by 390%. These reasons led to difficulties in servicing the obligations and since 2011 the Public Fund has taken loans to cover its obligations. An overview of the revenues of the RS Child Care Public Fund is provided in Table 3.7.

Table 3.7: Child care revenues

No.	Revenue source	Revenues in BAM		
		2007	2011	2012
1	Contribution revenues	34,192,459.00	54,256,746.00	54,353,773.00
2	Transfers from the Ministry of Health and Social Policy	2,101,224.00	2,000,000.00	2,000,000.00
3	Transfers from the Ministry of Family, Youth and Sports	471,934.00	1,228,514.00	823,941.00
4	Other revenues	132,553.00	783,366.00*	83,862.00
	TOTAL	36,898,170.00	58,268,626.00	57,261,576.00

* Earmarked revenues for specific programs (from bonds and the Office of RS President)

Source: RS Child Care Public Fund

Introduction of contributions for securing funding for child protection identifies this system as part of social security for certain social risks, such as motherhood, childbirth, education and socialization of children etc. The social risk of motherhood is in this way insured through the right to compensation of net wage during maternity leave. The basic condition for access to this right is payment of child protection contribution, and the criterion defining the level of benefit is the paid net wage which was the base for payment of contributions. All other rights have the

character of benefits not based or conditioned with payment of contributions and should be paid from taxes, i. e. should have the character of non-contributory benefits.

The bulk of funds in child protection in recent years is used to refund maternity leave net wage refunds (Table 3.8) and child care benefit. This indicates gradual 'extinction' of pro-natal(ist) and developmental functions. Employers are exerting pressure to base the refund for maternity leave on the gross wage. Accepting such views would channel nearly all contribution funds for covering maternity-related risks and would lead to complete exclusion of the social protection function of child protection.

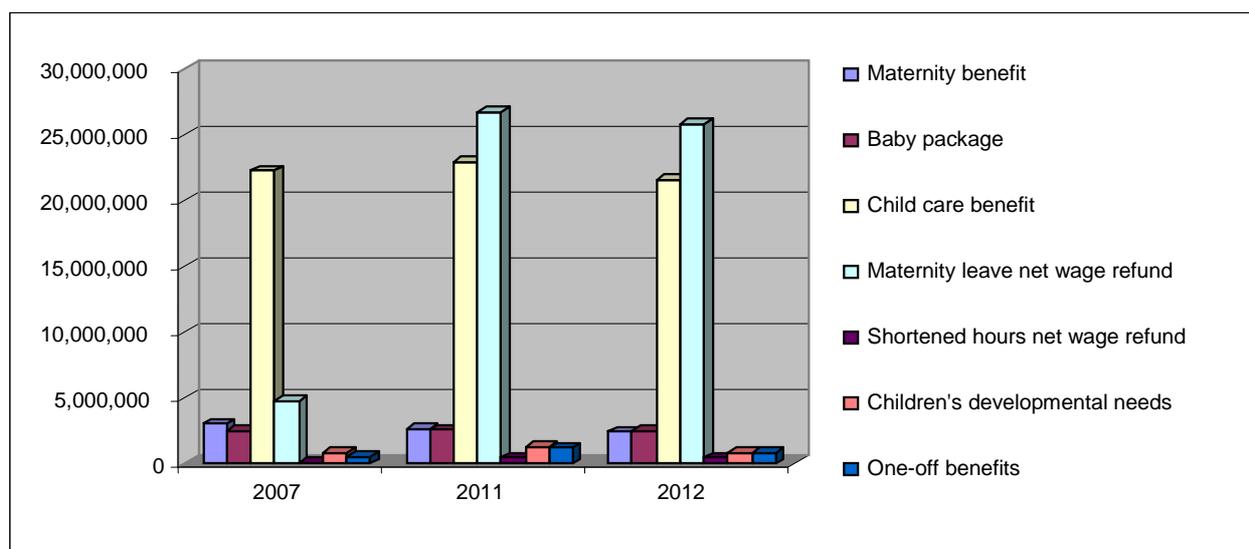
Table 3.8 – Funds disbursed for child protection, by individual benefits

Benefits	Amount in BAM					
	2007	%	2011	%	2012	%
Maternity benefit	3,021,908.00	8.90	2,640,770.00	4.57	2,411,710.00	4.43
Baby package	2,445,370.00	7.20	2,564,965.00	4.44	2,532,845.00	4.65
Child care benefit	22,271,145.00	65.58	22,924,625.00	39.68	21,582,835.00	39.62
Maternity leave net wage refund	4,794,561.00	14.36	26,737,688.00	46.28	25,830,204.00	47.41
Shortened hours net wage refund	82,077.00		452,052.00	0.79	447,633.00	0.82
Children's developmental needs	798,813.00	1.70	1,245,207.00	2.16	862,026.00	1.58
One-off benefits	545,982.00	2.18	1,209,680.00	2.10	811,360.00	1.49
TOTAL	33,959,856.00	100	57,774,987.00	100	54,478,613.00	100

Source: Republika Srpska Child Care Public Fund

Graph 3.3 illustrates the outstanding increase of the funds for net wage refunds, while all other benefits are either stagnant or in decline.

Graph 3.3 – Height of disbursed funds in child care, by benefits



The shortage of funds in the RS Child Care Public Fund for servicing obligations that arose due to expansion of rights, i.e. of the duration of maternity leave that entails refund, is made up by lowering of the thresholds and nominal levels of child care benefits and maternity benefit, as well as of nominal levels of baby packages, and also by commercial borrowing. This permitted

preservation of the system and regular disbursement of benefit payments. All funding saved in this manner (approximately 11 million BAM) were spent on disbursement of wage refunds related to maternity leave. However, the current policy led to a decrease of the levels of existing rights, which had not been high to begin with, and to a decrease in the number of beneficiaries from the pool of materially insecure families. All this is directly reflected on the material security of families that are poor or at risk of poverty and on fulfilment of goals of the entire child protection system (creation of basic conditions for approximate equalization of levels of benefits to meet children's developmental needs).

Specialist staff in centers for social work who implement the first-instance procedures believe that the very low and rigid threshold in child protection, which are below social protection thresholds are unjustifiable and that in this way numerous children whose families are poor or at risk of poverty are excluded from the system. (From the minutes of the interviews)

The current legal solution for funding child protection has been a subject of analytical and theoretical studies and examinations. To date there have been no systemic alterations of the system due to its exceptionally effective and functional arrangements and large effects with regard to the equitability of application and access to benefits for intended beneficiary categories. However, its selectivity, strict criteria and exclusion of numerous children from the system, particularly of children from socially vulnerable and socially excluded groups, put into question the achievement of the goals of the system, primarily in terms of creation of basic conditions for approximate equalization of the levels of meeting children's developmental needs, which is the first reason to enter into a process of reforming the child care system legislation. The second reason relates to the constant increase in the number of beneficiaries and the level of benefit to refund of the net wage during maternity leave, so that nearly half of the funds are channelled into maternity insurance, which undermines all other functions of child protection.

The Republika Srpska Child Care Public Fund prepared a set of proposals for measures, which include amendments to the Labour Law and Child Care Law and their harmonization with the European standards in order to specially define the rights to particular protection of women and motherhood in line with the European Social Charter. The harmonization includes the duration of maternity leave, the amount of benefits according to the appropriate minimum period of employment - insurance and adequate corresponding amount, prior to maternity leave, and coordination and equalization of unemployed mothers who are now entitled to maternity allowance in the amount of 70.00 KM, which is conditioned by means-testing.¹⁵

3. Social benefits in veterans' protection

Social protection of veterans and disabled veterans in Republika Srpska covers the protection of veterans, disabled veterans, families of deceased veterans and civilian victims of war. In organisational terms, protection is realised within one system, whereas in legal terms, the rights of veterans, disabled veterans and families of deceased veterans are regulated by one law, and rights of civilian victims of war are regulated by a separate law. There are significant differences between these two parts when it comes to defining beneficiaries, the types of rights, conditions for accessing rights and amounts of benefits, while the procedure itself is harmonised. The main characteristics of both parts will be provided separately in this study, with explanations of the main differences.

¹⁵ Proposed measures are contained within the Information on the implementation of the right to salary compensation of employed mothers using maternity leave and the right to a maternity benefit for unemployed mothers from the RS Child Care Public Fund from March, 2013.

3.1 Protection of civilian victims of war

3.1.1 Legal regulation of protection of civilian victims of war

Republika Srpska regulated the protection of civilian victims of war in a traditional manner developed in the former state and retained in all new countries. In the very definition of this category of the population, Republika Srpska does not emphasize its exceptionality by declaring it as an activity of a public or special interest, as it was the case with social protection. However, by setting it as a separate domain, regulated by a special law, by defining separate rights and by not incorporating it into any social security system, Republika Srpska demonstrated that it recognized the situation and needs of the beneficiaries of this system owing to the causes that led to their condition. These causes are damage due to war materiel, combat operations, abuse, detention, rape, torture and other causes defined by law, in the capacity of civilian personnel. Various types of benefits are envisaged as compensation for inflicted damages have multiple purposes: provision of social security, disability allowances in order to equalize opportunities and coverage of expenses created due to damages inflicted.

The law that regulated protection of civilian victims of war in Republika Srpska was adopted in 1993 and, following multiple amendments (in 1994, 2007 and 2009) the Judiciary Committee of the Republika Srpska National Assembly established the consolidated text of the Law, which was published in the Official Gazette no. 24/2010.

The status of a civilian victim of war, according to this Law, is extended to the following categories:

1. persons who suffered bodily damage of at least 60% due to abuse, rape, or detention (prison, concentration camp, internment, forced labour) or suffered a wound, injury or harm inflicted by the enemy while taking refugee, as well as persons who were murdered, killed, who died or disappeared under the above circumstances;
2. persons who suffered bodily damage of at least 60% due to wounds or injuries occurring in connection with combat action, such as: bombardment, street fighting, stray bullets, mortar and artillery rounds, etc.;
3. persons who received bodily damage of at least 60% due to wounds or injuries inflicted by residual ordnance or as a consequence of enemy demolition actions;
4. the Law includes in the system of protection citizens who attained the status of civilian victims of war in the previous state, on condition that they hold the citizenship of Republika Srpska and have registered residence on its territory.

There is a time limit for applying for the status of a civilian victim of war for those persons who acquire the status on the basis of the bodily damage. The limit is five years from the day when the person in question suffered the damage, or from the day when the circumstances under such damage occurred ceased. The conditions are the same for beneficiaries of rights arising from the killing, death or disappearance of a person, while the time limit is one year from exhumation and identification of mortal remains of a missing person. If someone was late in acquiring this status, they were granted additional window to do so before end-2007.

Even if the basis for insurance is non-existent, under certain circumstances the Law provides for protection of the family members of civilian victims of war who were killed, who died or went missing due to events that led to its perishing, as well as to family members of deceased persons who held the status of civilian victims of war. Family members of beneficiaries are themselves entitled to certain rights. These solutions considerably expand the domain of protection of civilian victims of war and introduce elements of social security.

Funding of the rights for civilian victims of war is provided by Republika Srpska from the budget.

Access to established rights for civilian victims of war is conditioned by the means test, that cannot exceed a set threshold, as well as by ineligibility to access other rights on another legal basis. Children are exempt from means tested limits. The level of the means threshold, criteria, requirements and procedure for its implementation are established by the Government of Republika Srpska, who adopts decrees to this end. It is curious that a decree or any other legal act setting the means tested threshold were never adopted and that these rights are exercised without verification of the income test.

The key criterion for award of rights is the degree (in percent) of the bodily damage. The minimum damage must be 60%. According to this criterion, beneficiaries are divided into six groups. The classification of the division of degrees of damage is presented in Table 3.9 below. This approach meant retention of the traditional approach to the treatment of persons with disabilities, which is based on the medical model. Such an approach cannot be reconciled with the principles and provisions of the UN Convention on the Rights of Persons with Disabilities, which emphasises multidisciplinary assessment of individual needs and capacities, and not the damages.

Table 3.9: Damage groupings of civilian victims of war

No.	Group	Damage
1	I	100% and the need for another person's care for meeting basic needs
2	II	100% no need for other person's assistance
3	III	90%
4	IV	80%
5	V	70%
6	VI	60%

The rights of civilian victims of war to protection include cash benefits, health care through coverage of health insurance and professional rehabilitation in accordance with the rules of the pension and disability insurance.

The basic benefit in the protection of civilian victims of war is the personal disability benefit, or the survivor dependent benefit. The Law did not state the purpose of this benefit. By analyzing its title and the basis for exercise of rights (bodily damage) and comparing it with similar rights in other social security systems, one concludes that the government indemnifies victims through this benefit. Beneficiaries themselves see this benefit as income support. Every civilian victim of war is eligible for the personal disability benefit if he/she meets the basic criteria. Depending on the degree of damages, its level, set as a percentage of the base, varies. The Law defined the starting base for calculation of the disability benefit as a monthly nominal amount and required the Government of Republika Srpska to adjust it annually with the previous year's retail price index and the available funding in the budget earmarked for these purposes. By introduction of the 'available funding' criterion, the lawgiver provided the executive body with an atypically broad discretionary right to independently decide the level of this benefit. In such cases, the amount of available funds is divided by the amount that should be paid to arrive at the coefficient of the payment of benefits, which cannot be lower than 0.85. In this way, a major source of uncertainty was introduced in to the protection system, because calculation of all rights are linked with the set base.

The survivor dependent benefit is awarded to family members of civilian victims of war who were killed, who died or disappeared, at the level defined as 40% of the level of I group civilian personal disability benefit. The Law categorizes as beneficiaries of the survivor dependent benefit also family members of deceased civilian victims of war and therefore transforms this benefit into a hereditary benefit. The level of this benefit is set at 20% of the level of the I group civilian personal disability benefit, and in the event that there are multiple family members

(spouse with children or without children and parents), this benefit is recognized for each family member at the level of 50% of the established level, divided equally.

Other rights of civilian victims of war address various conditions and needs. The long-term care and support benefit serves to cover disability-related costs. The care is provided for persons who, due to the severity of their injuries, need care and assistance of another person to meet their basic living needs. The level of this benefit is set as a percentage of the level of I group civilian personal disability benefit.

The allowance for family members unable to work is a benefit of social protection accessed by civilian victims of war for a member of family, as well as family members of deceased civilian victims of war for a member of the family who is unable of work and who resides with him/her, or with them, in the household. This benefit is not conditioned by the family member's means test, so it may be accessed also for family members who have own revenues within other social security systems. Since the benefit is not conditioned by presence of disabilities, it may not be considered as a right of persons with disabilities. Inability to work is broadly defined: according to the rules of the pension and disability insurance, with benefits for children if inability occurred before the age of 15, or for women below the age of 65. This benefit has most features of social assistance income support. The level of the benefit is set as a percentage of the amount of civilian personal disability benefit received by the beneficiary in question.

The additional financial assistance is a benefit of civilian victims of war, as well as of families of deceased civilian victims of war that exhibits features of poverty mitigation, as it is conditioned with employment status, i.e. with existence of secure incomes from employment and pensions. Eligibility is restricted solely to persons who are unemployed, are not involved in private business activity, are not beneficiaries of a right to pension and have such revenues that the per capita share of total household revenues does not exceed 10% of the average wage in Republika Srpska for the month for which the disbursement is made. Here the revenues include only incomes from wages, pensions and private business activities. Conditions for accessing this benefit are contradictory and overly narrow, as they disregard a range of other transfers that beneficiaries may receive from the systems of veterans' protection, social and child protection, unemployment insurance etc. The level of benefit is set as a percentage of the civilian personal disability benefit received by the beneficiary in question.

The right to allowance for single parents belong to civilian victims of war who are not beneficiaries of a pension and who do not have family members or relatives who are legally required to ensure support, or, if he/she has such relatives, they are unable to fulfil this obligation. The Law does not specify how the possibility to support is defined. In addition to above requirements, to access this benefit, the beneficiary also must access the right to additional financial assistance, while the level of this benefit is set as a percentage of the level of additional financial assistance received by the beneficiary in question. The legal definition of conditions for accessing this benefit was very unusual, as they were linked to different bases. Single parenthood was conditioned by non-existence of pension and absence of other revenues, with the accustomed feature of linkage with non-existence of family. Conditioning of this benefit by the material circumstances of beneficiaries casts doubts about the very purpose of this benefit.

The right to health insurance, in the same level as established for employees in line with health insurance regulations is accessed by civilian victims of war and their family members, as well as family members of civilian victims of war, if they are unable to access this benefit on another basis.

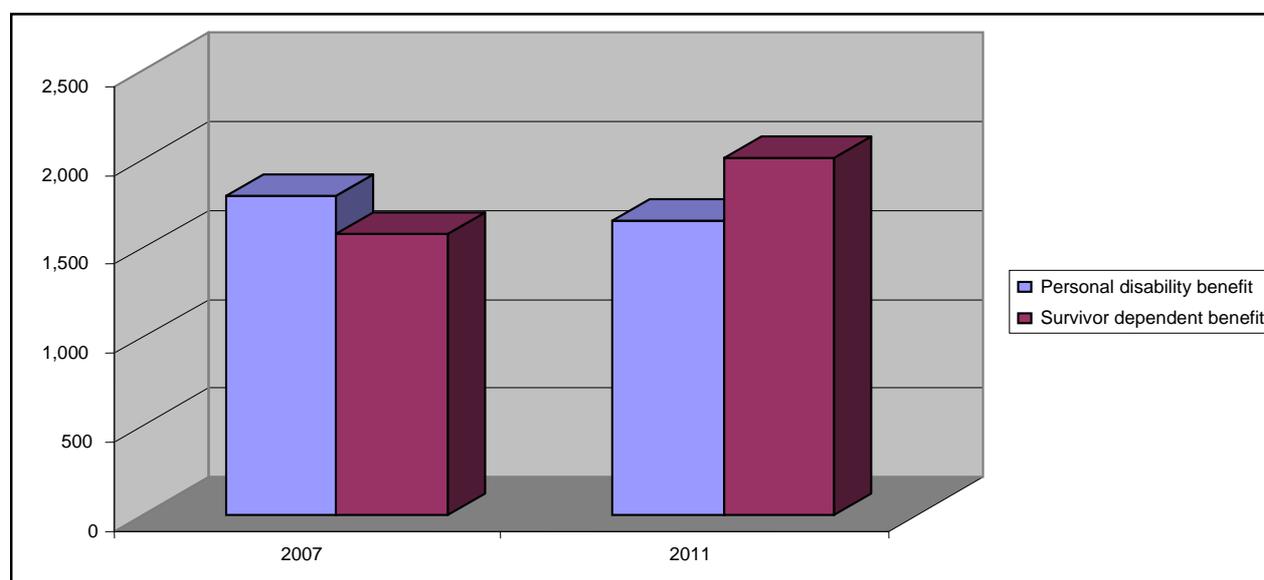
The rights of civilian victims of war are handled in the first instance by the competent municipal administration authority in whose area the applicant has a permanent or temporary residence. Appeals against the decision of the first instance body are resolved by the Ministry of Labour, Veteran and Disabled Persons' Protection. All decisions made in the first instance proceedings are subject to review and, in the conduct of the audit, the appellate authority (Ministry of Labour,

Veteran and Disabled Persons' Protection) can annul the decision, repeal it, send it back for retrial in the first instance or make a decision in accordance with the established facts and the law.

3.1.2 Protection of civilian victims of war: rights and funds

The number of beneficiaries of the types and benefits of civilian victims of war in Republika Srpska was considered with regard to the civilian personal disability benefit and survivor dependent benefit, as other rights are based on disability benefits, since their levels are set as percentages of the personal, or survivor, benefits. The number of beneficiaries of the personal disability benefit declined slightly (Graph 3.4) in 2007 – 2011 period. The basic reason for this occurrence was the time limit for initiation of the procedure (five years since the date when the damage was suffered) and the end of the cause (the war), which had led to the highest number of injuries. The injuries that occur because of residual ordnance are not massive and do not impact the number of beneficiaries significantly. Also, the death rate among beneficiaries who acquired the status of civilian victims of war prior to 1992 is high. As the right to personal disability benefit is hereditary and may be exercised by a family member as the survivor benefit after the death of a beneficiary, the number of such beneficiaries is rising (Graph 3.4).

Graph 3.4 – Civilian victims of war – number of beneficiaries



For all other rights, the number of beneficiaries who are civil victims of war is shrinking (Table 3.10).

Table 3.10: Number of civilian victims of war who are beneficiaries of cash benefits

No.	Benefit	Beneficiaries		
		2007	2011	Difference in %
1	Civilian personal disability benefit	1,796	1,654	-9
2	Survivor dependent benefit	1,579	2,005	27
3	Long-term care and support benefit	93	78	-20
4	Allowance for a family member unable to work	120	81	-49
5	Additional financial assistance	391	309	-27
6	Allowance for single parents	33	31	-7
7	Health insurance		272	

Source: Republika Srpska Ministry of Labour, War Veterans and Disabled Persons' Protection

The level of cash benefits is determined in proportion to the degree of damage and as a percentage of the base set by the Government of Republika Srpska, or the percentage of the recognized right to civilian personal disability benefit and survivor dependent benefit. The base for calculation of the disability benefit is set by Government decree. Since May 2000 till May 2007 the base was 259.00 BAM. Since May 2007 till January 2008 the base was 351.00 BAM, and since that time till January 2013 it was 375.00 BAM. The base of 2013 is 386.00 BAM. Coefficient for the level of disbursement is 1.00.

Table 3.11 presents an overview of damage groups and the levels of civilian disability benefit in accordance with the changes of the base. The level of all other benefits are derived from the civilian disability benefit. The long-term care and assistance benefit is equal to 80% of the level of the civilian disability benefit of a civilian victim of war in I category (300.00 BAM in 2011). The allowance for a household member unable to work was 50% of the amount of civilian disability benefit received by the beneficiary (between 187.50 BAM and 56.25 BAM). Additional financial assistance is equal to 20% of the level of the civilian disability benefit received by the beneficiary (from 75.00 BAM and 22.50 BAM). The allowance for single parents is equal to 50% of the amount of additional financial assistance (from 37.50 BAM to 11.25 BAM).

Table 3.11 – Level of civilian personal disability benefit

No.	Damage group	% of base – civilian disability benefit	2007 (351.00)	2011 (375.00)	2013 (386.00)
1	I group	100	351.00	375.00	386.00
2	II group	70	245.70	262.50	270.20
3	III group	50	175.50	187.50	193.00
4	IV group	40	140.40	150.00	154.40
5	V group	35	122.85	131.25	135.10
6	VI group	30	105.30	112.50	115.80

The survivor dependent benefit is calculated as a percentage of the civilian personal disability benefit of I group at the level of 40% for family members of civilian victims of war killed, died, deceased or disappeared under legally defined conditions (150.00 BAM) and 20% for family members of deceased persons who were recognized as civilian victims of war (75.00 BAM). Other rights are also calculated on the basis of the level of the survivor dependent benefit. Consequently, the additional financial assistance is equal to 20% of the survivor dependent benefit (30.00 and 15.00 BAM), allowance for single parents is equal to 10% of the survivor dependent benefit (15.00 and 7.50 BAM), while the allowance for a family member unable to work is equal to 50% of the survivor dependent benefit (75.00 and 37.50 BAM).

The funds for disbursement of the above benefits for civilian victims of war were earmarked in the budget of Republika Srpska. The amounts disbursed in December of the observed years (2007, 2008 and 2011) are presented in Table 3.12 by type of benefit.

Table 3.12: Benefits for civilian victims of war and monthly disbursed amounts

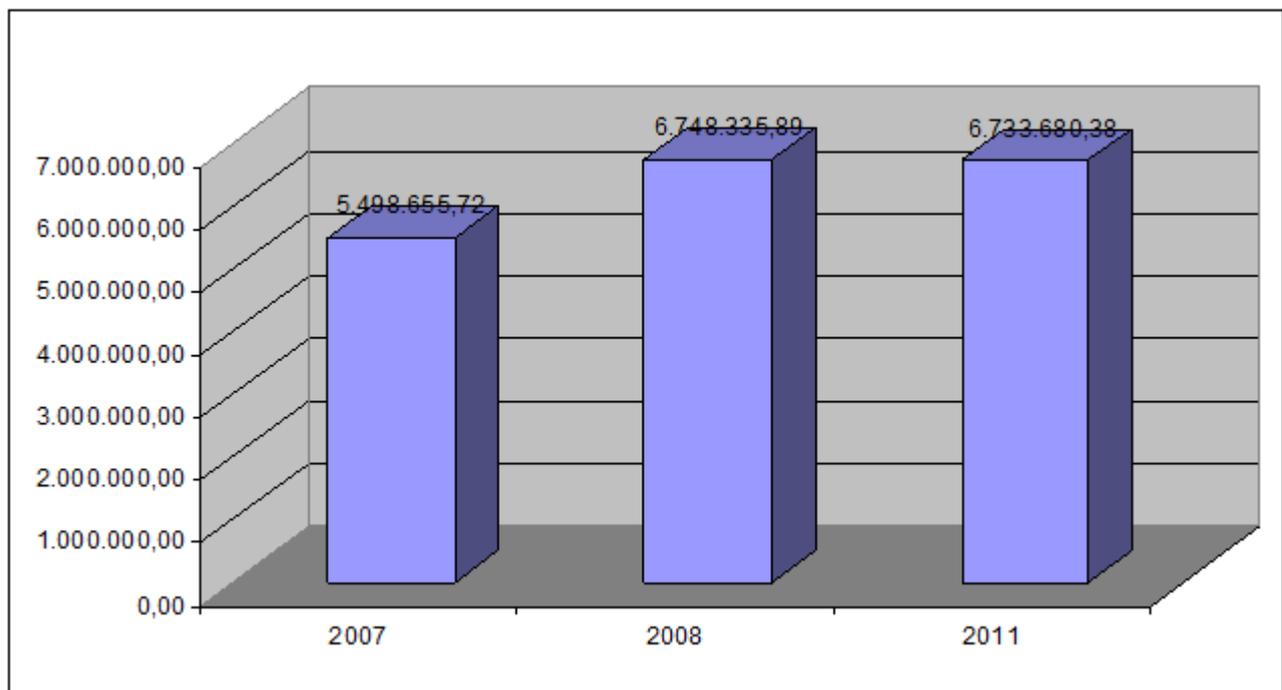
No.	Type of benefit	Funds disbursed in December		
		2007	2008	2011
1	I group civilian disability benefit with allowances	64,548.90	64,097.50	55,575.00

2	II group civilian disability benefit with allowances	35,135.10	39,873.75	35,895.00
3	III group civilian disability benefit with allowances	16,584.75	21,060.40	16,856.25
4	IV group civilian disability benefit with allowances	35,268.48	36,932.00	33,795.00
5	V group civilian disability benefit with allowances	58,881.91	63,792.63	54,324.44
6	VI group civilian disability benefit with allowances	87,209.46	104,237.22	88,188.75
7	Survivor disability benefit for family members of CVWs killed in the war	181,789.92	269,542.54	231,555.00
8	Survivor disability benefit for family members of deceased CVWs	18,603.00	22,234.40	23,475.50
	TOTAL	498,021.52	621,770.44	539,626.94

Source: RS Ministry of Labour and War Veterans and Disabled Persons' Protection

Graph 3.5 presents the data on total disbursements for benefits of civilian victims of war for 2007, 2008 and 2011.

Graph 3.5 - Disbursement for benefits of civilian victims of war



Source: RS Ministry of Labour and War Veterans and Disabled Persons' Protection

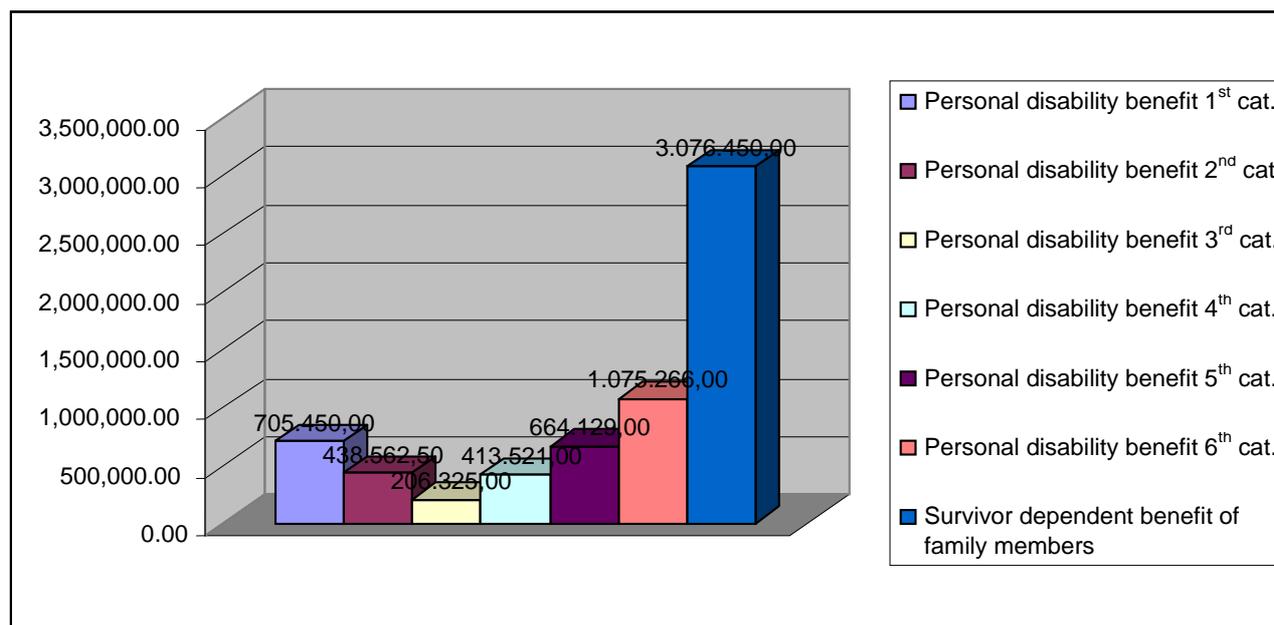
Changes in the number of beneficiaries (decreases across most benefits) have not led to a significant reduction of funding needs, due to changes in the level of the base and due to changes in the duration of availability of certain rights, so that certain differentials were also disbursed. The current trend will continue. No major changes are expected in defining the base for calculation of rights, the disbursements have for several years been conducted according to the coefficient 1.00, and the number of beneficiaries under current conditions should not change, except for the described trend of reduction of the number of beneficiaries of the personal

disability benefit and increase of the number of beneficiaries of the survivor dependent benefit. Setting of a proxy means testing threshold has not yet been announced and the disbursements in 2013 have continued regularly, with a change to the base, which has now reached the level of 386.00 BAM, which serves as adjustment with the increase of average wages in RS.

In addition to funding of benefits, health insurance contributions are also covered for beneficiaries civilian victims of war who cannot access this benefit on any other basis. In 2012, 272 beneficiaries received this benefit. These funds are disbursed together with the beneficiaries of the protection of veterans and the disabled, so it has not been possible to obtain accurate data on the level of these disbursements.

With the decrease in the number of beneficiaries of the civilian personal disability benefit, the total funds for covering these benefits are also declining. The increase in the number of beneficiaries of the survivor dependent benefit is not causing an increase in the funding requirements, as the levels of these benefits are significantly lower than personal benefits. also, the increase of the base for calculation of benefits was not large and did not lead to an increase in the funding requirements. Upon analysis of the disbursements by category of disability, it was found that most funds are disbursed for survivor dependent benefits (Graph 3.6), which is a benefit that family members receive as derived or hereditary benefit in order to safeguard their social security or as compensation for the loss of a family member. Regarding social security, it is assessed on the basis of status, without application of a proxy means testing threshold and assessment of the state of vulnerability and poverty. These benefits account for 46%, while all other benefits of civilian victims of war account for the remaining 54%.

Graph 3.6: Total paid amount by rights of civilian victims of war for 2011



Source: RS Ministry of Labour and War Veterans and Disabled Persons' Protection

3.2 Protection of veterans' categories

3.2.1 Legal regulation of the rights of veterans, disabled veterans and families of deceased veterans

Cash benefits funded from the budget, benefiting war veterans, disabled war veterans and non-war disabled, families of dead soldiers and deceased war disabled are provided on the basis of the Law on the Rights of Veterans, Disabled Military Veterans and Families of Dead Soldiers in the

War of Homeland Defence (Republika Srpska Official Gazette no. 134/11, 09/12, 40/12) and of a large number of other regulations (rule books, decrees, ordinances). The basic law defined beneficiaries, rights and the procedure, and other regulations established in more and greater detail the requirements for accessing rights, level of rights and base for calculation of rights. Amendments to the 2012 Law were related to regulations of rights to the veterans' benefit in monthly and annual terms.

All rights to cash benefits in this system are of status nature, because the status of the person who is the beneficiary of rights (veteran, disabled veteran, family of dead soldier and deceased disabled veteran) is established first.

The Law defines veterans as persons:

- who participated in military actions, i.e. military combats in the territory of former Yugoslavia as a member of the armed forces and national security forces of former Yugoslavia from 17th August, 1990 to 19th May 1992, with the aim of defence of Yugoslavia, or Republika Srpska;
- who participated in the war in former Yugoslavia and in Bosnia and Herzegovina in the period from 19th May, 1992 until 9th June, 1996 and who, as a member of the armed forces of Republika Srpska, exercised military and other duties for the defence of RS;
- who was a member of the armed forces of Republika Srpska as a volunteer after 19th May, 1992 and, as such, exercised military and other duties for the defence of RS;
- who performed military and other duties in connection to participating in an armed action performed in peacetime for the defence of Republika Srpska and Bosnia and Herzegovina, and
- who participated in the anti-fascist and liberation struggle in the 20th century as a member of the Serbian, Montenegrin army, the Yugoslav army and a fighter of the National Liberation War.

A disabled veteran is a person who, as a member of the armed forces of former Yugoslavia and the RS armed forces, during the performance of military duty in war or peace, without any fault of their own, suffered a wound, injury or disease that has resulted in damage to their body. A disabled veteran can be a veteran with war-related disability, whose disability is a result of participation in war operations, and a veteran with a non-war related disability, whose disability occurred in peace time as a soldier in the military service, a military academy student, a member of the Reserve or a volunteer during active service or duty.

A family of a deceased veteran is the family of the person who was killed, died or disappeared under circumstances specified by law, or died as a result of wounds, injuries, bodily harm or illness sustained under these circumstances, within one year from the date of suffering damage to the body.

The law makes distinctions in determining the status of veterans and disabled veterans by sorting them into categories. Veterans are sorted into seven categories according to time of entry into the armed forces, duration of participation and conditions of engagement, and disabled veterans are sorted into ten categories according to their disability level.

Based on the established status and category, beneficiaries of veterans' disability protection realise their rights to cash benefits: military service benefit, personal disability benefit, long-term care and support benefit, orthopaedic benefit, additional material support, survivor dependent benefit, increased survivor dependent benefit, health insurance, and other rights, such as services, certain advantages in status issues, rehabilitation, spa and climatic treatment, housing, tax and customs benefits, education, etc.

Obtaining the required status for entitlement is performed through the relevant legal procedures with regulatory state authorities. The decisions on rights are made by municipal bodies of

veterans' disability protection, appeals are handled by the Ministry of Labour, Veteran and Disabled Persons' Protection, which is the authority to audit all recognized rights, except for the right to military service benefit, which is not audited.

The base for the calculation of benefits (cash benefits) is determined as a percentage of the average net salary in Republika Srpska in the previous year. The decision on fixing the base is made by the Government of Republika Srpska at the beginning of each year, in accordance with the amount of available funds planned in the budget for that year, taking into account the achieved amount of benefit. Depending on the amount of funds available, the coefficient of payments is determined. The Law does not define means testing for receiving any type of benefit.

The financing of veteran protection is done mostly from the Budget of Republika Srpska. Local governments can support a variety of programs to support veterans' categories through their decisions, and most of the cities and municipalities in Republika Srpska do.

3.2.2 Veterans' and disability protection: benefits and funding

The veterans' allowance is a monthly or annual cash transfer disbursed to veterans on the basis of the duration of their participation in the war in the combat zone. The number of beneficiaries of this benefit increased by 77% from 2007 till 2012 (Table 3.13) through enlargement of the pool of beneficiaries according to the Law. The manner of calculation changed several times, since 2012 it has the form of a monthly benefit for beneficiaries over 60 years of age, or as an annual benefit for other categories. In 2011, the veterans' allowance accounted for 14% of the total funding for protection of veterans and disabled people, but in 2012, after changes in the manner of calculation and an increase of the base, it now accounts for 43% of the funds.

Personal disability benefits are the benefits exercised by disabled military veterans in person. These are individual disability benefits with all additional benefits: the care and support benefit, orthopaedic benefit and supplementary financial assistance. The number of beneficiaries has been recording a slight decline of around 2% annually (Table 3.13).

Survivor dependent benefits are cash benefits paid to families of dead soldiers and families of military disabled veterans after the death of the family member who was a disabled war veteran. The number of beneficiaries of the survivor dependent benefit has also been decreasing by around 2% annually, as well as the total amount required to fund these benefits.

Table 3.13 - Number of beneficiaries of certain rights and nominal amounts

Year	Number of beneficiaries			Disbursed amounts		
	Personal disability benefit	Survivor dependent benefit	Veterans' allowance	Disability benefits	Veterans' allowance	Total
2007	37,417	35,674	77,703	57,314,390.98	9,982,121.00	67,296,511.98
2008	37,650	34,444	93,852	155,300,961.00	11,986,678.00	167,587,639.00
2009	37,449	33,120	95,465	164,538,322.52	12,066,978.00	176,605,300.52
2010	36,797	31,506	100,089	158,551,852.19	12,000,000.00	170,551,852.19
2011	36,016	30,005	101,897	152,780,161.80	11,973,576.91	164,753,738.71
2012	35,169	28,810	137,445	150,967,455.39	45,746,082.73	196,722,538.12

Source: RS Ministry of Labour and War Veterans and Disabled Persons' Protection

Besides cash benefits, beneficiaries of the war veterans and disabled persons protection may also receive health insurance, if they are not eligible on any other basis. In 2012, 4,860 persons received this benefit, which cost a total of 1,600,000.00 BAM.

Upon reviewing the number of beneficiaries and total funds disbursed as benefits to the beneficiaries of the veterans' and disabled people's protection (Table 3.13), it is evident that the number of beneficiaries and the amount of required funds grew steadily over the past six years. The highest increase was in 2008, when the base for calculation of benefits was increased and the scope of benefits was expanded. Further increase of funds earmarked for these purposes is conditioned by the policy of defining the base for calculation of benefits, while the number of beneficiaries should not change substantially, i.e. the trend of a decline in number of beneficiaries of both personal disability benefit and survivor dependent benefit should continue (there are no new approvals of these benefits, children grow up and cease to be beneficiaries, parents are elderly and their mortality is increasing), while the number of beneficiaries of the veterans' allowance should remain on the 2012 level. More considerable changes in the number of beneficiaries may occur only if there are changes in the manner of defining the beneficiaries of the veterans' and disabled people's protection, as was the case in 2012.

3.3 Main differences in the protection of civilian victims of war and disabled veterans

When the legal regulations of protection of civilian victims of war and protection of disabled military veterans are compared, many differences can be seen, which are a result of different policies and approaches of the society of Republika Srpska to these categories of the Population. The key differences are:

1. Applicable law does not define civilian victims of war as disabled, but as persons who suffered bodily damage due to defined causes in the degree of at least 60%. In a similar manner, disabled military veterans are defined as persons who suffered wounds, injuries or harm, which led to military disability expressed as a percentage of damage of at least 20%, and 40% in the case of illness. Military disability is not separately defined, but one concludes that this is the degree of bodily damage caused by wounds, injuries, harm or illnesses suffered under conditions relevant in terms of the regulations from the domain of the veterans' disability protection.

The UN Convention on the Rights of Persons with Disabilities uses the term 'person with disabilities' and defines it as a person with long-term physical, mental, intellectual or sensory damages that, in combination with various obstacles, may impede that person's full and effective participation in the society on equal terms with others. It is clear that our social security systems, regarding civilian victims of war and disabled military veterans, consider only damages, and completely ignore consequences, i.e. the types of obstacles that emerge due to damages that impede full and effective participation of such persons in the society. As Bosnia and Herzegovina ratified this Convention, it is essential that all systems harmonize their approaches with the provisions of the Convention.

2. In both systems, damages are assessed following the same criteria established by regulations, and separately for every organ, so that it is not the overall bodily damage that is considered, but the damage to the certain organ that resulted from established causes. The assessment ends there, because the way this damage is reflected on the body and its functioning, or the functioning of the person is question, is not determined.
3. There is a considerable difference in defining of benefits on the basis of the degree of damage for civilian victims of war and for disabled war veterans and non-war disabled. The status of a civilian victim of war is obtained with at least 60% of the damage, while the percentage of damage for disabled war veterans and non-war military disabled is 20%. According to respective recognized status, the benefits are graded for each corresponding degree of damage. According to the degree of damage, civilian victims of war are divided into six groups, and disabled war and the non-war military disabled into 10 groups.

Table 3.14: Damage groupings of military disability

No.	Group	Damage
1.	I	100% disability, need long-term care and assistance to lead a normal life
2.	II	100% disability
3.	III	90% disability
4.	IV	80% disability
5.	V	70% disability
6.	VI	60% disability
7.	VII	50% disability
8.	VIII	40% disability
9.	IX	30% disability
10.	X	20% disability

4. The rights of disabled war veterans and the non-war military disabled are more numerous than the rights of civilian victims of war and include cash benefits, priority in meeting various needs for themselves and their families, health insurance and spa and health resort treatments. Rights of civilian victims of war include only cash benefits and health insurance.
5. Cash benefits serve the same purpose for both beneficiary categories. Those are personal disability benefits, long-term care and support benefits, and additional financial assistance. The base for calculation of the level of cash benefits for both categories is set as a percentage of average wage and favours disabled war veterans and the non-war military disabled by around 16%.
6. The level of cash benefits is substantially higher for disabled war veterans and the non-war military disabled (Table 3.15). For example, the personal disability benefit for I category is 130% of the base, and in nominal terms it was 669.50 BAM in January 2013, while for civilian victims of war it is 90% of the base or 347.40 BAM in nominal terms. The long-term care and support benefit is paid to the military disabled from I to IV category, but only to I category of civilian victims of war. For civilian victims of war, the number of family members does not impact the level of the survivor dependent benefit, while for the military disabled the level of this benefit is set with regard to the number of family members.

Table 3.15: Comparative presentation of cash benefits in 2013

Category/ disability group	Personal disability benefit		Survivor dependent benefit		Long-term care and support benefit	
	Disabled veterans	Civilian victims of war	Disabled veterans	Civilian victims of war	Disabled veterans	Civilian victims of war
I	669.50	386.00	1 beneficiary 309.00;	154.40 – 77.20	515.00 – 618.00	347.00
II	515.00	270.20	2 beneficiaries 412.00;		442.90	
III	283.25	193.00	3 beneficiaries 515.00;		339.90	
IV	211.15	154.40	4 and more beneficiaries 618.00		236.90	
V	185.40	135.10				
VI	123.60	115.80				

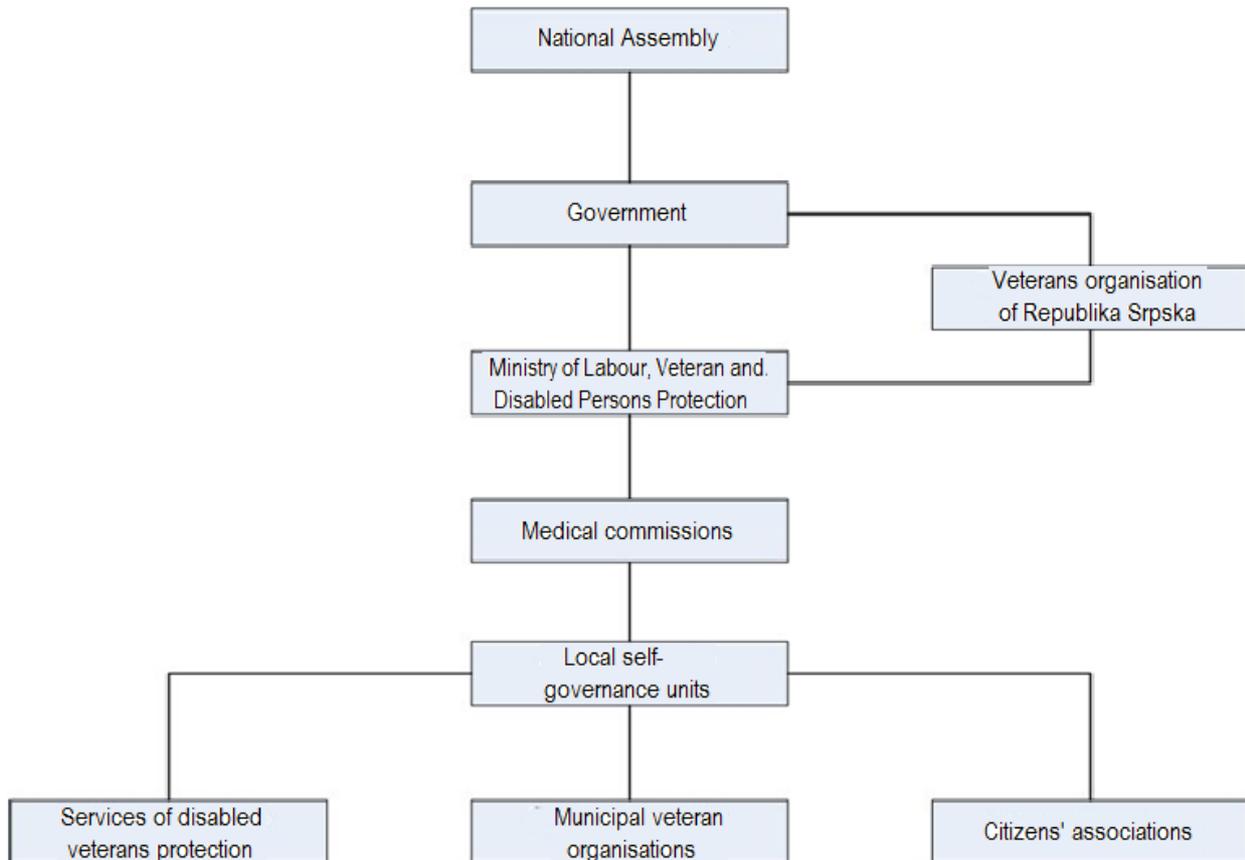
7. Means testing is required for recognition of the rights of civilian victims of war, but it is not applied, while the rights of veterans' categories are not conditioned by any tests. The status basis for recognition of rights is based on the cause of the damage suffered, status at the time the damage occurred and the degree of damage. Therefore all rights in these systems may constitute indemnification for damages suffered for a legitimate cause. However, by its content and purpose, these rights include all elements of social security, even if they are not insurance-based. A portion of rights aims to cover disability-related costs (long-term care and support benefit, orthopaedic benefit, spa treatments). When recognizing the rights to cash benefits, the financial situation of the family or the beneficiary are not examined and in no way affect access to these rights.
8. The pool of family beneficiaries is broader for the veterans' categories. In addition to parents, children, spouses, brothers and sisters, these categories include grandmothers and grandfathers, common-law partners as well as other relatives under certain conditions.
9. Funding of benefits for both beneficiary categories is provided by the entity from the budget, which ensures equal access to rights for all eligible persons.

3.4 Organisation and functioning of disabled veterans' protection

The disabled veterans' protection system in Republika Srpska is organized in a similar manner as other systems analyzed in this study. Social norms that establish and facilitate the functioning of the system are policies, strategies, laws, bylaws, regulations and decisions of the National Assembly and the Government of Republika Srpska. Customary and moral norms, which influence overall public opinion towards the beneficiaries of this system, play an important role in this system. Throughout history, in all societies, people who have contributed to the defence of the country and thereby suffered bodily damage or other accidents enjoyed special positions and benefits. It is the same in the society of Republika Srpska, all levels and forms of organization and action recognize their contribution and give priority to the rights they exercise.

In the institutional structure (Figure 3), the bearer of key activities in this system is the Ministry of Labour, Veteran and Disabled Persons' Protection, which has multiple roles. This ministry carries out the normative, analytical, management, supervisory, information, administrative and legal issues relating to the rights of veterans, disabled veterans, families of fallen soldiers and civilian victims of war, as well as other activities of interest to the beneficiaries of this system, and manages business records of all persons who participated in the Homeland war in the Armed Forces of Republika Srpska.

Figure 3: Institutional structure of disabled veterans protection



First instance proceedings of determining eligibility are lead by offices for disabled veterans protection of local self-governance units which, in cooperation with beneficiaries and veterans' organizations, implement administrative procedures and establish compliance with the requirements for the exercise of rights under this system. All their decisions are subject to review by the competent ministry. The payment of rights to beneficiaries from the Budget of Republika Srpska can be performed only after the final decision is made.

Veterans' organisations have an important role in the production relations of the system and in the procedures of determining eligibility they provide their opinions in determining the status of veterans, their classification categories and determining the duration of engagement in the armed forces.

In determining the percentage of disability and determining the category of military disability, as well as determining the status and group of damage to civilian victims of war, the key role is played by the medical commissions that evaluate and determine the degree and causes of damage. The medical commissions are unique for all beneficiaries of the system, they are composed by medical experts, formed as first instance and second instance, and the way they work is defined by an ordinance issued by the Minister.

The functioning of disabled veterans protection is carried out in close interaction and connectivity of all parts of the organizational structure because, for the process of exercising the rights of beneficiaries, the successful work of one institution is conditioned by the work of others. First instance bodies cannot make decisions without the opinion of veterans organizations or medical commissions, their decisions are not legally binding until the relevant ministry performs an audit, any and all decisions may be appealed, and when the administrative procedures are exhausted, protection may be requested from the court in an administrative dispute. Also, in the process of policy-making and legislation, the Veterans' Organization of Republika Srpska and other RS organisations of the beneficiaries of the system collaborate

closely, start initiatives, give suggestions and opinions on the solutions offered, and do other kinds of advocacy and lobbying in order to achieve better quality and more adequate solutions for the beneficiaries.

4. Social protection of refugees and displaced persons

4.1 Legal regulation of social support to refugees and displaced persons

Social protection of refugees and displaced persons is regulated by the Law on Social Protection in the same manner as for all other citizens in the state of social need. However, the Law on Displaced Persons, Returnees and Refugees in Republika Srpska (Republika Srpska Official Gazette no. 42/05 and 52/12) contains provisions that additionally regulate social rights of such persons as follows: the right to adequate standard of living, the right to basic alternate accommodation, health care, social protection, education and vocational training. In addition to the above rights, displaced persons, returnees and refugees are entitled to: allowance for necessary repairs of own apartments and houses, access to credit for starting own businesses for generation of income for themselves and their families, adequate cash assistance, basic health care, elementary education and social assistance if they are unemployed. Persons with refugee status enjoy, in addition to these rights, the right to minimum necessity food and minimum necessary clothing. As described, the lawgiver reiterated certain rights, and defined others very broadly and in general terms, without setting the criteria for access, nor providing more precise definition, so it remained unclear on what terms such persons may access the above rights, who is responsible, which procedure is applied and which institutions are competent and responsible for ensuring exercise of these rights. Instead, the Law defined that oversight for implementation of rights lay with the Ministry of Refugees and Displaced Persons of the Republika Srpska Government. In the same manner, the Law imposed the obligation on the units of local self-government and their bodies to conduct such tasks as assisting displaced persons and returnees to meet basic social protection needs within their own jurisdictions. In the event of access to the right to alternative accommodation and the examination of economic position of such persons is also conducted on the basis of data received from the centres for social work.

The funding for assistance to displaced persons, refugees and returnees are allocated in the budget of Republika Srpska, and they may also be provided from the Return Fund, from the budget of Bosnia and Herzegovina, the budget of the entity of the Federation of Bosnia and Herzegovina and the Brcko District, from the budgets of the units of local self-government, from the financial and other assistance of the countries that hosted refugees from Bosnia and Herzegovina, from relevant international organizations, from grants and loans received for these purposes from international financial institutions, and from private sector donations.

When monitoring the concrete activities in implementation of the provisions of the Law on Displaced Persons, Returnees and Refugees, it becomes evident that the Ministry for Refugees and Displaced Persons implements the following rights with social protection features: right to alternate accommodation, maintenance of apartments, solving housing needs and health insurance. These tasks are fulfilled by covering the rental cost for individual alternate accommodation, by renting premises used for alternate accommodation, by finding housing for socially vulnerable persons in these categories, by covering heating costs in alternate accommodation facilities, by providing infrastructure in refugee camps and by earmarking resources for funding return to both entities.

The process of qualifying for benefits and realising of these activities is not legally regulated as an administrative procedure, the protection of these categories is ensured through a variety of programs and decisions. The bearer of all activities is the Ministry of Refugees and Displaced Persons, which has broad jurisdictions: it proposes systemic solutions of individual issues to the Government of Republika Srpska, develops a system of protection of displaced persons and

returnees, ensures that the rights of these categories are accessed, performs reconstruction, construction, management and maintenance of facilities to accommodate the socially vulnerable displaced population, participates in the reconstruction of infrastructure in order to facilitate return and resettlement and it coordinates the work with other ministries and institutions in Bosnia and Herzegovina which deal with resocialization of refugees, displaced persons and returnees.

4.2 Refugees, returnees and displaced persons: rights, beneficiaries and funding

The RS Ministry for Refugees and Displaced Persons, along other sources, mostly provides funds for housing of these beneficiary categories, construction of infrastructure in refugee and returnee settlements, and it provides cash assistance for sustainable return (Table 3.16.).

Table 3.16 – Meeting the needs of refugees, returnees and displaced persons

No.	Type of benefit	2007		2011	
		Number of families	Amount	Number of beneficiaries	Amount
1	Health insurance	980	450,000.00	645	317,826.82
2	Individual alternate accommodation – rents and one-off assistance	2,492	4,780,000.00	1,649	1,084,444.40
3	Renting of facilities for alternate accommodation	530	1,000,000.00	550	770,163.50
4	Alternate accommodation -	530	3,222,188.16	550	234,683.01
5	Upkeep of apartments	877	33,000.00		
6	Housing for socially vulnerable	14	84,000.00		
7	Rebuilding of houses of displaced persons	131	1,537,000.00	45	555,026.63
8	Infrastructure in refugee settlements	30 municipalities	3,570,000.00		3,216,207.26
9	Funding returns to RS	186 families and 30 municipalities	5,500,100.00	203	3,216,207.26
10	Funding returns to FBiH	194 families and 19 municipalities	2,191,000.00	48	421,400.00
11	Permanent solutions for collective centres	202	196,000.00	516	144,333.00
12	Other programs (Srebrenica, Upper Drina etc.)		1,320,500.00		
	TOTAL	6,136	24,607,286.16	4,206	9,960,291.80

Source: RS Ministry of Labour and War Veterans and Disabled Persons' Protection

The number of beneficiaries of various benefits and types of assistance in addressing housing issues has been constantly declining since 2007. There are still ongoing intensive activities to support persons in alternate accommodation and in collective centres. Those persons are also socially most vulnerable among refugees and displaced persons, because they are for the most part elderly, without family support, without incomes or with only very low total incomes. Such persons lack sufficient own resources and they cannot meet any of their existential needs without community support.

The negative trend in the number of different benefits and the amount of funds that meet the needs of refugees and displaced persons is the product of expected processes: the war ended 18 years ago, the majority of refugees and displaced persons have resolved their existential problems (provision of accommodation, material existence and permanent residence), the situation in the country is stable and secure so it does not produce new refugees, a lot of domestic and international resources have been invested so far and this trend is impossible to maintain. The number of donors is decreasing, as well as the number of programmes and their size, the public is becoming less and less interested and involved in solving the problems of these categories. Beneficiaries themselves are becoming beneficiaries of other systems which meet their social needs. Therefore, a decline in the number of beneficiaries is expected to continue in the following years, as well as the reduction of earmarked funds in the budget of Republika Srpska for social protection needs of refugees, returnees and displaced persons.

5. Other programs for protection of socially vulnerable population

5.1 Types and contents of programmes

Certain states of social need that cannot be met through existing systems of social insurance and social protection, and that, in their scope and extend affect a large number of people, are mitigated or resolved through various programs of protection or subsidizing of specific living costs. Such programs are adopted by responsible entity bodies and they meet the needs of beneficiaries throughout Republika Srpska. The programs that affect most beneficiaries and which use considerable funding are the Program of Protection of Socially Vulnerable Categories of Electricity Consumers and the Program of Social Care for Workers, Program of Full Housing for Families of Deceased Veterans and War Invalids of I-IV Category in Republika Srpska and Program for Building 97 Homes in 29 Municipalities of Republika Srpska which is intended for families with five or more children who have not solved their housing issue on any basis.

The Program of Protection of Socially Vulnerable Categories of Electricity Consumers was adopted by the Government of Republika Srpska in December 2007, on the basis of the conclusion of the Republika Srpska National Assembly (RS Official Gazette no. 10/08). The government decree approved monthly subsidies for amounts equivalent to the value of 100 to 150 kWh of power consumption, including VAT, for the following socially vulnerable population categories: pensioners receiving lowest pensions, beneficiaries of social protection cash benefits, beneficiaries of the long-term care and support benefit in social protection, beneficiaries of the maternity benefit in child protection and beneficiaries of the child care benefit. The government recognized that these categories were most vulnerable and that their social security needed additional protection by subsidizing power consumption. The funds for subsidies were earmarked in the budget of Republika Srpska for 2008, 2009 and 2010. The funds were not allocated for this purpose in 2011, while in 2012, by government decree, these funds were set aside from the net profits of the 'Republika Srpska Elektroprivreda, Trebinje Holding Co,' for 2011 corporate year. The subsidy for that year was equivalent to 120 kWh of electricity.

With regard to identification of beneficiaries of the subsidy, the Government opted for the status approach, since it allowed that subsidies are provided for beneficiaries of certain rights in the social security system. For some categories, such as beneficiaries of cash benefits, child care and

maternity benefits, a procedure of assessment of household incomes and of the need for cash benefits was applied, so one considers that these are persons and families who are poor or at risk of poverty. For beneficiaries of the long-term care and support benefit, this subsidy has protective role as a response to increased needs arising due to disability (diminished agility, more time spent indoors, greater hygienic needs). No means test was envisaged for pensioners with lowest pensions and there is least assurance that these persons are poor.

The Program of Social Care for Workers who would lose their jobs due to privatization, bankruptcy and liquidation of companies was adopted by the Government of Republika Srpska in July 2003, on the basis of a conclusion of the Republika Srpska National Assembly (RS Official Gazette no. 68/03). When adopting this Program, the Government was guided by the need for urgent and comprehensive action to improve overall social situation in Republika Srpska and by the need to address social problems arising in the process of economic reforms caused by property transformation and by implementation of the Law on Bankruptcy Procedure and the Law on Liquidation Procedure, for workers losing their jobs in this process in order to provide them with social care. Workers who lost their jobs in these processes are targeted by the following program measures:

- Payment of pension and disability insurance contributions and employment contributions for the period since January 1, 1998 till the day of the company's privatization, unless the new owners accepted this obligation through the privatization contract. This measure aims to permit linking of coverage for years worked to permit access to pension insurance funds and create conditions for accessing the right to unemployment cash benefits.
- Payment of pension and disability insurance contributions and employment contributions for the period since January 1, 1998 till the day of initiation of the bankruptcy procedure for the company's assets. This measure has the same goal as the preceding one.
- Payment of individual contributions for supplemental coverage of years worked for up to three years in the event the right to old-age pension may be awarded.

Such program measures aim to provide workers who lost employment due to privatization, bankruptcy and liquidation of companies where they worked with access to insurance-based rights and thereby address their social security issues.

In addition to workers and their companies, institutional stakeholders involved in implementation of these measures are the Republika Srpska Pension and Insurance Fund, Republika Srpska Employment Fund and the Republika Srpska Government including the responsible ministry (the Ministry of Labour, War Veterans and Disabled Persons' Protection).

The funding sources for implementation of these measures are the budget of Republika Srpska, the state succession and privatization revenues, budgets of the units of local self-government, portions of profits of public enterprises, loans and grants and other sources.

This program has been in place for ten years and it has provided significant results in addressing the problems of workers.

The Program of Full Housing for Families of Deceased Veterans and War Invalids of I-IV Category in Republika Srpska is based on the requirements of veterans' organizations of Republika Srpska and the commitment of the RS Government to accelerate activities related to housing of veteran categories from the priority groups. The legal basis for the adoption of the Program is the Regulation on the Housing of Families of Deceased veterans and War Invalids (Official Gazette of RS No. 43/07), through which the RS Government prescribed the manner, conditions, criteria and standards for the provision of housing and regulated the entire process.

The RS National Assembly adopted a Decision on the adoption of the Program in May 2007, as well as the conclusions which commit the RS Government to carry out the Program. On this occasion, the RS Government and Veteran organisation of RS concluded the Protocol on Housing of Families of Deceased Veterans and War Invalids in February 2008, which stipulates

that in the period 2008-2010 housing will be provided to all families of deceased veterans and war invalids from the first to the fourth category of disability. The same Protocol binds the RS Government to provide 50,000,000.00 BAM for three years of the program, with the fact that in 2008 it will provide 5,000,000.00 BAM from the budget of RS, and the remaining 10,000,000.00 BAM will be provided from other funding sources. Local self-governance units are also included into the implementation of the program and they are committed to provide approx. 25,000,000.00 BAM by providing locations, documentation, infrastructure and permits. Mayors of the local communities have signed special programs with the President of RS, which precisely regulate the obligations of all participants. The RS Directorate for Renovation and Construction is also included in the process of program implementation.

When making the Program, the RS Government established that 5,606 beneficiaries from veterans' categories are in need for some form of housing. The funds were claimed by 3,516 beneficiaries, while 2,090 beneficiaries claimed housing units.

Upon completion of the Program, a detailed examination was performed in each local community regarding the number of built housing units, awarded grant funds and the number of families provided for.

For 2012, based on the earlier Program, the new Housing Program was designed which envisaged the following activities: completion of investments from previous years, construction and purchase of housing units with the possibility of joint funding and co-financing, repairs of prefabricated and individual houses and allocation of grant funds. The program emphasizes the continued commitment of the RS Government to provide housing to all unprovided families of deceased veterans and war invalids from I to IV category, and that, for that purpose, it will borrow funds in 2013 to ensure that the Program is realised. Activities and tasks set forth in the 2012 Program were continued in 2013.

The Program for Building 97 Homes in 29 Municipalities of Republika Srpska, for families with five or more children whose housing was not resolved on any basis is approved by the RS Government through the Conclusion number 04/1-012-1871/07 at the end of 2007, based on the Information about solving the housing problems of families with five or more children in RS. The program was aimed at raising the quality of family life of this category of families, specifically the housing conditions in which children grow up in a large family. The Government has tasked the Ministry of Family, Youth and Sports, in cooperation with local communities, to implement the Program. Local communities are committed to provide the land and the necessary infrastructure in their territories, as well as to build the foundations for future building and to select the beneficiaries. The construction was funded from the RS Budget.

The criteria that determined the final choice of beneficiaries, in addition to the number of children in the family and the impossibility of solving the housing issues on any basis, were tangible vulnerability and poverty in the family, health status of family members, other social risks and the general impression on the need of the family to meet its existential necessity in this way, i.e. conditionally solve the housing problem in order to provide children with better conditions for development.

Upon completion of the construction, the transfer of ownership over the housing units was carried out in favour the local community in which the structures were built, with the obligation of local communities to make them available to families with five or more children.

5.2 Beneficiaries and funds in other programs

Implementation of the Program of Protection of Socially Vulnerable Categories of Electricity Consumers began in 2008 and in the first year an average of 31,442 households received the subsidy of 100 kWh for the first 6 months and 150 kWh for the last 6 months of the year. The

recipients were pensioners with lowest pensions, beneficiaries of cash benefits, beneficiaries of the long-term care and support benefit, beneficiaries of the maternity and child care benefits. Around one quarter were pensioners, and the other three quarters were other beneficiaries. Eligibility for the subsidy is possible only on one of the above mentioned bases. In total, the RS budget disbursed for these purposes 5,560,495.00 BAM in 2008. The total planned amount was 10,000,000.00 BAM. The funds were disbursed to the power distribution utility company on the quarterly basis.

According to the assessment of the responsible ministry, the subsidy impacted beneficiaries in two ways. The total average monthly power consumption of a household in RS is around 300 kWh and a subsidy of 150 kWh represents considerable social assistance for over 30,000 households, as electricity has enormous impact on the living standard and represents a basic need. At the same time, subsidy for one-half of the consumption cancelled for the most vulnerable citizens the effects of electricity price hikes that had occurred in the meantime.

In 2009, the number of beneficiaries rose every quarter, and at the end of the year the subsidy for consumption of electricity was extended to some 36,000 households. The rising trend for the number of beneficiaries of this subsidy continued in 2010 as well and in Q4 there were 43,171 beneficiaries. For the first three years, approximately 21.2 million BAM were allocated from the budget for this purpose.

In 2011, the Government of Republika Srpska did not plan the funding for the electricity consumption subsidy in its budget, and the new decree on the manner of subsidizing of socially vulnerable categories – electricity consumers in 2012 was passed in August 2012. This decree approved a monthly subsidy of 120 kWh for the same socially vulnerable population categories defined in the previously adopted Program, while the funding was provided by a special decision from the net profits of the MH ERS Trebinje Holding Co. for the 2011 corporate year, with the annual amount of 8,530,542.00 BAM. In Q1 and Q2 40,826 households received the subsidy, and in Q3 – 45,987. The subsidy for the three quarters cost 5,203,718.97 BAM, and the remaining funds should suffice to cover the subsidy for Q4.

Implementation of the Foundations of the Program of Social Care for workers expected to lose their jobs through company privatization, bankruptcy and liquidation processes began in 2004. An overview of the number of beneficiaries and the cost of the program since 2008 is provided in Table 3.17.

Table 3.17 Program beneficiaries and funding

Year	No. of companies	No. of workers	No. of cash benefits	Pension & Disability Insurance	Employment Bureau	Total
2008	10	66	25	112,988.44	7,525.38	120,513.82
2009	12	594	174	316,382.21	13,035.69	329,417.90
2010	17	1925	198	4,828,671.04	12,234.28	4,840,905.32
2011	57	5,722	374	22,871,097.99	33,850.40	22,904,948.39
2012	54	2,652	252	8,368,829.63	149,904.44	8,518,734.07
Total	150	10,959	1,023	36,497,969.31	216,550.19	36,714,519.50

Source: Republika Srpska Ministry of Labour, War Veterans and Disabled Persons' Protection

Over the previous years, this Program provided funds for covering the contribution arrears for the pension and disability insurance and for unemployment insurance of 164,734,328.92 BAM for 57,493 workers, among whom 51,791 workers from 343 bankrupt companies, and through public tender made it possible for 5,702 workers to receive old-age pensions.

In the Information on the realization of the Basis of the Program of Social Care for Workers from 2012, the RS Government judged in January 2013 that the Program demonstrated its validity and that it helped facilitate the implementation of bankruptcy and privatization of highly indebted companies, but also in the function of ensuring the social security of a large number of workers.

Through the implementation of the Program of Full Housing for Families of Deceased Veterans and War Invalids in RS from 2007 to 2011, a total of 2,343 families were placed in housing units through construction of facilities and awarding grant funds. According to data from veterans' organisations, which is used by the Ministry of Labour, Veteran and Disabled Persons' Protection in 2012, 2,978 persons are still waiting to be provided for - of which 2,098 persons through grant funding and 880 persons through receiving a housing unit.

The funds for the implementation of this Program were partly provided from the RS Budget, and mostly from the Development Programme of Republika Srpska. For example, in 2008 a total of 4,970,000.00 BAM came from the RS Budget and 7,000,000.00 BAM was provided from the Development Programme, whereas in 2009 3,055,470.00 BAM was allocated from the RS Budget and the Development Programme provided 14,456,565.00 BAM. In 2013, the RS Budget did not plan to allocate any funds to continue the activities of the program.

The Program of Full Housing for Families of Deceased Veterans and War Invalids of I-IV Category in Republika Srpska managed to meet the existential needs (need for safe and adequate housing) of a large number of families which would otherwise not be able to provide their housing with their own resources. Although the material status of the family was not the primary criterion to use funds from the Program, but rather the emphasis was placed on status indicators, it is certain that many of the beneficiary families are poor or at risk of becoming poor.

Through the implementation of the Program for Building 97 Homes in 29 Municipalities of Republika Srpska which are intended for families with five or more children who have not solved their housing issue on any basis, a total of 94 houses were built in 29 local communities into which families with several members with five or more children were placed. Three houses were not completed because the local communities failed to perform their commitments, which resulted in the lack of preconditions for construction.

The value of the Program and the construction of the houses cost 8,620,666.45 BAM. The total amount includes the estimated value of the participation of local communities in the Program.¹⁶

6. Adequacy of targeting of non-contributory cash benefits

According to the data collected from responsible institutions, in Republika Srpska around 276,538 citizens are covered by and receive cash benefits within different social security systems which are funded from the Budget (social protection, child protection, disabled veterans protection, protection of refugees and displaced persons and other programs focused on protecting socially vulnerable groups of the population). This represents around 20% of the total population of Republika Srpska.¹⁷ A number of citizens receive benefits from multiple sources.

In the opinion of specialist staff members in the centres of social work, between 5% and 40% of beneficiaries receive multiple benefits. Most frequent combinations in social protection are cash benefits (permanent and one-off and the long-term care and support benefit, and child care and maternity benefit in child protection.

In addition to 'duplication' of beneficiaries within one system, there are cases of accessing

¹⁶ Display of information about the Program was carried out based on the information obtained from the Ministry of Family, Youth and Sports (internal document).

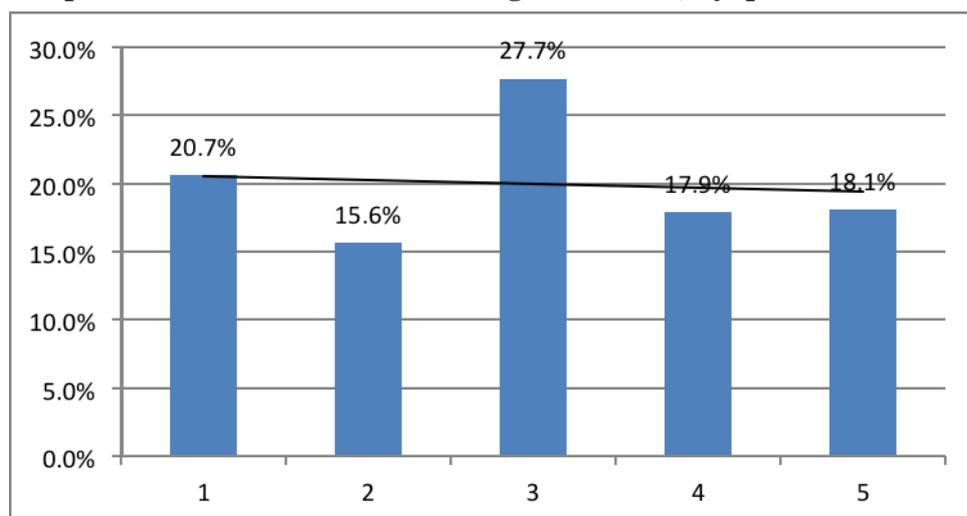
¹⁷ According to estimates of the RS Institute of Statistics, the population of Republika Srpska is around 1,429,000 (2012 Yearbook).

benefits in multiple social security systems. In social security, many pensioners receive various benefits, and so do recipients of veterans' and disability protection system disability benefits, so that experts assess that between 10% and 40% of beneficiaries are intermingled in all systems, 'these are persons suffering from real poverty'.

(From the minutes of the interviews)

The 2011 Household Budget Survey showed that the major share of social benefits in the social security systems does not reach the poorest, i.e. their targeting is bad. Graph 3.7 provides an overview of targeting results of the total benefits in RS.

Graph 3.7 – Total benefits from budget transfers, by quintiles of consumption in RS, 2011



Source: Extended 2011 Household Budget Survey – authors' calculations

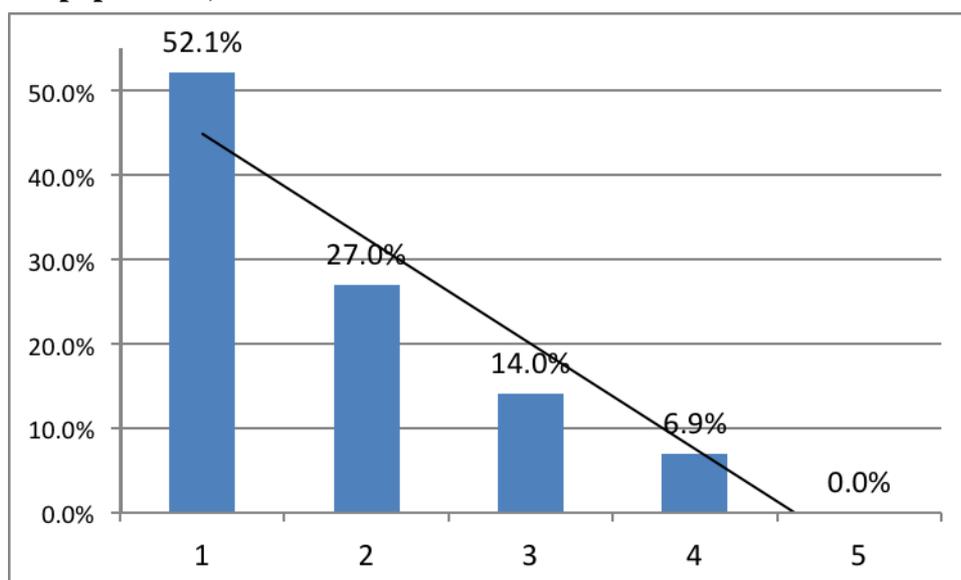
Relative to 2007, when the poorest quintile received 25.7% of budget transfers, as we see, the situation somewhat deteriorated and, in 2011, the same quintile received 20.7%, while the richest quintile received 18.1% (vs. 23.8% in 2007). On the other hand, the poorest quintile still receives considerably higher percentage than 15.5%, which is the level of benefits received by the poorest quintile in FBiH.

Regarding coverage, 21.7% of the total population (vs. 14.7% in 2007) receive some form of social transfers from the budget, i.e. 25.8% of the population belonging to the poorest quintile (vs. 22.9% in 2007) and 17.6% of the richest quintile (vs. 13.2% in 2007). In this regard, the change was positive relative to 2007.

Only the benefits that serve to cover disability-related cost are not conditioned by proxy means testing in the social protection system. All other rights are subject to assessment of the overall situation of the household and to means testing. In terms of social protection beneficiaries, this covers around 58% of the total number of beneficiaries, or some 21,000 persons that receive various social protection benefits.

According to the 2011 Household Budget Survey, 52.1% (vs. 47.7% in 2007) of social benefits in social protection (through the centres for social work) goes to poorest citizens - the first quintile (Graph 3.8), and among the beneficiaries of these benefits there are no rich people (vs. 11.2% in 2007). The consumption of beneficiaries in the second, third and fourth quintiles was also below the relative poverty line. In this way, the social protection benefits exhibit progressive tendencies, i.e. they are targeting the poor.

Graph 3.8 – Total cash benefits in social protection in RS, by quintiles of consumption of the population, 2011



Source: Extended 2011 Household Budget Survey – authors' calculations

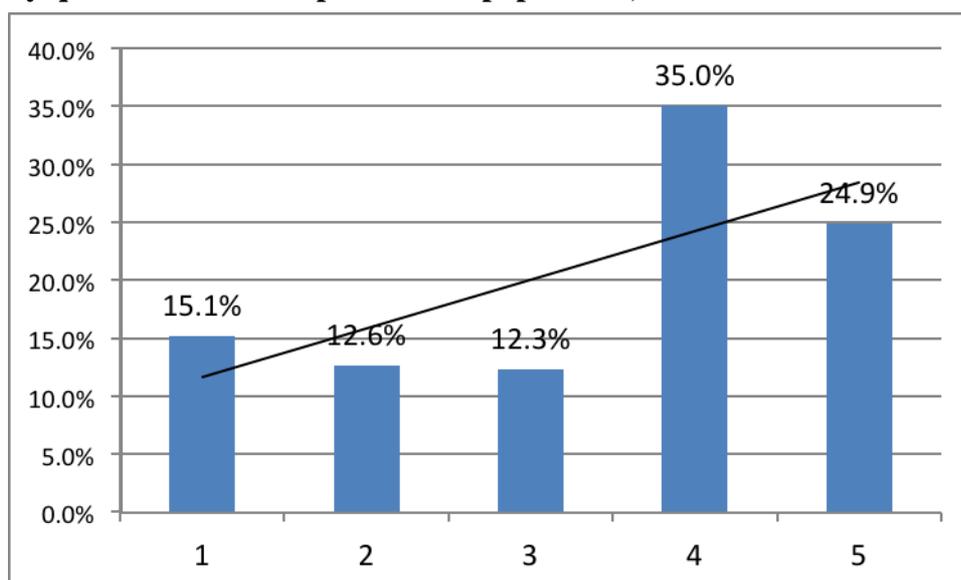
The prescribed legal procedure and practice in CSWs show that, when deciding on the user's requests for some form of social protection, the overall situation of social vulnerability and needs of individuals and families are observed, and other rights are determined with which needs can be met in the most comprehensive way. Means-testing is established by law and it is applied. There are different opinions among practitioners regarding the determination of the height of thresholds.

The interviewees disagree whether the thresholds are set at realistic levels. Some believe that thresholds are adequate, that they permit the poor to enter the system, while others consider them rigid, overly strict and a cause that many citizens remain outside the system, while in need of assistance. Regardless of the difference of opinions regarding the thresholds, specialist staff members are united in the view that cash benefits are reaching the poorest. (From the minutes of the interviews)

In addition to thresholds, which are an obstacle to accessing some benefits, the reasons that may cause that poor are deprived of assistance are lack of information, modesty and pride of elderly persons accustomed to live from their own efforts and seek no assistance. In such cases, the employees in the centres take actions *ex officio* and act as required when such cases are identified on the basis of information from local communities, volunteers or other citizens.

Social protection benefits intended for persons with non-war related disabilities and serving to cover disability-related costs are used by around 42% of social protection beneficiaries, or some 15,000 persons with disabilities. These benefits do not include any benefit with the purpose to provide social security and means testing is not applied in their approval process. According to 2011 Household Budget Survey, beneficiaries of these benefits are less represented (15.1%) in the poorest quintile (Graph 3.9). In this case, these are the beneficiaries of cash benefits in social protection who are persons with more severe disabilities, which causes their need for other persons' assistance in meeting basic living needs. One-quarter of recipients of these benefits belong to the richest quintile of the population. Thus, these benefits are regressive.

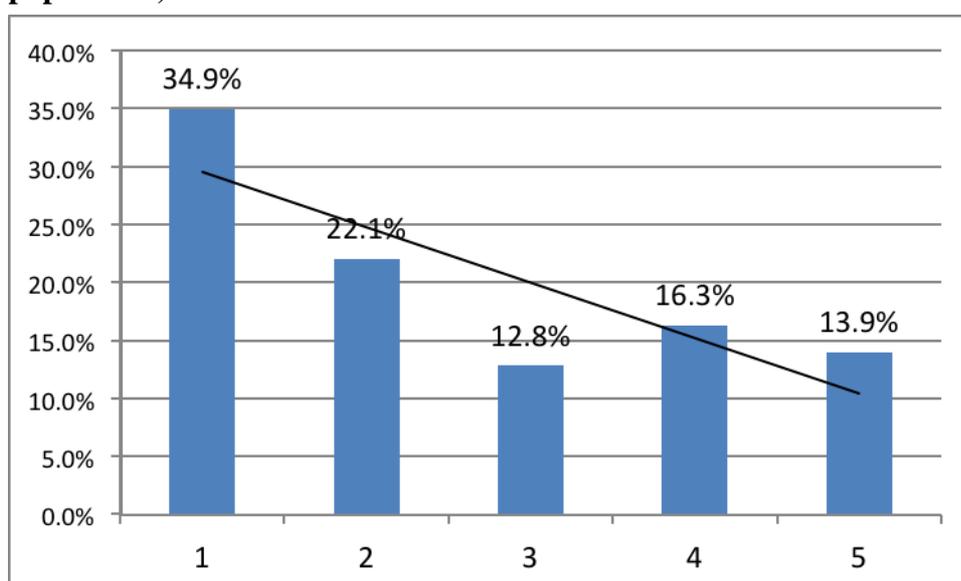
Graph 3.9 - Benefits for persons with non-war related disabilities in social protection in RS, by quintiles of consumption of the population, 2011



Source: Extended 2011 Household Budget Survey – authors' calculations

In the child protection system, the rights to child care benefit and maternity benefit have the function of social protection and to access these rights it is necessary to meet the conditions envisaged by means and proxy means thresholds. Recipients of these benefits (70% of the total number of beneficiaries, or 36,667 persons) belong to the poorest part of the population (Graph 3.10). Other beneficiary recipients (baby packages, wage refunds for maternity leave and shorter hours, meeting children's developmental needs and other programs) do not need to prove their material situation and do not belong among the poor. In the child protection system, the benefits are progressive.

Graph 3.10 – Benefits in child protection in RS, by quintiles of consumption of the population, 2011



Source: Extended 2011 Household Budget Survey – authors' calculations

The situation is similar as in 2007, when the poorest and the richest quintiles received 35.4% and 14.6%, respectively, of the total social protection transfers.

Interviewed specialists criticize the thresholds in this system the most and find them extremely rigid, which keeps many families with children who live in poverty and without sufficient income outside the system and prevents them from accessing child care benefit, which they need. (From the minutes of the interviews)

As a way to overcome the problem caused by strict thresholds which prevent access to rights, beneficiaries in the systems of social and child protection propose assigning greater weight to the opinions of social work specialists who conduct field visits (and are familiar with social case histories), i.e. greater power of discretionary decision-making.

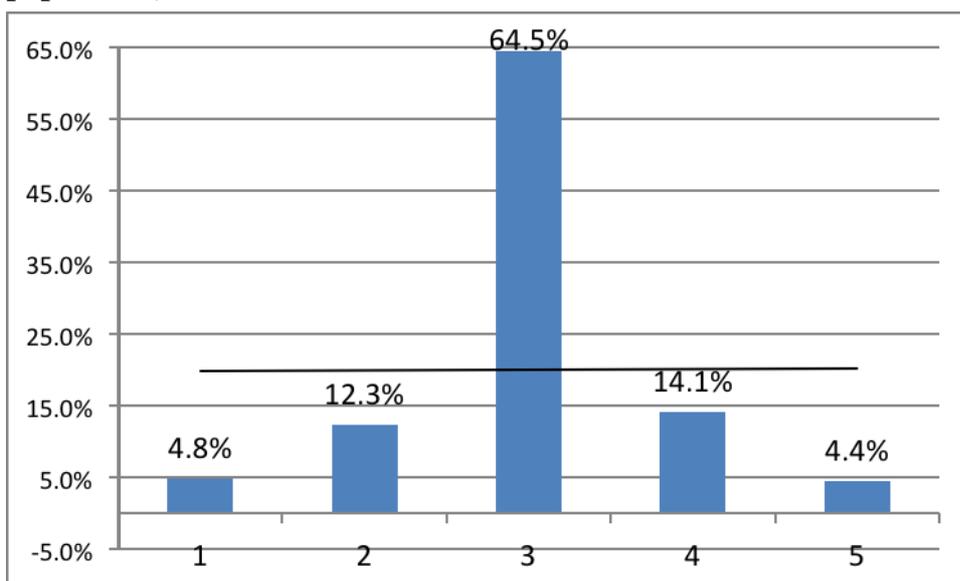
(From the minutes of the focus group sessions with beneficiaries, held on 03 April 2013)

Bearing in mind the different functions of child protection (insurance, social protection, pro-natality and development function), during the evaluation of targeting of these benefits it should be considered that child protection funds are provided mostly from contributions to serve for 50% insurance of maternity risks and that most of the functions do not have a social protection character. Because of this, the insurance function should not be included in the assessment of targeting adequacy during the development of a new targeting model. However, the 2011 Extended Household Budget Survey included it, and the Terms of Reference oblige us to assess the adequacy of targeting in RS.

The rights in all other systems are recognized on the basis of status, situational assessments or proxy means test thresholds are not applied, so that it was possible to ascertain reliably for only 21% of beneficiaries of various cash benefits that these were poor families. There are certainly poor among other beneficiaries, but their situation was not assessed and verified following established criteria.

The 2011 Household Budget Survey showed that benefits for civilian victims of war reach very few poor inhabitants, only 4.8% or 176 persons out of 3,659 recipients of this benefit (Graph 3.11). These benefits are regressive, the bulk of funds is channelled to the better-off, but they cover only very few of the rich inhabitants of RS (4.4%).

Graph 3.11 – Benefits for civilian victims of war in RS, by quintiles of consumption of the population, 2011

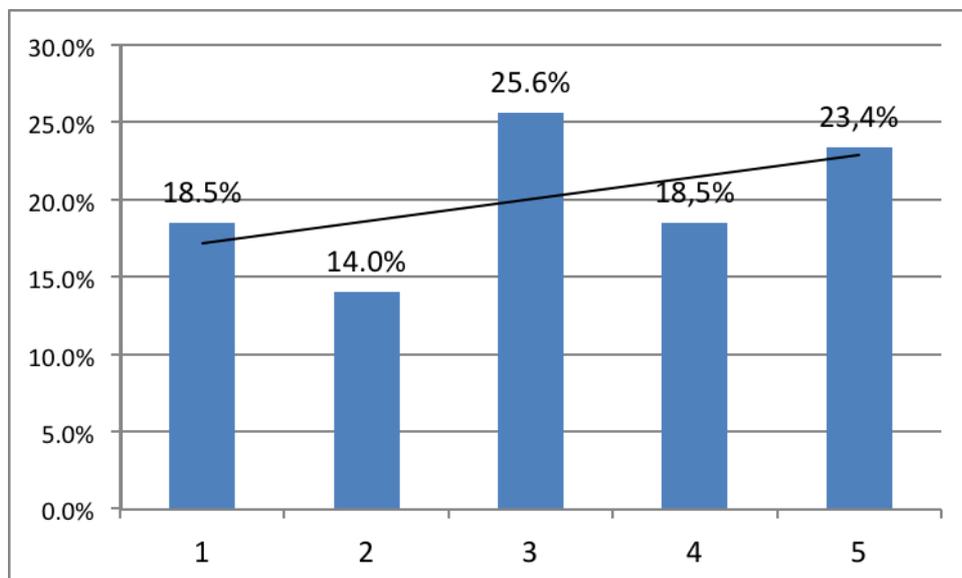


Source: Extended 2011 Household Budget Survey – authors' calculations

Targeting of veterans' benefits in RS is regressive, meaning that the bulk of these benefits is channelled to the richer segment of the population, while more than one-fifth among them (37,445) belong to the category of the richest inhabitants of RS (Graph 3.12). Unemployed war

veterans, who receive the veterans' allowance, and unemployed military disabled with low degrees of disability, who found themselves in the poorest category (18.9% of the total number of beneficiaries, or 31,737 persons), are in the most difficult position.

Graph 3.12 – Veterans' benefits in RS, by quintiles of consumption of the population, 2011



Source: Extended 2011 Household Budget Survey – authors' calculations

Evidently, the poorest and richest quintile of the population receives 18.5% and 23%, respectively, of total transfers (vs. 21.4% and 19.6%, respectively, in 2007), indicating a deterioration of targeting, i.e. increasing regressiveness of these benefits.

The levels of benefits approved in all systems are supposed to cover certain needs. Social protection benefits are meant to meet the basic life needs. However, their amount is not based on the prices of necessary consumption products and can only cover a small part of the costs.

Specialists believe that benefit levels are minimal and that their levels should be significantly increased. It is interesting that the employees in the centers of social work believe that most beneficiaries are satisfied, 'as they know that they cannot get more', and they accept any assistance provided, while continuing to search for other resources.

(From the minutes of the interviews)

If compared within the analysed systems of types and amounts of benefits, the conditions for eligibility, procedures and organization, it is obvious that there are differences that place the beneficiaries of social benefits in different positions. It is difficult to compare because the all benefits have different goals and purposes. Benefits which are based on status generally do not have a defined purpose, and it happens that the content does not match the name of the benefit. Benefits for persons with disabilities are easiest to compare, because they are based on the needs caused by disability and are mostly aimed at equalizing opportunities. Comparing these fees, it is obvious that there are significant differences in the approach, definition, types and amounts between different systems. One benefit that can be realized in social protection, by civilian victims of war and disabled veterans is the long-term care and support benefit (support and care). On this example it is possible to see differences in approach, conditions and amounts. In the system of disabled veterans' protection, this benefit is realized on the basis of status and determined level of disability, while the functional approach is applied in social protection in which the emphasis is on total or partial dependence on the assistance and care of another person, and meeting basic physiological needs. The amount of this benefit is different in all the systems even if the level of need is the same (Table 3.18).

Table 3.18: Comparative presentation of the amounts of long-term care and support benefits

Beneficiaries in the system of:	Amount of long-term care and support benefit in 2013
Social assistance	163 and 81 BAM
Civilian victims of war	347
Disabled veterans	From 236.90 to 618.00 BAM

These and other similar differences result in the dissatisfaction of beneficiaries and their attempts to organise the area of social benefits in a more just way.

Neither beneficiaries nor staff members are satisfied with great disparities in the levels of benefits in various systems. In their view, it is totally unjustifiable that social protection benefits are considerably lower than the benefits in the veterans' and disabled persons' protection, particularly regarding the benefits intended to cover disability-related costs, since 'the purpose of such benefits is in the first place to meet health needs irrespective of their cause'.

Social protection beneficiaries believe that the funds allocated by the state (entity) for some veterans' benefits are not targeting either the deserving or the most vulnerable. They appreciate and value the services of participants in the war (killed soldiers, war veterans, disabled war veterans), agree that their services deserve to be rewarded by the government, but believe that there are numerous abuses, that distribution needs to be more equitable and that other categories of budget funds need to receive assistance and support of the government for difficulties they cannot overcome unaided, because most often they face these problems without their own responsibility: loss of employment, long-term unemployment, disability, illness, war, natural disasters etc. In order to ensure more equitable distribution, they propose introduction of social-status cards for all socially vulnerable citizens, which would permit insight into real situation of all beneficiaries and which would permit setting of priorities and channelling of government funding to the most vulnerable.

(From the minute from the session of the beneficiary focus group, held on 03 April 2013 and the interviews with social workers in Bijeljina, Trebinje and Banja Luka)

Concluding considerations

1. The analysis of the legislation of social benefits indicated that cash benefits with characteristics of social transfers were defined in different social security systems and in different sectors. These are the social protection system, system of veterans' and disabled protection and protection of civilian victims of war, child protection system, as well as other systems (labour sector, protection of refugees and displaced persons, energy sector etc.). Defining of social protection and determination of its subject and contents in the legislation of Republika Srpska was regulated by the Law on Social Protection, in which social protection is defined in accordance with narrower view (as distribution of resources to poor and marginalized group and as an organized system of various services for individuals and families with difficulties in daily life, who cannot meet their needs through labour and labour-related rights). Around the world, social protection is viewed more broadly as an organized system of social security of individuals and persons who are unable to secure the minimum living conditions through their own work. Within the framework of this broader understanding, some authors believe that this term encompasses social security and social safety nets, meaning that it covers all forms of benefits and services available on universal basis, regardless of cost sharing, contribution or employment-based status, although some

benefits are subject to proxy means testing.¹⁸ International organizations in Bosnia and Herzegovina embrace this broader view in their approaches, which frequently leads to problems and reactions by local stakeholders. Therefore there is a need to harmonize the definition and directions of social protection in Bosnia and Herzegovina among various stakeholders.

2. Social benefits that are not within the social protection system of Republika Srpska are exercised within various other sectors (labour and veterans' and disabled persons' protection, social protection, child protection, refugees and displaced persons). The manner of coordination and harmonization of solving similar or same issues between different sectors and systems of social security has not been envisaged in any legislation.

The Rules of Order of the RS Government envisage that the Social Affairs Committee considers drafts of legislation and other regulations and documents in the domains for education, culture, religions, science, technology, health care, social protection, pension and disability insurance, veterans' and disabled persons protection, displaced persons, sports and youth, as well as other public services-related matters. The members of this Committee are line ministers of relevant sectors. Prior to submission to the Committee, the drafter must request the opinion of the Legislative Secretariat of the Republic regarding its alignment with the constitution and the legal system and on the mode of harmonization with EU regulations, of the Ministry of Economic Relations and Regional Cooperation regarding its alignment with the EU legislation, of the Ministry of Finance when implementation of such acts requires allocation of funding, of the Gender Centre regarding its alignment with the Law on Gender Equality and of other ministries if the proposed solution relate to their respective sectors. In this manner the coordination mechanisms were put in place, but the coordination policy and the rules ensuring that legislative proposals in different sectors covering related problems must be aligned in such a manner to ensure equity on relevant foundations were not clearly defined. The lack of such clear rules causes usage of different terminology, different manners of defining similar or same matters, different rights, levels of benefits etc., which is present in the domain of regulation of social benefits.

3. The rights in different systems of social security that define social benefits are based on different intents. Most rights in social protection aim to provide assistance in ensuring an existential minimum (cash benefits, one-off cash benefit, institutionalization...), or coverage of costs arising due to disability (long-term care and support benefit, allowance for equalization of opportunities for children with various disabilities, day care...). The purpose of rights in the veterans' protection and protection of civilian victims of war was not clearly defined in the legislation. Judging by their title, these benefits exhibit features of social benefits (i.e. civilian personal disability benefit, survivor dependent benefit...), while effectively they represent indemnification for losses or damages caused by participation in the war and by war materiel and ordnance to either members of the military or to civilians. In child protection, all rights exhibit different features: social protection, birth rate promotion policy, social insurance for motherhood-related risks.

Unification of all benefits into social benefits that should target to assist individuals and families in poverty would be very difficult and totally unjustifiable. Benefits that have social-protection character should be clearly differentiated from others and this approach should be the guiding principle in planning, reporting and allocation of funding.

4. In line with variations in character of social benefits, different requirements for accessing them were defined. For social benefits aiming to meet basic social needs or provide a minimum of social security, the established criteria include gathering of information on all incomes of family members, assessment of relatives' obligation of support, application of

¹⁸ Z. Šučur Šučur, Z. (2003), *Razvoj socijalne pomoći i socijalne skrbi u Hrvatskoj nakon Drugog svjetskog rata (Development of Social Assistance and Social Care in Croatia after the Second World War)*, Zagreb, Journal of social policy 1/03. pp. 1-22.

means and proxy means thresholds and verification of overall material circumstances. In social protection these are the cash benefit, one-off cash benefit, placement in institutions and foster families, day care and home assistance, and in child protection these are child care benefit and maternity benefit. Social benefits covering disability-related costs include the criteria for assessment of health conditions and capacity of independent meeting of basic living needs (long-term care and support benefit and allowance for equalization of opportunities of children and youth with developmental impediments. Other benefits, whose purpose has not been clearly defined, are conditioned by status and include no criteria for assessment of the material situation of beneficiaries. Such benefits comprise all benefits in the veterans' protection and protection of civilian victims of war. Such a situation discriminates beneficiaries by systems which they belong to, as conditions are much stricter in the system of social protection, which actually targets poverty.

5. The procedures applied for approving social benefits are defined by law for each system separately. What is common is application of the administrative procedure in all bodies and organizations involved in these tasks. Applicants for certain rights gather required documents on their own, and frequently have to pay the costs of issuance of documents. The systems are not interlinked and access to the records in other systems is not possible. The cases are packed with many documents which, if issued by responsible bodies, are not subject to any verifications and are used in all systems. Only in the centres of social work the situation is checked by direct visits to the beneficiary's living space. The procedures for accessing social benefits are administratively complex and may last several months. Instruments that would simplify procedures and reduce the requirements on clients have not been developed in any of the systems.
6. Persons with disabilities are beneficiaries of many social benefits. Nevertheless, various systems define persons with disabilities differently, use dissimilar criteria for assessments and recognition of disabilities and establish same rights for persons with disabilities in various ways. This situation causes grave discrimination among persons with disabilities regarding access to rights, which arises from classification in different systems and by different causes of disability. The needs and disability condition are the criteria which are established only upon the recognition of the status. As Bosnia and Herzegovina recognized the UN Convention on the Rights of Persons with Disabilities, it has to alter the current practices, because it might create negative consequences for the country when the implementation of the Convention is assessed.
7. Considerable percentage of recipients of social benefits (up to 40%, according to estimates of specialized staff in centres of social work) receives multiple rights within one system and various rights in different systems. For instance, a beneficiary of survivor dependent benefit in the veterans' protection system may at the same time access the long-term care and support benefit, one-off cash benefit, institutionalization, child care benefit and other rights within the social protection system. Examples of 'accumulation' of social benefits by a single beneficiary are frequent. In protection of civilian victims of war, beneficiaries of the basic right – civilian personal disability benefit are also beneficiaries of all other rights. This situation permits duplication of beneficiaries and inefficient utilization of resources, on the one hand, and prevents adequate monitoring of needs and planning of poverty alleviation programs, on the other.
8. The bases for calculation of benefit levels in different systems are set in different ways. In social protection, the base is the average wage in Republika Srpska in the preceding year, in the veterans' protection it is a nominal amount set by the Government, and that might be a percentage of the average wage for the previous year, in protection of civilian victims of war the base is a nominal amount set by the RS Government and it differs from the veterans' protection, in child protection no base was envisaged, but instead the management bodies have nominally established benefit levels for each year.

The practice is that benefit levels are set as percentages of the base. Different bases and different percentages led to enormous disparities in benefit levels. The benefits are lowest in social protection. This reveals the government's attitudes toward beneficiaries of different system, as the needs of veterans' categories are favoured and better recognized than the needs of citizens in social need.

Benefits in social protection were raised with the adoption of the new Law on Social Protection, but their levels remained insufficient to meet minimal existential needs. As these are benefits accessed in most cases by the poor, their low levels lead to very small effects on poverty reduction.

9. Social benefits provided within social protection are best targeted and for the most part reach poor citizens. According to the 2011 Household Budget Survey, the richest segment of the population does not use these benefits. Benefits in child protection, which require proxy means testing are also well targeted, while other benefits reach the richer segments of the population as well. The benefits for persons with disabilities – civilian disabled are poorly targeted, as the requirements of accessing these benefits are connected with health condition and not households' material circumstances. Targeting of benefits for civilian victims of war and veterans' benefits is regressive, as the bulk of benefits reaches the richer population, and they cover only very small part of the poor population. Poor targeting of most social benefits is the result of disparity of purposes of these benefits and of understanding of social protection in the legislation and in practice.
10. Defined rights in protection of civilian victims of war are very broadly defined, unclear, imprecise and their titles do not correspond to their stated purposes. The pool of beneficiaries is very broad, the rights are extended to family members as well, without special requirements related to their material circumstances. By their character, the rights may be intended to provide social security (civilian personal disability benefit and survivor dependent benefit, as well as allowances for family members) and indemnification for disability-related costs (long-term care and support benefit). As the lawgiver failed to define their purposes, they also may constitute indemnification for loss of family member or occurrence of damage. If their purpose is to provide social security, they must be conditioned by means testing and checking of the family's material circumstances. It is for these purposes that a proxy means threshold had been envisaged by law, but in practice it has never been set or applied.
11. The child protection system functions on the principle of solidarity and it allows equitable access to rights for children and families in all parts of Republika Srpska. It is funded by contributions and unites three functions: social protection, birth-rate promotion (population policy) and insurance for motherhood risks. In recent years there were policy changes and legal amendments in the labour sector that caused increases in the need to allocate funding for refunds of wages of child-bearing women. Changes in the insurance-oriented segment of the system affected other functions. The criteria for exercising the social-protection function were made stricter, the rights were reduced and benefit levels cut, while for the pro-natal(ist) function the levels were cut and a threshold was introduced for access to maternity benefits. All these measures were insufficient to ensure liquidity of the system and the need has emerged to balance these different functions, which should lead to changes even with regard to the subject of child protection. Awareness of unsustainability of the current discrimination in ensuring the rights of children and the disregard for the basic principles of the UN Convention on the Rights of the Child has been growing. Moreover, new concerns about the manner and purposes of procurement of funding have emerged, because the current funding is collected from contributions, which provides an opportunity to create social insurance for motherhood risks.

In the theoretical conception of the content of social policy in the areas of social security and protection of children, it is not common to mix different functions fund and social protection

transfers from contributions. When assessing the targeting of social benefits to the poor it was revealed that the current approach leads to erroneous evaluation of the effectiveness of social protection benefits, because the sources and purposes of benefits are mixed up.

12. The criteria applied in approving social benefits in the social and child protection systems are very strict and exclude parts of the population who are in the state of need. In social protection, persons able to work are ineligible for permanent benefits even if they have no income whatsoever, while in child protection the proxy means threshold is considerably below the social security minimum envisaged within social protection (122.70 BAM). The established minimum of social security for one year is 1,464.00 BAM, which is 39.3% lower than the absolute poverty line (2,412.84 BAM). Because of widespread unemployment and underdeveloped unemployment insurance, large numbers of citizens exert pressure on social protection and request social benefits, regardless of the fact that strict criteria ban them from admission into the system. Therefore it is imperative to develop mechanisms that would permit broader coverage of socially vulnerable and the poor within some of the social security systems.
13. Centres for social work are key agencies for implementation of the social protection system. These agencies are overburdened by the pressure of numerous beneficiaries of certain rights, but also of other citizens who are in the state of need and believe that they need society's assistance. As other systems do not recognize needs in awarding rights, but take the status approach, the citizens turn to centres and expect that they will provide assistance. Application of social work methods in the assessment processes permits the centres to consider overall situation in families and decide about benefit application in line with their findings. Most centres have difficulties in with working conditions (premises, equipment), funding, low number of qualified staff, qualification of employees. However, beneficiaries view the work of the centres in positive light, they find that in these institutions they access their rights much faster and more efficiently than in other institutions and systems and beneficiaries highly appreciate assessments conducted by social workers and their social case histories. Results of surveys regarding modes of work revealed that the centres had harmonized operational procedures, regardless of differences in size, development, capacity level. In all other situations, only the administrative procedure is applied, which lacks comprehensiveness, flexibility and completeness in assessments and decision-making. For this reason, the centres should be the key resource for application of the poverty alleviation programs, with technical and material support for their work.

Recommendations

It is necessary to completely redefine existing systems of social security that are not funded from contributions, but from the budget:

1. Clearly define the rights whose purpose would be indemnification for loss of life or bodily damage as a result of war, and benefits/compensations for service in the defence of the country. They should be separated from social benefits and should not constitute part of social security. In accordance with this recommendation, the rights of civilian victims of war which are not in line with the above stated benefits should be redefined and they should be included in social protection in accordance with the criteria which cover testing of the overall situation of a household, or criteria for benefits whose purpose is the equalization of opportunities.
2. Disability and a person with disability should be defined in a unified manner across all systems, in accordance with the UN Convention on the Rights of Persons with Disabilities, and unified criteria for recognition of the status of persons with disabilities should be established so that assessment documentation could be equally accessible to all systems. A multidisciplinary approach should be used in the assessment and individual

needs and capacities should be evaluated, in the interaction with the environment, i.e. to determine to what extent physical, mental, intellectual or sensory damage prevent persons with disabilities from full and effective participation in society on equal terms with others.

3. The rights of persons with disabilities whose aim was indemnification of disability-related costs and equalization of opportunities may be a separate system or form a component of social protection, and should focus on targeted needs. Cause of disability should not be a criterion in recognizing the rights of such persons, but only the real need. Application of proxy means testing for these rights is not necessary, because their purpose is to create support in equalization of opportunities.
4. The rights of persons with disabilities who suffered the disabilities as consequences of a labour-related injury or professional illness should be regulated in a way that will clearly define the purpose of these benefits, and in accordance with that purpose, place the benefits in the adequate system in which they will be realised.
5. The system of social protection should define benefits for meeting existential needs for the entire population, with clearly defined special criteria, that would entail checking of the overall situation of the household: incomes, assets, other sources, opportunities for attaining security through own efforts etc. The minimum of social security should be defined within this system so it is aligned with the poverty line and all citizens (able or unable to work) should be eligible to receive benefits on equal terms, upon fulfilment of set conditions. When setting the benefit levels, the criterion of the household size should be introduced, and the needs should be differentiated (age, education, disability). For persons able to work, the period of eligibility for benefits should be limited and conditions for receiving benefits should be linked with active job search, retraining/additional training and voluntary work. For persons with disabilities, if a personal disability benefit is awarded, its purpose should be clearly defined. If that purpose is to provide social security, then it should be subject to a check of the overall situation (financial and proxy means thresholds) before it is awarded. To monitor and control the functioning of benefits, a centralised reporting system on all cash benefits transfers should be set up. In this manner it would become possible to monitor the situation of every family in a unified manner, avoid duplication and accumulation of various benefits in different systems, and ensure full targeting of the poor.
6. The child protection system should be completely redefined as insurance for motherhood risks, which would continue to be funded from contributions, and child protection benefits should be regulated through social protection, while taking into account families' material circumstances or universally (depending on the overall societal policy, bearing in mind negative population trends). In the course of defining benefits targeted at the poor, the needs of families with children should be considered, and amounts higher than the minimum for meeting the children's needs should be included into the benefit amounts. Pro-birth rate functions should be entrusted to the Ministry for Family.
7. Indemnification benefits should be introduced for civilian victims of war, and all other rights should be incorporated into social protection, according to unique criteria that encompass verification of the overall situation of the household.
8. Social protection of refugees and displaced persons should be incorporated into the unified system of social protection.
9. All systems of social protection and revenue data sources should be connected through application of information technology to avoid excessive bureaucracy and simplify procedures.

10. Records-keeping, monitoring and reporting should be arranged in a unified manner for all beneficiaries, which implies also statistical data processing.

11. New redistribution of spending in the budgets should be carried out on the basis of a unified approach that would not cause discrimination following any status features.

When redefining the existing social security system, the orientation is on enhancing the targeting of beneficiaries in line with their real needs, which necessarily must lead to appropriate amendments to legislation and other regulations

3.A Identified problems by experts from centres for social work in the implementation of social benefits in these institutions, with proposals for improvements

The implementation of social benefits in all systems is burdened with problems of securing funds, needs which surpass the capacities of the system, the specific requirements of individual groups of beneficiaries, the general economic and political situation, demanding the administration etc. The overall situation in the process of approving social benefits in the centre for social work creates a series of problems. The key problems identified by social workers were the following:

- Daily rise in the number of persons who turn to the centre for social work for various needs. Most have severe difficulties in securing existence for themselves and their families, lack other resources and request assistance of the society. Most numerous among them are citizens able to work who lost their jobs or were never able to find employment. Long-term unemployment causes that several generations in a family become social protection beneficiaries and that they remain mired in poverty.
- Increase in the number of beneficiaries is not reflected in the allocation of funds for social protection, but exactly the opposite. Each year there are more and more problems with the levels of allocation of funds, in the meantime, the level of benefits are increased, but the funds are increasingly difficult to obtain. The centre for social work influences policies of local communities, but it is insufficient, as the proposals are most frequently not accepted, funding is reduced and restricted and budget plans fail to reflect even established rights, let alone real needs.
- Constant delays and uncertainty regarding disbursement of benefits are as great a problem with the shortage of funds. Even the funds allocated by the Republic have been known to arrive late, which creates uncertainty for both beneficiaries and employees and demotivates them in their work. Inflows from local budgets are irregular, without clear dynamic and reliable parameters about timing of disbursement and even whether they will be made at all. The difficulties are particularly great for covering costs of institutionalization. Many centres are several months in arrears with covering those costs and are unable to receive necessary funds. Employees in the centres for social work are in direct contacts with beneficiaries and they are unable to rationally explain this situation, which further complicates relationships, causes frustrations and unnecessary conflict.
- The existing system with established criteria prevents or severely restricts entry to some citizens. This is the case for the population able to work, as well as for some groups of persons with disabilities (for instance the deaf persons), which creates discrimination, in itself contrary to the basic principles of social work and employee conduct.
- Accumulation of problems is not followed by corresponding increased employment in the sector of social protection. Most centres suffer from limited and insufficient staffing. Employment of new specialist personnel is approved only with difficulty, existing staff is subject to great stress, mechanisms of supervision are underdeveloped and all this leads to excessive pressure on the staff and to burnouts. There are also no permanent professional training and development programs, trainings are only offered on occasional basis.
- Besides the shortage of specialized staff, insufficient material resources for operation of different services represent another problem. The territories covered by centres are large, centres lack vehicles for visiting beneficiaries, the lack of funds for material expenses is chronic, the premises are cramped, unsuitable, non-functional and ill-adapted for persons with disabilities and the elderly.

- All interviewed social workers agree that the new Law on Social Protection brought improvements to the system by providing clearer definitions of rights and increasing their levels. However, all that is still insufficient, since even the new levels are not so high as to permit meeting even the minimum needs. Possible response to such problem would be «to create a system of social protection which would apply unified criteria» or creation of conditions «that the rights related to securing existence are the same across all systems».

Proposals of specialists for improved targeting of social benefits are as follows:

- benefits for those in most severe conditions should be channelled through development of specific programs of assistance and support based on the type and degree of needs, which is also permitted by the Law on Social Protection through expanded rights (Trebinje);
- more attention should be devoted to persons with greatest needs, such as persons with limited mobility or persons unable to move, protection measures should be developed that would permit them to lead higher-quality lives, as well as for other socially vulnerable and multi-member families (Bijeljina);
- existing legal solution should be improved by devising more precise criteria on a broader level, so as to establish also the obligations of families, and not solely of the government (Zvornik);
- when defining these criteria, different factors, such as the cultural aspect, should be taken into consideration, but certainly not status. For instance, the needs of the rural inhabitants for assistance are somewhat lesser than in towns because they own vegetable plots, this is why detailed assessments of the situation, needs and capacities of households, and of other potential sources of income, are necessary, and other types of incentives that might serve as antidote to poverty should be included, such as investments into agricultural households so they become capable of independent living (Banja Luka);
- the existing mode of targeting social protection benefit is satisfactory and need not be changed. The benefit levels are the problem, because they do not take into account needs and the situation that has been deteriorating due to inability of the work capable population to find employment and the pressures they exercise on the social protection resources (Teslic, Prnjavor, Derventa and Pale);
- the benefits for persons in most severe position should be channelled through development of partnerships with the nongovernmental sector and local communities, through which certain types of assistance might be directed. Furthermore, with regard to the benefit levels, these should suffice to meet basic living needs, and should be channelled through associations of persons with the same or similar conditions (Eastern Ilidza and Gradika);
- benefit levels for persons in most difficult position need to be increased, and reviews should be carried out regularly in order to ensure that available funds are targeting those who are in greatest need (Celinac);
- benefits should be targeted on the basis on social assessment and severity of the situation. It is necessary to establish a clear difference between persons who have no incomes or assets, whose housing question is unresolved, who have no relatives with legal obligation of support, the elderly or ill persons, and persons who have legally bound relatives and assets, and thereby are in position to secure funds required to support themselves (Gradiska, Trnovo);
- defining of the minimum and the percentages of the budgets that the local communities should set aside for social protection, along with more equitable allocation of these funds in local communities, would be a way to improve the targeting of social benefits towards the poor (Prijeedor).

3.B Beneficiaries' estimates of the targeting adequacy of social benefits expressed during the Focus Group held on 03 April 2013

When beneficiaries assess the adequacy of targeting of individual benefits, they focus on benefits for which no assessment of income and overall position of households is conducted. They believe that such benefits for the most part are not targeting those in need. They do not hold large expectations from the government and its institutions, with regard to ensuring their social security, but they are affronted by the prevailing societal attitude, which is manifested also through social transfers, and particularly insurance-based transfers, for instance pensions.

Beneficiaries are united in the view that setting and approving of very low benefits which cannot meet even minimum costs is humiliating, insulting to their dignity and make them feel as if they do not live in a society that notices and cares about their needs. Vulnerable groups, such as the disabled, children, mothers, Roma population etc., who are also most frequently beneficiaries of social protection, are not receiving the protection of society, as they are deprived of their rights on all sides, services are not available to them and they do not feel as citizens with equal rights.

Beneficiaries have offered the following recommendations for changes to the existing system of social protection:

- creation of conditions that social protection may offer access to benefits through work, so that people able to work may perform socially beneficial tasks and receive compensation. They would feel much better than their benefits are not conditioned with their active participation, but their levels constitute insults to their dignity;
- poverty problems of persons able to work should not be addressed within social protection, but within the labour sector, while social protection should channel cash benefits to persons unable to work, the elderly and disabled in order to help them meet their existential needs, cover treatment costs and to families that suffer from multiple problems that condemn them to the state of need;
- current benefit levels must be increased, as current levels do not permit even meeting of minimum existential needs;
- the society must develop other resources, ensure development institutions that would provide better content and permit better and more diverse services, such as day care centres for persons with disabilities, more should be done to develop volunteer work... All these would be new resources;
- In the assessment of the situation, the social case history should be granted greater significance and the key place in the process of approval of social protection rights.

III Fiscal aspects/consequences of the existing system of non-contributory cash benefits for social protection

1. Total non-contributory cash benefits for social protection in the budgets of all levels in BiH

BiH has exceptionally diversified spending on social transfers, which is high and fiscally unsustainable. In addition to classical social protection, there are many transfers to individuals and institutions. Thus, these transfers include scholarships for study in the country and abroad, awards for athletes, support to consumer association, funds for linking of years of service and many other items. The very composition of overall social transfers, which are highly diversified, indicates the absence of a strategic approach to this sector.

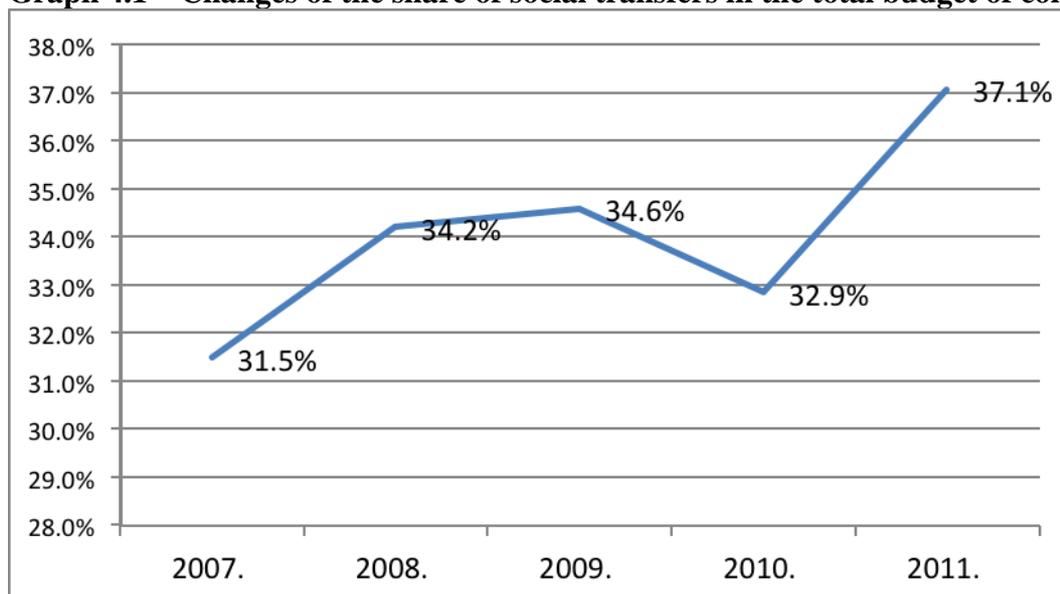
Table 4.1 – Annual operational reports, consolidated BiH (in BAM million)

GFS code	Description	2007	2008	2009	2010	2011
1	REVENUES	9,833	10,903	10,342,5	10,862.5	11,357.0
2	EXPENDITURES	8,808	10,553	10,660,3	10,840.2	10,908.7
27	Social transfers	3,010	3,899	3,946,8	3,770.3	4,330.2
27	Social transfers (in % of the budget)	31.5%	34.2%	34.6%	32.9%	37.1%
	Budget surplus/deficit (1-2-31)	278	-493	-1,065.8	-611,8	-322.7

Source: Federation BiH Ministry of Finance, annual operations reports, consolidated FBiH

According to the GFS classification of budget items, this category of transfers varied from 3.01 billion BAM in 2007 to 4.33 billion BAM in 2011, or between 31.5% and 37.1% of the overall consolidated BiH budget. As the overall spending on social transfers in FBiH rose during this period, it is realistic to assume that this type of expenditure demonstrated a tendency to 'crowd out' other types of expenditures.

Graph 4.1 – Changes of the share of social transfers in the total budget of consolidated BiH



Source: CBBH, annual operational reports, consolidated BiH

It is evident that spending on social transfers grew considerably during the period when the crisis emerged, that the measures of restrictive fiscal policy were subsequently introduced, but also that

the share of overall social transfers in the BiH budget increased precipitously from 32.3% in 2010 to 37.1% in 2011.

Although during this period throughout BiH a certain increase of overall spending on goods and services may have occurred, this type of public spending contributed little to enhancement of prosperity and development of the country or to really assist large numbers of poor citizens.

The opportunity cost of spending of a major share of GDP on social transfers, accompanied by huge inefficiencies of the system, also implies the choice that BiH made - the choice to prefer spending at the expense of investment. This implies an outcome that boils down to lower competitiveness of the economy and lower potential for capital formation - the potential for enlarging the total wealth and welfare of citizens in the future. In effect, such spending of over one-third of the today's GDP reduces the funds needed for investment that may lead to GDP increases in the future. Allocation of this considerable share of the budget funds to spending means assigning lower value to the wealth and welfare needs of future generations.

2. Total non-contributory cash benefits for social protection in BiH

Budget items for 'real' social protection account for a much smaller share, but even this share is exceptionally high when compared with other countries. These budget items include the following categories:

- social protection;
- family and child protection;
- civilian victims of war;
- benefits for non-war disabled
- veterans' benefits.

In BiH, it is immediately clear that veterans' benefits strongly dominate over cash transfers that are not contribution-based. Veterans' benefits account for approximately two-thirds of total spending on non-contributory cash transfers, and this proportion has remained rather stable in 2007 – 2011 period.

Table 4.2 – Civilian and veterans' benefits in BiH, 2007 – 2011 (in % of GDP)

	2007	2011
Social protection	0.23%	0.31%
Child and family protection	0.37%	0.59%
Persons with non-war related disabilities	0.51%	0.61%
Civilian victims of war	0.12%	0.14%
Veterans' benefits	2.68%	2.23%
TOTAL	3.91%	3.88%

Source: Administrative data

In terms of GDP, veterans' benefits accounted for around 2.4% of GDP during 2007 – 2011 period. This constitutes the highest level of spending on this type of benefits in the region. At the same time, expenditures on all types of civilian benefits accounted for around 1.5% of GDP, including spending on benefits for civilians with disabilities and civilian victims of war, with around 0.6% of GDP, while spending on recurrent social assistance for the poor, child care benefits and one-off social assistance together accounted for between 0.9% and 1% of GDP. This spending is significantly lower than the spending on veterans. However, it is also noticeable that the share of veterans' benefits in the GDP decreased slightly from 2.58% in 2007 to 2.21% in

2011, while the share of civilian benefits moderately increased from 1.23% in 2007 to 1.65% in 2011.

3. Fiscal situation in FBiH with regard to the role of non-contributory cash benefits for social protection

Budget items for social protection account for a high share in FBiH, particularly when compared with other countries. These budget items include the following categories:

- social protection;
- family and child protection;
- civilian victims of war;
- benefits for non-war disabled
- veterans' benefits.

As in all of BiH, in FBiH veterans' benefits strongly dominate in cash transfers that are not contribution-based. Veterans' benefits account for approximately two-thirds of total spending on non-contributory cash transfers in FBiH in 2007, and this proportion was somewhat reduced by 2011.

Table 4.3 – Civilian and veterans' benefits in FBiH, 2007 – 2011 (in % of FBiH GDP)

	2007	2011
Social protection	0.27%	0.27%
Child and family protection	0.34%	0.43%
Persons with non-war related disabilities	0.80%	0.82%
Civilian victims of war	0.16%	0.15%
Veterans' benefits	2.87%	1.95%
TOTAL	4.44%	3.62%

Source: Administrative data

As a share of GDP, veterans' benefits accounted for around 2.5% in 2007 – 2011 period. At the same time, expenditures on nearly all types of civilian benefits accounted for some 1.5% of GDP, including spending on benefits for civilian victims of war of 0.8% - 1% of GDP, spending on recurrent social assistance for the poor, child protection benefits and one-off social assistance, together around 0.5% - 0.7% of GDP. This spending is considerably lower relative to the spending on veterans. However, it is also manifest that the share of veterans' benefits in GDP decreased slightly from 2.87% in 2007 to 1.95% in 2011, while the share of civilian benefits increased mildly from 1.57% in 2007 to 1.67% in 2011.

The social protection system in FBiH was organized at the level of the Federation and cantons, i.e. the titular founders of social protection are both the Federation and the cantons. This is important, because funding is also allocated from the entity and cantonal budgets, but also from municipal budgets. In FBiH, child protection is categorized with other forms of social protection that are funded in line with special decisions of the cantons. Protection of persons with non-war related disabilities and veterans' benefits are funded from the FBiH budget, while benefits for civilian victims of war are funded 70% and 30% by the Federation and the cantons, respectively.

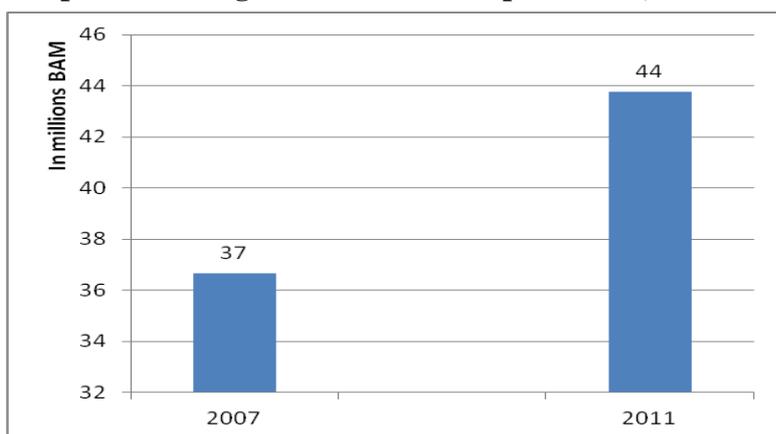
The budgets of the cantons and municipalities provide funding for nearly all rights established by law: cash benefits, long-term care and support benefit, placement in institutions and other families, home assistance, health insurance, one-off cash benefits, social work services and funding of operations of institutions.

The 2007 – 2011 period was marked by a considerable increase of the total budget funds earmarked for social, family and child protection. In this period, the consequences of the world economic crisis did not have a significant impact on the level of budget funds for these domains, which is logical because these types of needs increase in crisis periods.

3.1 Social protection

Implementation of social protection measures was funded by the cantons and the entity (Graph 4.2)

Graph 4.2 – Budget funds for social protection, FBiH (in BAM million)

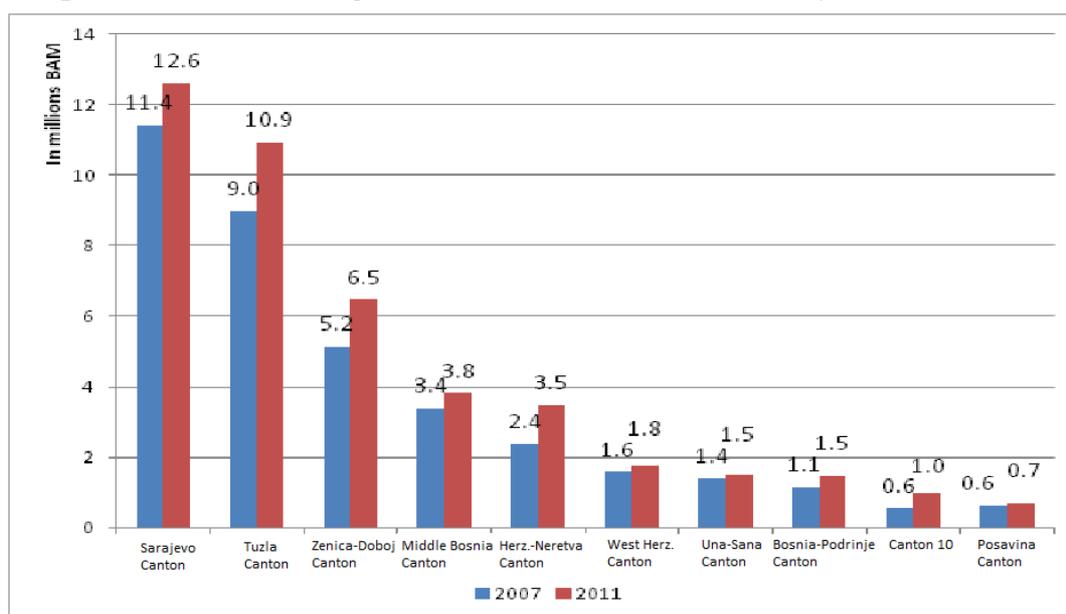


Source: Federation Ministry of Labour and Social Policy and responsible cantonal ministries

As evident in Graph 4.2, the 2007 – 2011 period was also marked by considerable increase of budget funds earmarked for spending in the domain of social assistance. Consequences of the world economic crisis were not felt. As mentioned above, this increase resulted from changes in benefit levels, prices of placement of beneficiaries and increases in numbers of beneficiaries of certain rights. Increase in the number of beneficiaries was a direct consequence of the economic crisis to which the society was exposed.

Regarding cash and material social assistance, disparities between cantons are considerable. They are clearly evident when we look at the total funds by canton in Graph 4.3.

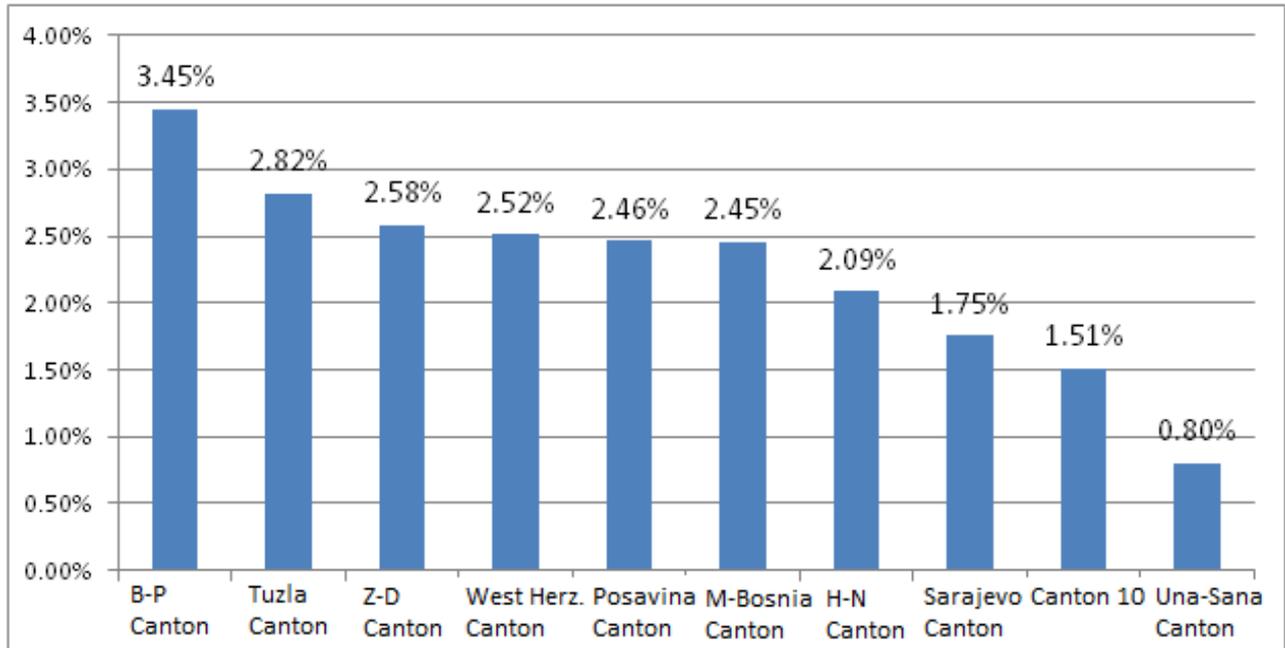
Graph 4.3 – Total funding for cash and material benefits, by cantons (in BAM million)



Source: Responsible cantonal ministries of the Federation of BiH

Graph 4.3 demonstrates that the absolute amounts of funding allocations correspond to the budget size of each canton, which was only logical to expect. However, in relative terms, when the amounts set aside for social protection are viewed in proportion with the total budget of the corresponding canton, the picture changes. Graph 4.4 presents the share of social protection funding in total budgets of each cantons.

Graph 4.4 – Share of social protection funds in cantonal budgets, 2011



Source: Responsible cantonal ministries of the Federation of BiH

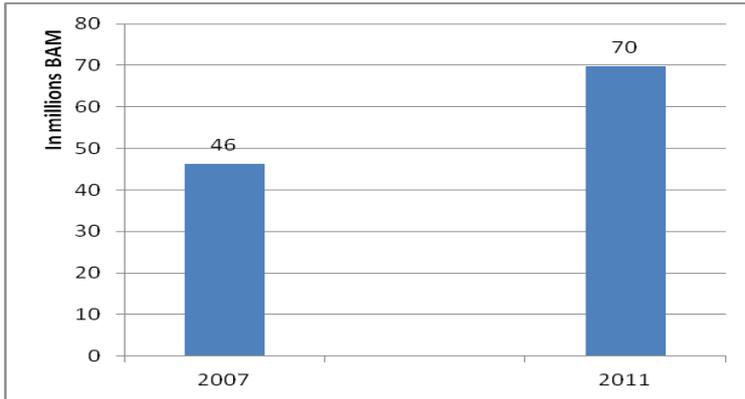
Here it is more than evident how large disparities are in allocations between different cantons. While the Bosnian Podrinje Canton sets aside 3.45% of its budget, the Una-Sana Canton allocates only modest 0.8% of funds for these purposes.

3.2 Child protection

As we saw in the section that covered legislation of this sector, the Law on Social Protection, Protection of Civilian Victims of War and Protection of Families with Children separately regulated the domain of protection of families with children in an excellent fashion both from the standpoint of international norms for social work services, but also in terms of material benefits for full protection of children and unimpeded proper education and upbringing.

However, the above mentioned Law classified the mentioned domain of protection of families with children among other forms of social protection in FBiH, which are funded in line with special decisions of the cantons and the economic power of the cantons. This constitutes a considerable problem, since the funding of the family and child protection varies between cantons, it is not standardized and is always at risk of cuts in accordance with fiscal situation of the given canton.

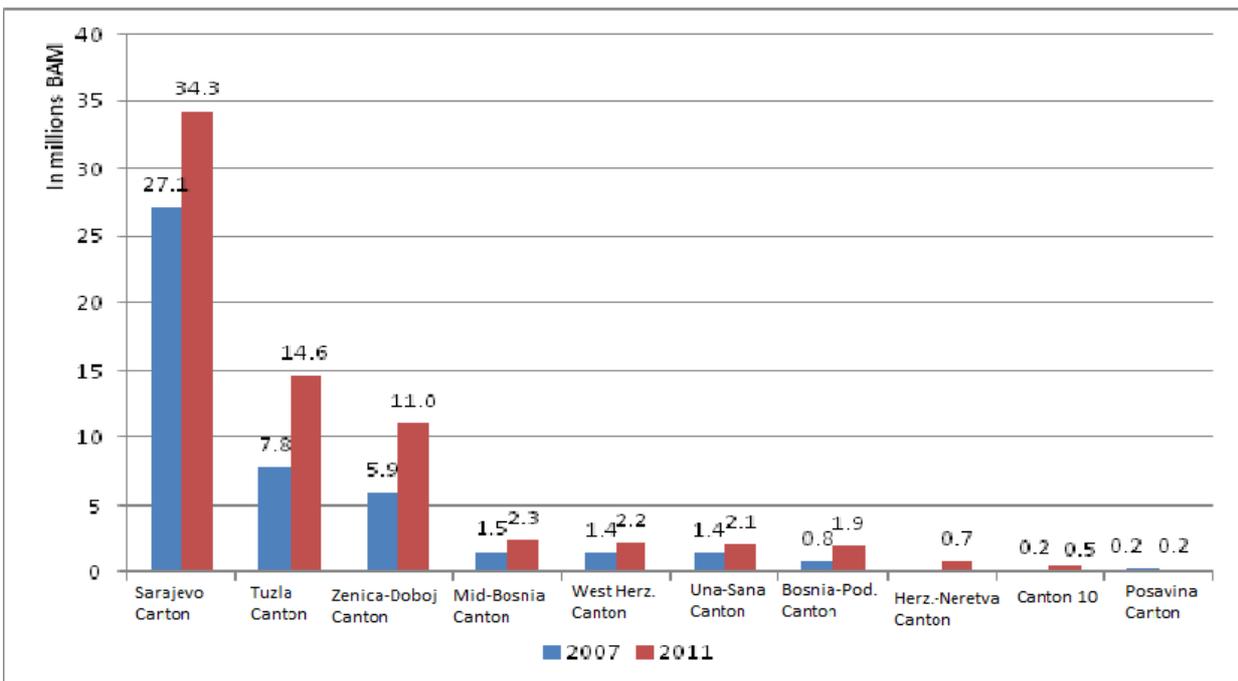
Graph 4.5 – Funds disbursed for child protection in FBiH (in millions of BAM)



Source: Responsible cantonal ministries of the Federation of BiH

Despite such circumstances, this type of social protection recorded considerable growth over the 2007 – 2011 period – by 52.2%. However, disparities between cantons are immediately evident when we look at the total funding for child and family protection, by cantons, in Graph 4.6.

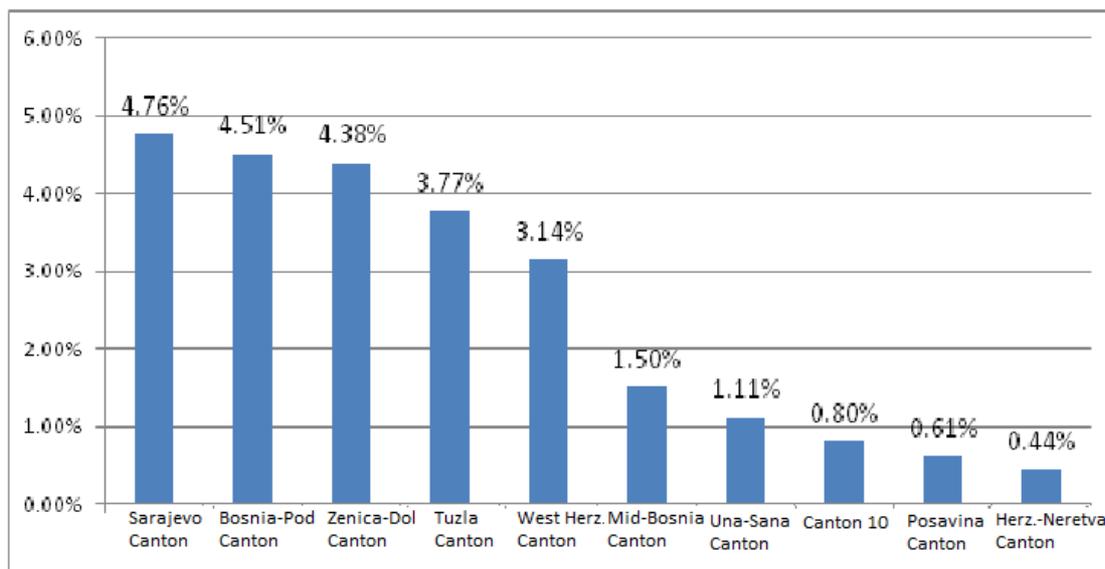
Graph 4.6 – Total funding for child protection, by cantons (in BAM million)



Source: Responsible cantonal ministries of the Federation of BiH

Graph 4.6 reveals only that higher amounts are set aside from larger budgets. In relative terms, when funding allocations for child and family protection are viewed in proportion with the given canton's total budget, the situation is very similar. Graph 4.7 presents the share of funds for child and family protection in the total budgets of each canton.

Graph 4.7 – Share of funding for child protection in cantonal budgets, 2011



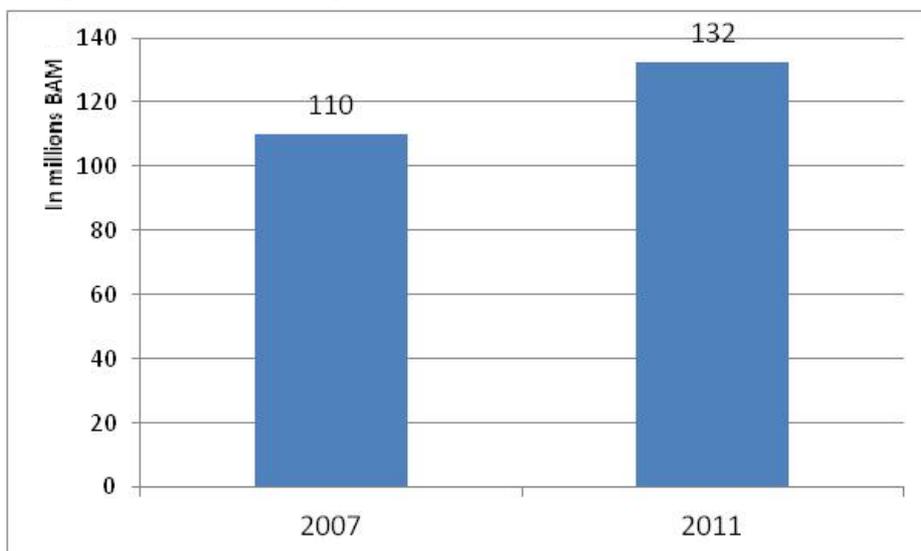
Source: Responsible cantonal ministries of the Federation of BiH

Here it is more than obvious how large the disparities are between allocations of different cantons. While the Sarajevo Canton allocates 4.76% of its budget for these purposes, the Herzegovina-Neretva Canton sets aside only modest 0.44%.

3.3 Benefits for persons with non-war related disabilities

The funding for benefits for persons with non-war related disabilities are provided from the budget of the Federation of BiH. For the observed years (2007 and 2011), the funds disbursed in December are shown in Graph 4.8.

Graph 4.8: Benefits for persons with non-war related disabilities in FBiH, 2011



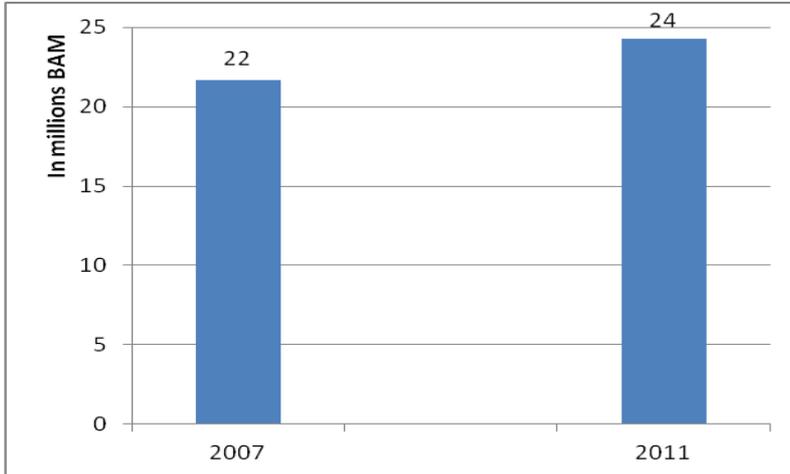
Source: Federal Ministry of Labour and Social Policy

This type of social protection is provided from the funds planned in the FBiH budget for the current fiscal year. If the planned funding in the current-year budget happen to be lower than the funding level required for full payment of benefits, then, logically, the benefits would not be paid out in full, but in proportionally reduced amounts.

3.4 Civilian victims of war

The funds for benefits of civilian victims of war are paid 70% and 30% from the budget of the Federation of BiH and the cantons, respectively. As the bulk of benefits for civilian victims of war depends on the FBiH budget, the uncertainty of their disbursement is somewhat lower, relative to social protection that directly depends on both cantonal and municipal budgets. For the observed years (2007 and 2011), the funds disbursed in December of each year are presented in Graph 4.9.

Graph 4.9: Benefits for civilian victims of war in FBiH, 2011.



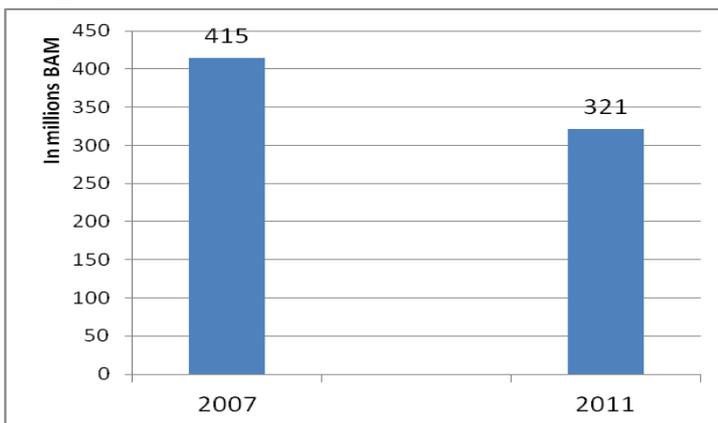
Source: Federal Ministry of Labour and Social Policy

Disbursement of this type of social protection is also carried out from the funds planned for the fiscal year in the FBiH budget and the cantonal budgets.

3.5 Veterans' benefits

As in all of BiH, in FBiH also veterans' benefits strongly dominate in cash transfers not based on contributions. Veterans' benefits in FBiH account for about two-thirds of the total spending on non-contributory cash transfers, and this share has been rather stable in 2007 – 2011 period.

Graph 4.10: Veterans' benefits in FBiH, 2007 and 2011 (in BAM million)



Source: Federal Ministry for Veterans' Affairs

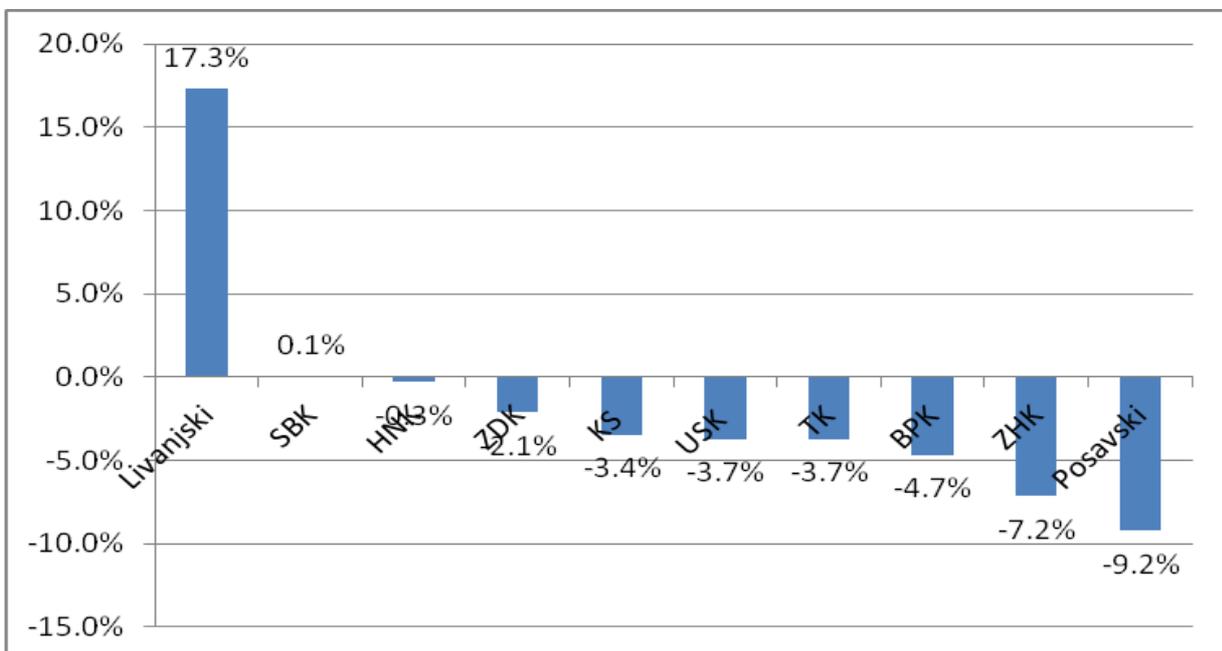
In addition to cash benefits, beneficiaries of veterans' and disabled persons' protection may receive health insurance as well, if they are not eligible for it on another basis.

3.6 Sustainability analysis of the existing system of social protection in FBiH

The economic crisis, in which we still are, has had a significant influence of the FBiH Budget, including the funding of social protection. Public revenues plummeted, and expenditures rose considerably. The resulting deficit has mostly been financed by borrowing, but this approach, too, has limits, particularly since, as already pointed out, the capacity of servicing of the external debt is declining due to poor competitiveness of the domestic economy. In such a situation, the system of funding the social protection in FBiH may suffer.

However, as a large portion of these funds is paid from the cantonal and municipal budgets, it is important to note that most cantons and many municipalities in FBiH face difficult circumstances from the standpoint of public finances, so that this increase represents an additional hit to their budgets. Although not even the budget of the Federation of BiH is not without problems to balance public revenues with public expenditures, the gravest risk to disbursement of social protection funds in FBiH lies in the funding that comes from the cantons and municipalities.

Graph 4.11 – Overview of cantonal budget deficits, 2011 (% of budget)



Source: Audit Bureau of FBiH Institutions, <http://www.saifbih.ba/javni-izvj/Template.aspx> and authors' calculations

After an insight into the 2011 budget data, one may conclude that many cantons are in a considerably harder situation with respect to deficits and funding of public needs than the budget of the Federation of BiH. Thus, in 2011 the West-Herzegovina and Posavina cantons have deficits of 7.2% and 9.2%, respectively, which constitutes considerably graver situation than it is the case with the FBiH budget. If one also takes into account the municipalities in FBiH, which also partly fund the social protection system, then the question of sustainability of the current system emerges forcefully, particularly for the regions where the cantonal and municipal budget are in trouble.

In the Federation of BiH, the entire process is further complicated by the cantons that frequently abuse their extensive powers and fail to pass required decisions related to funding of these needs, or these decisions are passed without regard for the basic principles or the minimum rights envisaged by FBiH law. A practice is that some cantons pass temporary decisions, thereby they seek to avoid the obligation of funding of social protection, or to reduce it to the shortest time period possible (mostly one year). All this contributes to the deepening of the problem of funding social security, so in FBiH it depends on the economic wealth of the canton or municipality. An undesirable scenario might emerge that such cantons and municipalities may begin to cut their

funding (and in some cases even avoiding meeting their obligations), because of difficulties they face, and thereby jeopardize the functioning of the social protection system on their territory.

This difficult situation regarding budgets is particularly severe when the advantages that the social protection system in FBiH delivers to the poor are taken into account. When all types of social protection are taken together and their focus on the poor is considered, the conclusion is devastating.

According to the data on targeting of the social protection funds by population quintiles, which have already been considered in this study, the bulk of funds spent on social protection are channelled to the segment of the population who are not poor. Besides the conclusion that difficult budget situation puts into question the sustainability of the social protection system in FBiH, this data puts into question the purpose of the entire system and its impact on poverty alleviation in FBiH.

However, in order to consider the entire social protection system more clearly, this situation needs to be analyzed by individual types of the overall social protection:

- social protection;
- child protection;
- protection of civilian victims of war;
- protection of persons with non-war related disabilities; and
- veterans' benefits.

Social protection. Social protection in FBiH is not properly oriented towards the poor. According to the data on the targeting of cash and material assistance funds by quintiles of the population, already reviewed in this study, while a considerable part goes to the poor, it is of a great concern that a large part is going to the richest quintile. This is a rather poor outcome for this type of assistance, which assumes a targeting process, and it means that the budget funds are being wasted.

Here, better targeting would allow that those who are really poor receive more. Furthermore, better targeting would help create possibilities for budgetary savings, since this type of social protection, according to the data we have seen, faces a considerable risk of an unfavourable budget scenario. If certain cuts are unavoidable, then better targeting is the most effective way to avoid undermining the rights, or even to improve the circumstances of the poor while creating savings at the same time.

Funding of child protection. Targeting of the poor is weaker for this type of social assistance. According to the data on targeting of family and child protection funds by quintiles of the population, already reviewed in this study, the bulk of funding spent on child protection goes to non-poor, and only a smaller part to the poor. The question is here what the purpose of child and family protection is? If it is the protection of children and families with children from poverty, than this result would have to better target the poor than it is the case now. Spending in this manner also means that a portion of budget funds is misapplied.

However, another important problem faced by this type of social protection in FBiH is that the funding of the family and child protection varies between cantons, it has not been standardized and it is constantly at risk of cuts depending on the fiscal position of the given canton. For instance, while the Sarajevo Canton allocates 4.76% of its budget for these purposes, the Herzegovina-Neretva Canton sets aside only modest 0.44%. The conclusion that becomes more or less unavoidable is that, the richer the canton, the greater percent share of the budget it allocates for child and family protection. Such inter-cantonal differences constitute a considerable problem for the funding of child and family protection in FBiH, as large differences between various regions are created.

Benefits for persons with non-war related disabilities. This type of social protection depends solely on the FBiH budget, so the uncertainty regarding their regular disbursement is somewhat

lower, relative to social protection that depends both on the cantonal and on municipal budgets. As regards targeting, i.e. the adequacy of spending of budget funds, the primary goal here is not poverty alleviation, but equalization of opportunities of persons with disabilities. Therefore, it is this principle that must not be placed in jeopardy. However, from the poverty standpoint, according to the data on targeting of the funds for civilian victims of war by quintiles of the population, already reviewed in this study, the poor receive a relatively small share of these funds. Therefore here it is necessary to consider redistribution of these budget funds for the poor, either through this or some other form of social protection, without simultaneously jeopardizing the principle of equalization of opportunities but still finding possibilities for savings.

Benefits for civilian victims of war. As the bulk of benefits for civilian victims of war depends on the FBiH budget, the uncertainty regarding their regular disbursement is somewhat smaller relative to social protection, which directly depends on the cantonal and municipal budgets. For this type of social assistance, targeting of the poor is exceptionally weak.

According to the data on targeting of the funds in this domain by quintiles of the population, already reviewed in this study, the bulk of funds spent on the benefits for civilian victims of war in FBiH goes to the non-poor, and only a minimal share to the poor. Although the goal here is also that everyone eligible for these categories receive the benefits they are due according to their status, not even here is it possible to justify the enormous disparity between the poor and non-poor. Therefore, it is also here that redistribution of budget funds in favour of the poor is necessary.

Veterans' benefits. This type of social protection also depends only on the FBiH budget, so the uncertainty regarding their regular disbursement is somewhat less, relative to other types of protection. However, targeting of the poor is exceptionally weak in this category as well.

89.7% of the funds spent on veterans' benefits in FBiH is channelled to the non-poor, and only 10.3% to the poor. According to the data on targeting of the funds in this domain by quintiles of the population, already reviewed in this study, the bulk of funds spent on veterans' benefits in FBiH goes to the non-poor, and only a minimal share to the poor. Here also the question emerges about the purpose of this type of protection? Even if the goal here is for everyone eligible for this category to receive equal benefits due to their status, this level of disparity between the poor and non-poor is too large. Better targeting would permit that those who are really poor receive more, but would also help create conditions for budget savings. As with other types of social protection, if certain cuts are unavoidable, then better targeting is the most effective way to avoid jeopardizing the rights, or even to improve the circumstances of the poor while achieving savings at the same time.

FBiH fiscal conclusions

- In FBiH considerable budget funds intended for social protection are channelled to non-poor segments of the population. The only exception is social protection through cash transfers, where targeting is somewhat better, but even in that segment the richest quintile receives a considerable portion of these funds. Generally speaking, the poor receive very little of the total funds for social protection. It is evident that budget spending on social protection (including veterans' benefits and civilian victims of war) in FBiH has little effect on poverty reduction.
- On the other hand, public spending for these needs remains exceptionally high (3.6% of FBiH GDP in 2011) and unsustainable. Many budgets in FBiH, particularly municipal and cantonal, are facing severe problems and, if things do not change, it is only a matter of time when some will cease to allocate planned amounts of funding for these needs.
- The budget funds for veterans' benefits dominate in distribution of public resources for budget cash benefits for social protection in FBiH. As a share of GDP, veterans' benefits accounted

for some 2.5% of FBiH GDP over the 2007 – 2011 period. At the same time, expenditures on all types of civilian benefits accounted for around 1.5% of FBiH GDP, including spending on benefits for civilian victims of war of around 0.8% - 1% of GDP, while spending on the recurrent social assistance for the poor, child protection benefits and one-off social assistance, taken together, accounted for 0.5% - 0.7% of GDP. Transfers for veterans' benefits are exceptionally regressive, as they channel the bulk of funding to the middle and top quintiles, at the expense of those in the poorest population quintiles.

- There are considerable disparities in budget cash benefits for social protection in FBiH. Differences between various cantonal and local budgets in terms of setting aside of funds for this purpose are very large. This situation leads to disparities in social transfers that occur depending on the economic power of the cantons and municipalities, as well as on their commitment and willingness to earmark funds for social protection.

5. Fiscal situation in RS with regard to the role of non-contributory cash benefits for social protection

These lines in the RS budgets include the following categories:

- social protection according to the Law on Social Protection;
- child protection;
- protection of persons with non-war related disabilities;
- protection of civilian victims of war; and
- veterans' and disabled persons' protection.

It must be pointed out that the system of social protection in Republika Srpska was set up on the level of both Republika Srpska and the units of local self-government, i.e. the titular founders of social protections are both the Republic and the cities/municipalities. This matters, since the funding is provided by the entity budget, but also from the municipal budgets. The only form available for persons with non-war related disabilities is the long-term care and support benefit, which is paid through CSWs.

As in all of BiH, veterans' benefits in RS strongly dominate in cash transfer that are not contribution-based. In 2007, as much as $\frac{3}{4}$ of all budget funds intended for social protection went for veterans' benefits, while in 2011 this share declined to about two thirds of the total spending amount for these purposes, which remains very high.

Table 4.4 – Civilian and veterans' benefits in RS, 2007 – 2011 (in % of RS GDP)

	2007	2011
Social protection	0.15%	0.19%
Child protection	0.46%	0.67%
Protection of persons with non-war related disabilities	0.05%	0.09%
Protection of civilian victims of war	0.07%	0.08%
Protection of veterans and persons with disabilities	2.28%	1.90%
TOTAL	3.01%	2.92%

Source: Administrative data

As a share of GDP, veterans' benefits accounted for around 2.1% of GDP in the 2007 – 2011 period. At the same time, the expenditures on all types of civilian benefits accounted for around 0.9% of GDP, including spending on civilian victims of war of some 0.07% of GDP, while spending on recurrent social assistance for the poor, child protection benefits, non-war disabled

and one-off social assistance, taken together, accounted for around 0.8% of GDP. This level of spending is considerably lower relative to the spending on veterans. However, it is also evident that the share of veterans' benefits in GDP declined slightly, from 2.28% in 2007 to 1.90% in 2011, while the share of civilian benefits rose slightly, from 0.73% in 2007 to 1.02% in 2011.

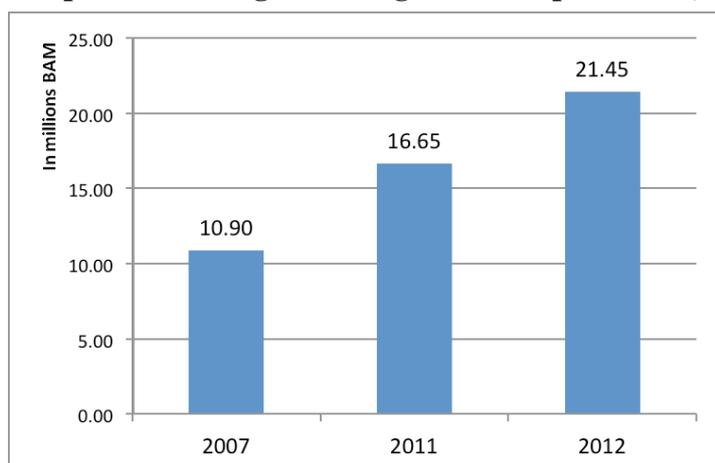
In 2011, the social protection system in Republika Srpska was funded from the allocations in the budgets of municipalities, with co-funding provided from the RS budget. The budgets of cities/municipalities allocate funding for nearly all rights envisaged by law: cash benefits, long-term care and support benefit, placement into institutions and other families, home assistance, health insurance, one-off cash assistance, social work services, as well as funding for the institutions which implement the obligations under the Law. The percentages of municipal budget allocations for social protection vary very considerably between municipalities – ranging from 2% in smaller municipalities, such as Jezero, Trnovo, Berkovici, Petrovac, Donji Zabar, Kalinovik, Vukosavlje, but also in some larger and more developed municipalities, such as Ugljevik, Lopare, Knezevo, Pale to 10% in Kotor Varos and Foca. Most municipalities set aside 4-5% of their budgets for operation of social protection systems.

RS budget allocates funds for co-funding of social work institutions and for construction, adaptation, refurbishment and equipment of social protection institutions in accordance with development programs, as well as funds for assistance for gaining qualifications for children and youths with impediments in physical and mental development. The 2007 – 2011 period was characterized by considerable increases of overall budget funds spent on social, family and child protection. The consequences of the world economic crisis did not significantly affect the level of budget funds for these domains in this period, which is logical, as these needs increase during crisis periods. Accordingly, the data reveal that the levels increased every year. The bulk of funds was invested through the systems of social, family and child protection.

5.1 Social protection

Implementation of the measures of social protection was funded by the units of local self-government and by the entity (Graph 4.12).

Graph 4.12 – Budget funding for social protection, Republika Srpska (in BAM million)



Source: RS Ministry of Health and Social Protection

As we see in Graph 4.12, the 2007 – 2011 period was also characterized by considerable increases in budget funds spent in the domain of social protection. In this domain as well, the consequences of the world economic crises were not felt. As mentioned above, this increase was a result of changes in benefit levels, prices for accommodation of beneficiaries and a rise in the number of beneficiaries of certain rights. The increasing number of beneficiaries is a direct consequence of the economic crisis to which the society was exposed.

5.2 Child protection

Funding of child protection in Republika Srpska is provided through the Child Care Public Fund. The RS Child Care Public Fund collects funds and distributes them to beneficiaries on the basis of decisions of the centres of social work and municipal social protection departments, who are first-instance bodies for approval of rights in the domain of social protection. Centres of social work are partners with the Child Care Public Fund not only in conducting cash transfer-related tasks, but also in all other activities and projects implemented by the Fund.

In accordance with the law, the RS Child Care Public Fund collects funds for funding the benefits in the domain of child protection, such as the refunds for wages during maternity leave and shorter hours, maternity benefit, baby package and child care benefit, meeting of developmental needs of children, pre-school education for children without parental care, children with developmental impediments and children hospitalized for longer periods, and for vacations of children up to the age of 15 in children's resorts.

The bulk of the funding for covering social protection needs is provided from the contribution that was established by the Republika Srpska Law on Contributions (Table 4.5). The rate of contribution for child care is 1.5% on gross personal income, as defined by the Law on Income Tax, which are subject to income tax, and on other revenues of contribution payers for whom the Law on Contributions set the base for calculation of the contribution rate (personal incomes of employees: wages and salaries of the employed, elected and appointed persons, personal revenues of owners or co-owners of shops or other forms of entrepreneurial activities, royalties, benefits for top and professional athletes, compensation for religious officials, compensations for performing temporary and occasional work, compensations for work through youth cooperatives and compensations for participation in public works).

Table 4.5 – Child protection revenues

No.	Revenue source	Revenues in BAM		
		2007	2011	2012
1	Revenues from contributions	34,192,459.00	54,256,746.00	54,353,773.00
2	Transfers from the RS budget	2,705,711.00	3,228,514.00	2,907,803.00
	TOTAL	36,898,170.00	58,268,626.00	57,261,576.00

Source: Child Care Public Fund

In addition to contribution funds, responsible ministries transfer budget funds to support the functioning of the social protection system (Ministry of Health and Social Protection) and specifically for certain benefits (Ministry of Family, Youth and Sports, for one-off assistance).

Here it is necessary to emphasize that funds coming from contributions and funds provided from the budget must be considered separately, especially because there is a permanent increase in the number of beneficiaries and the amount the benefit which refunds net salary during the use of maternity leave, so that, fiscally speaking, almost half of the funds channelled are to insurance in case of maternity, which brings into question the achievement of all the other functions of child protection. The lack of funds for servicing the obligation of refunding maternity leave in the RS Child Care Public Fund has led to a decrease of the amounts of other benefits, which were not high to begin with, and a decrease in the number of beneficiaries from families with poor financial condition. All this reflected directly on the financial security of families who are in poverty or at risk of poverty and the achievement of the objectives of the child protection system. Thus, these two types of benefits should be considered separately and, from the fiscal aspect, funded from different sources.

Table 4.6 – Funds disbursed for child and family protection in RS

	2007	2011	2012
Expenses from contributions	31,254,145.00	54,546,473.00	51,570,810.00
Transfers from the RS Budget	2,705,711.00	3,228,514.00	2,907,803.00
TOTAL	33,959,856.00	57,774,987.00	54,478,613.00

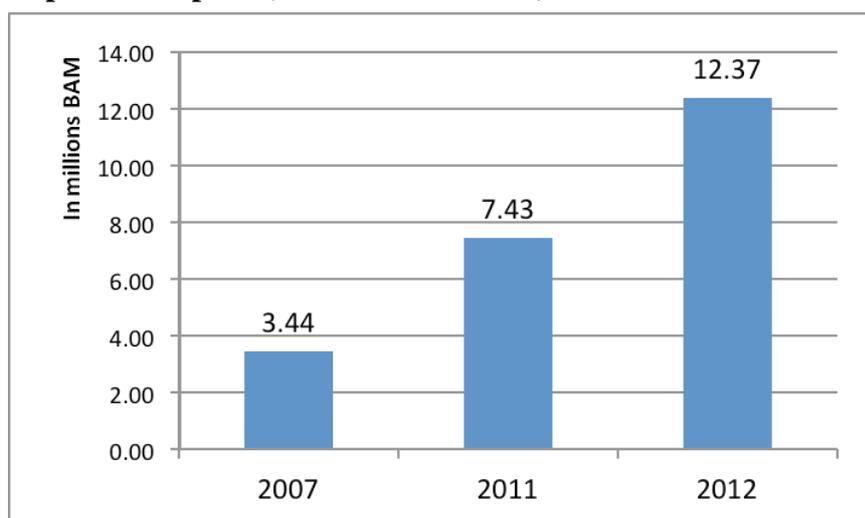
Source: Republika Srpska Child Care Public Fund

The Supreme Office of the Republika Srpska Public Sector Auditing warned in a report that the Fund's obligations, as of end-2012, were 32,611,413 BAM, of which 4,873,324 BAM were short-term, and as much as 27,738,089 BAM were long-term liabilities.¹⁹ This high indebtedness of the Fund constitutes a considerable problem for funding of child and family protection, since the sustainability of the system has been put in jeopardy.

5.3 Protection of persons with non-war related disabilities

Protection of persons with non-war related disabilities is funded through the centres for social work, for the most part under the item «Long-term Care and Support Benefit». This is another item funded by the units of local self-government and RS (Graph 4.13).

Graph 4.13 – Budget funds for protection of persons with non-war related disabilities, Republika Srpska (in millions of BAM)



Source: RS Ministry of Health and Social Protection

As we see in the graph above, the 2007 – 2011 period was also characterized by a considerable increase of the budget funds for this domain. The consequences of the world economic crisis have not been felt here either.

5.4 Protection of civilian victims of war

The funds for benefits of civilian victims of war are paid from the budget of Republika Srpska. For the observed years, the amounts disbursed in December are presented in Table 4.7.

¹⁹ The Audit Report for Financial Statements of the Republika Srpska Child Care Public Fund, for 01 January – 31 December 2012, <http://www.gsr-rs.org/izvjestaji/2013/Fondovi/RI034-13.pdf>.

Table 4.7 - Benefits for civilian victims of war

Type of benefit	Funds disbursed in December		
	2007	2008	2011
Civilian disability benefits and survivor dependent benefits for family members of killed CVWs	5,498,655	6,748,335	6,733,680

Source: Republika Srpska Ministry of Labour, War Veterans and Disabled Persons' Protection

Disbursements for this type of social protection are funded from the funds planned in the budget for the current fiscal year. If it happens that the planned funds in the budget are less than the amount required for full disbursement of benefits, the planned amount is divided by the amount required for full disbursement to arrive at the coefficient of benefit disbursement, which cannot be lower than 0.85. The decision about disbursement coefficient is adopted by the Republika Srpska Government.

5.5 Veterans' benefits

As already mentioned, veterans' benefits in RS strongly dominate in cash transfers that are not contribution-based. Over two-thirds of total spending on non-contribution based transfers in RS goes for veterans' benefits

Table 4.8 – Veterans' benefits in Republika Srpska, 2008 – 2011 (in BAM million)

Year	Funds disbursed		
	Disability benefits	Veterans' benefits	Total
2007		9,982,121.00	
2008	155,300,961.00	11,986,678.00	167,587,639.00
2009	164,538,322.52	12,066,978.00	176,605,300.52
2010	158,551,852.19	12,000,000.00	170,551,852.19
2011	152,780,161.80	11,973,576.91	164,753,738.71
2012	150,967,455.39	45,746,082.73	196,722,538.12

Source: RS Ministry of Labour, War Veterans and Disabled Persons' Protection

Besides cash benefits, beneficiaries of veterans' and disabled persons' protection may also receive health insurance if they are not eligible on any other basis. In 2012 4,860 beneficiaries accessed this right, which cost around 1,600,000.00 BAM.

5.6 Other types of assistance

The Ministry of Refugees and Displaced Persons is the government body that, in addition to other sources, plans most of the funds in the RS budget for provision of housing for these categories, construction of infrastructure in refugee and returnee settlements and provision of cash assistance for sustainable return (Table 4.9).

Table 4.9 – Meeting the needs of refugees, displaced persons and returnees

	2007		2011	
	Number of families	Funding	Number of beneficiaries	Funding
TOTAL	6,136	24,607,286.16	4,206	9,960,291.80

Source: Republika Srpska Ministry for Refugees and Displaced Persons

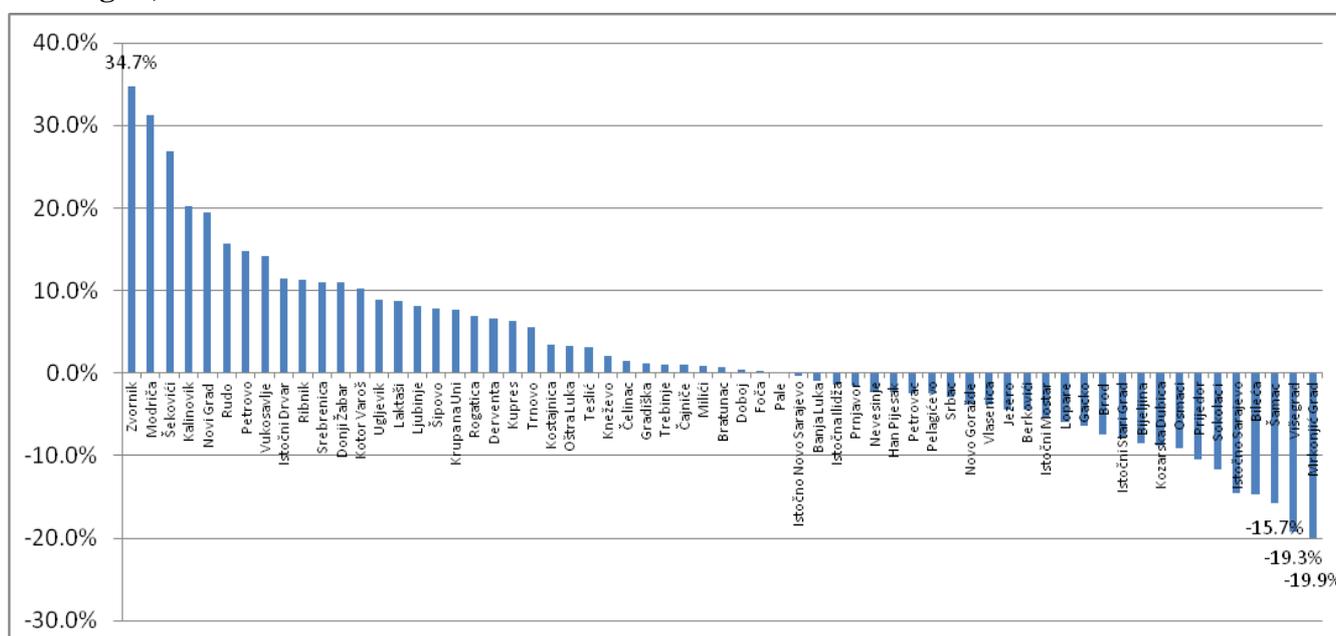
The decline in the number of beneficiaries is expected to continue in the following years, as well as the reduction of the funds that the budget of Republika Srpska will need to earmark for social protection needs of refugees, returnees and displaced persons.

5.7 Sustainability analysis of the existing system of social protection in RS

The ongoing economic crisis had a significant impact on the RS budget, and consequently on the funding for social protection. Public revenues plummeted, while expenditures rose considerably. The resulting deficit has mainly been financed by commercial borrowing, but this approach also has limits, particularly since the external debt servicing capacity, as mentioned before, has declined due to poor competitiveness of the domestic economy. In this situation, the funding system for social protection in RS may face considerable risks.

However, besides the fact that the RS budget is not without its problems to balance public revenues with public expenditures, the greatest risk for disbursement of the funds for social protection in RS lies in the funding that is provided by municipalities. As the large portion of these funds is paid from municipal budgets, it is important to note that many municipalities in RS face difficult circumstances in terms of public finance, as we can see in Graph 4.14.

Graph 4.14 – Overview of the surplus/deficit of municipal budget in RS, 2011 (in % of budgets)



Source: Republika Srpska Ministry of Finance

After reviewing the data on municipal budgets for 2011, we may conclude that many municipalities are in a more difficult situation, in terms of deficit and funding of public needs, than is the case with the budget of Republika Srpska. For instance, Mrkonjić Grad and Visegrad have deficits of near 20% for 2011, which is a much harder situation than in the budget of

Republika Srpska. A total of 27 municipalities, therefore almost half of them, faced a more difficult budget situation in 2011 than the RS budget.

An undesirable scenario might emerge that such municipalities may begin to cut their funding (and in some cases even start avoiding their obligations), because of difficulties they face, and thereby jeopardize the functioning of the social protection system on their territory.

This difficult situation regarding budgets is particularly severe when the advantages that the social protection system in RS delivers to the poor are taken into account. When all types of social protection are taken together and their focus on the poor is considered, the conclusion is devastating. According to the data of the 2011 Household Budget Survey, the total funds for social protection are nearly evenly distributed across population quintiles (the data on targeting of the funds in this domain by population quintiles, which have already been considered in this study), which indicates that a considerable portion of funds spent on social protection is channelled to the non-poor segment of the population. Besides the conclusion that difficult budget situation puts into question the sustainability of the social protection system in RS, this data puts into question the purpose of the entire system and its impact on poverty alleviation in RS.

However, in order to consider the entire social protection system more clearly, this situation needs to be analyzed by individual types of the overall social protection:

- social protection in accordance with the Law on Social Protection;
- child protection;
- protection of civilian victims of war;
- protection of persons with non-war related disabilities; and
- veterans' benefits.

Social protection benefits. Unlike other types of social assistance, where targeting of the poor is extremely weak, social protection through cash and material assistance is somewhat better oriented towards the poor. Note that the long-term care and support benefit is included into the total amount of funds for persons with non-war related disabilities. According to the data on the targeting of cash and material assistance funds by quintiles of the population, already reviewed in this study, we can see what share of funds really goes to the population in poorer quintiles, and what goes to the population in richer quintiles.

According to this data, the bulk of funds spent for social protection through cash and material assistance reaches those in two least 'rich' quintiles, which is much better relative to other types of assistance. However, while this is better than the rest, it is still not good. Evidently, a considerable portion of funds is still expended on people in three richer quintiles, so targeting would allow that those who are really poor receive more.

Furthermore, better targeting would help create possibilities for budgetary savings, since this type of social protection, according to the data we have seen, faces a considerable risk of an unfavourable budget scenario. As most of these funds are disbursed exactly from municipal budgets, one-half of whom are in difficulties, and bearing in mind that a full implementation of the Law on Social Protection requires an increase of funding for benefits in 2013, we can expect considerable problems with disbursements of cash benefits and long-term care and support benefits in the next medium-term period. Since a 100% increase of these types of social protection is expected because of the new law, the question arises whether the budget will have the capacity to respond appropriately to this increase. If certain cuts turn to be unavoidable, then better targeting is the most effective way to avoid undermining the rights, or even to improve the circumstances of the poor, while at the same time creating savings.

Funding of child protection. Targeting of the poor is solid for this type of social assistance. According to the data on targeting of family and child protection funds by quintiles of the

population, already reviewed in this study, some 2/3 of the funding spent on child protection goes to those who are poor.

However, the key problem faced by this type of social protection in RS is that the Republika Srpska Child Care Public Fund reported a negative cumulative financial result of 22,485,518 BAM²⁰ as of end-2012, which was as much as 118% in excess of total assets. Supreme Office of the Republika Srpska Public Sector Auditing warned in a report that the Fund's liabilities as of end-2012 were 32,611,413 BAM, of which 4,873,324 BAM were short-term, and as much as 27,738,089 BAM were long-term liabilities.²¹ Such a high indebtedness of the Fund constitutes a considerable problem for funding of child and family protection, as the sustainability of the entire system has been jeopardized.

Benefits for persons with non-war related disabilities. One must note here that the long-term care and support benefit is here included in the funds for persons with non-war related disabilities in Republika Srpska. Since these benefits depend on both the entity, but also the municipal budgets, according to the data examined previously, there is a considerable likelihood of an unfavourable budget scenario. A large part of these funds in RS are disbursed from municipal budgets, of which one half is in difficulties. This leads to questions regarding the system's sustainability and imposes the need to create savings or provide more stable sources of income.

As regards targeting, i.e. the adequacy of spending of budget funds, the primary goal here is not poverty alleviation, but equalization of opportunities for persons with disabilities. Therefore, it is this principle that must not be placed in jeopardy. However, from the poverty standpoint, according to the data on targeting of the funds for persons with non-war related disabilities by quintiles of the population, already reviewed in this study, the poorest receive a small share of these funds, while two 'richest' quintiles receive most. Even if the goal is equalization of opportunities, this is too much. Therefore here it is necessary to consider redistribution of these budget funds towards the poor, without simultaneously jeopardizing the principle of equalization of opportunities, but still finding possibilities for savings.

Benefits for civilian victims of war. This type of social protection depends exclusively on the RS budget, the uncertainty regarding their regular disbursement is somewhat smaller relative to social protection, which also depends on the municipal budgets. However, for this type of social assistance, targeting of the poor is rather weak. According to the data on targeting of the funds for civilian victims of war by quintiles of the population, already reviewed in this study, only a minimal share of funds goes to the poor. Although the goal here is that everyone eligible for these categories receive the benefits they are due according to their status, it is not possible to justify this enormous disparity between the poor and non-poor. Therefore, here it is necessary to consider redistribution of these budget funds so that the poor receive more, while simultaneously finding possibilities for savings.

Veterans' benefits. This type of social protection also depends only on the RS budget, so the uncertainty regarding their regular disbursement is somewhat less, relative to other types of protection. However, targeting of the poor is exceptionally weak for this category.

According to the data on targeting of the funds in this domain by quintiles of the population, already reviewed in this study, the bulk of funds spent on veterans' benefits in RS goes to the non-poor, and only a small share to the poor. Here also the question emerges about the purpose of this type of protection? Even if the goal here is for everyone eligible for this category to receive equal benefits due to their status, this level of disparity between the poor and non-poor is too large. Better targeting would permit that those who are really poor receive more, but would also help create conditions for budget savings. As with other types of social protection, if certain

²⁰ Audit Report for Financial Statements of the Republika Srpska Child Care Public Fund, 1 January – 31 December 2012, <http://www.gsr-rs.org/izvjestaji/2013/Fondovi/RI034-13.pdf>.

²¹ Ibid.

cuts are unavoidable, then better targeting is the most effective way to avoid jeopardizing the rights, or even to improve the circumstances of the poor, while achieving savings at the same time.

Fiscal conclusions for RS

- According to the data reviewed, the social protection in RS can, from the poverty reduction standpoint, be divided into two very different parts: one that has a relatively positive impact on poverty reduction and the other that has no results at all in this domain. The first group includes cash and material assistance and child care, which function relatively well and have visible impact on the poor. The other category includes veterans' benefits and benefits for civilian victims of war, where frequently even the richest fifth of the population receives a considerable share of the funds, while the poor are neglected.
- On the other hand, it is exactly the funding for veterans' benefits that dominate in distribution of public resources for budget cash benefits for social protection in RS. As a share of GDP, veterans' benefits accounted for around 2.1% of RS GDP during the 2007 – 2011 period. At the same time, the expenditures for all types of civilian benefits accounted for 0.9% of GDP, including spending on the benefits for civilian victims of war, of some 0.07% of GDP, while spending on recurrent social assistance for the poor, child protection benefits, civilian disability benefits and one-off social assistance, taken together, account for some 0.8% of GDP. The transfers for veterans' benefits are extremely regressive, as they channel the bulk of funds to the middle and upper quintiles, at the expense of those in the poorest quintiles.
- On the basis of all the data, one concludes that the bulk of budget funds for social protection goes to non-poor segments of the population and, therefore does not fulfil the intended purpose. In general terms, the poor receive very little of the total funds for social protection. It is evident that the budget spending on social protection (including veterans' benefits and civilian victims of war) in RS is a poverty reduction instrument only to a limited extent, and that it is much more used for other purposes.
- For this reason, it is extremely important to improve the targeting of civilian benefits not contribution-based with the goal of reaching the poor and most vulnerable. The reasons for directing the benefits to the poor is to channel limited resources to those most in need. This concept is particularly important at the present time, when the poor are even more vulnerable to damaging impact of the economic crisis. There is also a need to exclude all benefits which are based on contributions from non-contributory cash benefits, which is especially applicable in child protection.
- It is also necessary to create budget savings in this domain, in order to facilitate the smoothest possible overcoming of the fiscal consequences of the economic crisis. Better targeting would permit that those who are really poor receive more, but would also help create possibilities to save budget funds, since the present level of total budget funds allocated for social protection is fiscally unsustainable. As certain cuts may be unavoidable, then better targeting is the most effective way to avoid jeopardizing the rights, or even to improve the status of the poor, while, at the same time, achieving savings. It is also desirable to improve the effectiveness and efficiency of the administration of benefits.

IV Conclusions and Recommendations

The detailed conclusions and recommendations have been presented at the conclusion of the chapters that analyze the system and practices of budget cash benefits in FBiH and RS. The main reason for this approach was the particular character of the two entities and of their respective legislation, as well as the fact that social protection is an undivided competence of the entities.

In general terms, one may conclude that targeting of budget cash benefits remained regressive, with regressiveness even increasing in some aspects in 2011 relative to 2007. The essential cause for this situation is that the budget cash benefits are provided to beneficiaries on the basis of their status rights, and not on the basis of actual needs. This is also confirmed by the established fact that budget cash benefits based on the means test, child and family protection, and allowances provided by centres for social work are markedly better targeted and, in some cases, progressive.

Therefore one concludes that the system of budget cash benefits is socially inequitable at its core; it neither targets beneficiaries in the situation of need, nor does it have an impact on poverty reduction.

Consequently, the assessment from the World Bank Policy Note that the current situation is fiscally untenable, economically inefficient and inequitable remains fully valid in 2011 as well.

Development, selection and application of new targeting models, and their implementation constitute the major part of the reform of the social protection systems and practices as a whole, and particularly of budget cash transfers. This is the next step in the implementation of the 'Development, Testing and Management of Implementation of New Methodology(ies) for Targeting of Budget Cash Benefits in Bosnia and Herzegovina' Project.

All previous analyses were conducted so as to be methodologically analogous to the World Bank Policy Note. When developing the new targeting models (which was not the subject of the mentioned Policy Note), and on the basis of previous analyses, we shall enhance the methodology by proposing, for instance, new spending models that correspond more closely to the reality of Bosnia and Herzegovina.

In the appendix of this report/study we enclosed indicators of targeting accuracy following the WB Policy Note methodology, to facilitate following the assessments in the text. These were taken over from another report 'Poverty in BiH 2011 – Trends and Achievements and Indicators of Targeting Adequacy for Budget Transfers for Social Protection in BiH in 2011', which contains a considerably wider range of indicators (tables).

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Annex I – Table: Poverty Lines and Corresponding Poverty Rates

Table: poverty lines and corresponding poverty rates*									
	2004 HBS			2007 HBS			2011 HBS		
	BiH	FBiH	RS	BiH	FBiH	RS	BiH	FBiH	RS
Official relative poverty line for BiH: (regionally unadjusted)	BAM 311 per adult person equivalent, monthly, in 2004 prices			BAM 386 per adult person equivalent, monthly, in 2007 prices			BAM 416 per adult person equivalent, monthly, in 2011 prices		
Poverty rate:	18.3	18.8	17.8	18.2	17.0	20.1	17.9	17.1	19.5
Source: 2007 Household Budget Survey - Final Results, BHAS, FSI, RSSI; Press statement 2011 Household Budget Survey - Final Results, BHAS, FSI, RSSI.									
Relative poverty line for FBiH: 443.60 BAM per adult person equivalent, in 2011 prices (regionally unadjusted)									
Poverty rate:									18.9
Source: Authors' calculation									
Official relative poverty line for RS: (regionally unadjusted)				BAM 350 per adult person equivalent, in 2007 prices			BAM 381 per adult person equivalent, in 2011 prices		
Poverty rate:						15.6	14.4		
Source: 2007 Household Budget Survey in RS - Final Results, RSSI; Press release on the 2011 Household Budget Survey in RS - Final Results, RSSI.									
Absolute poverty line for BiH: 205 BAM per capita in 2007 prices (regionally unadjusted)									
Poverty rate:	17.7	18.6	16.5	14.0	13.3	15.0	15.0	15.1	14.9
Source: Protection of the Poor during Global Crisis, 2009 Updated BiH Report, World Bank, BiH DEP; Authors' calculations for 2011 on the consumption aggregate for 2011 EHBS, BHAS, FSI, RSSI.									
Absolute poverty line for BiH: 238 BAM per capita in 2007 prices (regionally adjusted, excluding health care costs)									
Poverty rate:				18.6	17.4	20.2	23.4	22.7	25.3
Source: 2007 Household Budget Survey - Poverty and Living Conditions, BHAS, FSI, RSSI; Authors' calculations for 2011 on the consumption aggregate for 2011 EHBS, BHAS, FSI, RSSI in 2007 prices									
Absolute poverty line for FBiH: 238 BAM per capita in 2007 prices (regionally adjusted, excluding health care costs)									
Poverty rate:						17.4	22.7		
Source: 2007 Household Budget Survey - Poverty and Living Conditions, BHAS, FSI, RSSI; Authors' calculations for 2011 on the consumption aggregate for 2011 EHBS, BHAS, FSI, RSSI in 2007 prices									
Official absolute RS 2007 poverty rate: 201 BAM per capita in 2007 prices (regionally adjusted, excluding health care costs)									
Poverty rate:						16.8	15.8		
Source: 2007 Household Budget Survey in RS - Final Results, RSSI; Press release: 2011 Household Budget Survey in RS - Final Results, RSSI; Authors' calculations for 2011 on the consumption aggregate for 2011 EHBS, RSSI, in 2007 prices.									
* In 2007 RSSI published a separate publication '2007 Household Budget Survey in RS - Final Results' in which it published separate absolute and relative poverty lines for RS that differed from the absolute and relative poverty lines for RS. Also in 2011, in its Press statement '2011 Household Budget Survey in RS - Final Results', RSSI published a separate relative poverty line for RS for 2011. Bearing this in mind, the authors calculated a separate relative poverty line for FBiH for 2011 in order to permit comparison of the relative poverty profiles of the two entities. For preparation of the absolute poverty profile for FBiH in 2011, the absolute poverty line for BiH was used as the basis, as the FSI does not publish separate absolute line of poverty for FBiH, but it takes over the state-level absolute poverty line. The authors also updated the absolute poverty line published in the 'Protection of the Poor during Global Crisis, Updated 2009 Report for BiH,' WB, BiH DEP, respecting the methodological approach applied in that report.									

Annex II – Targeting Adequacy Indicators for Social Protection Budget Transfers in BiH, 2011

* The consumption aggregate after transfers includes consumption of health care, is not adjusted for regional differences in prices, and is equivalised with the OECD II equivalence scale. Monetary values are expressed in the prices from 2011. For estimates relating to poverty, the relative poverty line at the BiH level of 416 BAM per adult equivalent on a monthly basis was used. Tables were made according to the methodology and tables in Annex A of the World Bank Policy Note „Social Transfers in Bosnia and Herzegovina: Moving Towards a More Sustainable and Better Targeted Safety Net“ from April, 2009.

Table A.1: Distribution of Benefits (Targeting Accuracy)

Distribution of benefits (targeting accuracy)

	Quintile of consumption						Poverty status		Area of residence		Entity/District		
	Total	Q1	Q2	Q3	Q4	Q5	MP	NP	Urban	Rural	FBiH	RS	BD
All social protection (B1-B29)	100.0	15.5	18.2	19.7	21.2	25.4	13.5	86.5	47.3	52.7	67.97	30.09	1.94
Non-contributory budget transfers (B6-B23, B25-B29)	100.0	17.3	19.1	22.4	21.3	20.0	15.6	84.4	46.1	53.9	70.66	25.84	3.50
Veterans' disability benefits (B6-B10, B25)	100.0	13.7	17.9	21.9	24.8	21.6	12.4	87.6	43.5	56.5	73.89	25.53	.58
Civilian victims of war (B11-B17)	100.0	6.9	22.7	39.7	12.1	18.6	6.7	93.3	63.3	36.7	56.54	43.46	.00
Non-war persons with disabilities (B18-B20)	100.0	19.8	17.2	24.4	25.5	13.0	17.6	82.4	48.1	51.9	86.69	12.17	1.14
Child-care benefits (B21-B23)	100.0	25.4	22.7	17.3	16.0	18.6	22.1	77.9	44.4	55.6	48.44	33.85	17.71
Social assistance benefits (B26-B29)	100.0	40.3	21.1	11.2	5.3	22.3	37.0	63.0	47.9	52.1	74.07	15.81	10.12

Note:

Benefits' incidence is the transfer amount received by the group as a percentage of total transfers received by the population. Specifically, benefits' incidence is: (Sum of all transfers received by all individuals in the group)/(Sum of all transfers received by all individuals in the population). Beneficiaries' incidence was calculated by using weight factors for households on data on individuals.

Table A.2: Distribution of Benefits (Targeting Accuracy) in RS

Distribution of Benefits (Targeting Accuracy) in RS

	Quintile of consumption						Poverty status		Area of residence	
	Total	Q1	Q2	Q3	Q4	Q5	MP	NP	Urban	Rural
All social protection (B1-B29)	100.0	16.7	18.1	21.4	21.2	22.7	16.3	83.7	41.4	58.6
Non-contributory budget transfers (B6-B23, B25-B29)	100.0	20.7	15.6	27.7	17.9	18.1	20.5	79.5	40.5	59.5
Veterans' disability benefits (B6-B10, B25)	100.0	18.5	14.0	25.6	18.5	23.4	18.5	81.5	35.9	64.1
Civilian victims of war (B11-B17)	100.0	4.8	12.3	64.5	14.1	4.4	4.8	95.2	63.1	36.9
Non-war persons with disabilities (B18-B20)	100.0	15.1	12.6	12.3	35.0	24.9	13.0	87.0	74.8	25.2
Child-care benefits (B21-B23)	100.0	34.9	22.1	12.8	16.3	13.9	34.9	65.1	30.0	70.0
Social assistance benefits (B26-B29)	100.0	52.1	27.0	14.0	6.9	-	52.1	47.9	25.9	74.1

Table A.3: Distribution of Benefits (Targeting Accuracy) in FBiH

Distribution of Benefits (Targeting Accuracy) in FBiH

	Quintile of consumption						Poverty status		Area of residence	
	Total	Q1	Q2	Q3	Q4	Q5	MP	NP	Urban	Rural
All social protection (B1-B29)	100.0	14.8	18.8	18.4	22.0	26.0	12.3	87.7	49.9	50.1
Non-contributory budget transfers (B6-B23, B25-B29)	100.0	15.4	21.5	19.8	22.1	21.2	13.4	86.6	48.6	51.4
Veterans' disability benefits (B6-B10, B25)	100.0	12.1	19.8	21.1	26.6	20.4	10.4	89.6	46.2	53.8
Civilian victims of war (B11-B17)	100.0	8.5	31.3	18.1	9.7	32.4	8.1	91.9	63.5	36.5
Non-war persons with disabilities (B18-B20)	100.0	20.0	24.9	20.9	21.6	12.6	18.0	82.0	45.0	55.0
Child-care benefits (B21-B23)	100.0	17.8	22.8	17.8	-	-	12.7	87.3	56.5	43.5
Social assistance benefits (B26-B29)	100.0	37.7	18.7	11.1	3.2	29.2	34.8	65.2	52.8	47.2

Table A.4: Coverage in BiH

Coverage
Direct and indirect beneficiaries

	Quintiles of consumption						Poverty status		Area of residence		Entity/District		
	Total	Q1	Q2	Q3	Q4	Q5	MP	NP	Urban	Rural	FBiH	RS	BD
All social protection (B1-B29)	53.6	60.3	59.6	55.1	49.4	43.5	60.1	52.2	51.8	54.8	51.1	58.0	60.0
Non-contributory budget transfers (B6-B23, B25-B29)	18.0	22.9	21.0	18.9	15.1	12.1	23.5	16.8	17.0	18.7	15.1	21.7	50.0
Veterans' disability benefits (B6-B10, B25)	9.3	9.4	10.3	11.6	8.8	6.6	9.5	9.3	8.8	9.7	7.7	12.8	3.8
Civilian victims of war (B11-B17)	1.0	.8	1.3	1.4	.6	.9	.7	1.0	1.4	.7	1.0	1.0	-
Non-war persons with disabilities (B18-B20)	2.0	2.6	2.2	2.1	1.9	1.2	2.5	1.9	2.1	1.9	2.4	1.3	.7
Child-care benefits (B21-B23)	6.1	9.1	7.6	5.6	4.7	3.7	9.4	5.4	5.5	6.6	4.3	8.0	33.1
Social assistance benefits (B26-B29)	1.8	4.2	2.0	1.2	.9	.8	4.4	1.2	1.7	1.9	1.3	1.4	23.3

Note:

Program coverage is the portion of population in each group that receives the transfer.

Specifically, coverage is: (Number of individuals in the group who live in a household where at least one member receives the transfer)/(Number of individuals in the group). Program coverage is calculated by using weight factors for households on data on individuals.

Table A.5: Coverage in Republika Srpska

Coverage in RS
Direct and indirect beneficiaries

	Quintiles of consumption						Poverty status		Area of residence	
	Total	Q1	Q2	Q3	Q4	Q5	MP	NP	Urban	Rural
All social protection (B1-B29)	58.0	63.5	64.9	60.8	55.3	45.5	64.1	56.5	54.5	60.2
Non-contributory budget transfers (B6-B23, B25-B29)	21.7	25.8	24.4	22.3	18.2	17.6	26.4	20.5	18.3	23.8
Veterans' disability benefits (B6-B10, B25)	12.8	12.7	11.6	16.2	11.4	11.9	12.9	12.8	12.0	13.3
Civilian victims of war (B11-B17)	1.0	0.6	1.3	2.3	0.9	0.1	0.6	1.1	1.4	0.8
Non-war persons with disabilities (B18-B20)	1.3	1.4	1.4	1.2	1.9	0.7	1.3	1.3	1.6	1.2
Child-care benefits (B21-B23)	8.0	12.6	10.5	5.7	5.3	6.1	12.9	6.9	5.0	10.0
Social assistance benefits (B26-B29)	1.4	3.6	2.0	0.5	0.7	0.0	3.7	0.8	0.8	1.7

Table A.6: Coverage in the Federation of BiH

Coverage in FBIH
Direct and indirect beneficiaries

	Quintile of consumption						Poverty status		Area of residence	
	Total	Q1	Q2	Q3	Q4	Q5	MP	NP	Urban	Rural
All social protection (B1-B29)	51.1	57.2	57.4	50.4	49.1	41.2	57.2	49.8	50.4	51.6
Non-contributory budget transfers (B6-B23, B25-B29)	15.1	19.6	18.6	15.2	12.0	9.9	20.4	14.0	15.4	14.8
Veterans' disability benefits (B6-B10, B25)	7.7	7.4	9.6	9.0	7.7	5.0	7.7	7.8	7.5	7.9
Civilian victims of war (B11-B17)	1.0	0.9	1.3	1.0	0.7	1.1	0.8	1.0	1.4	0.7
Non-war persons with disabilities (B18-B20)	2.4	3.3	2.9	2.8	1.9	1.2	3.2	2.3	2.5	2.4
Child-care benefits (B21-B23)	4.3	5.8	5.4	4.1	3.5	2.6	6.0	3.9	4.9	3.8
Social assistance benefits (B26-B29)	1.3	3.5	1.3	1.0	0.3	0.6	4.0	0.8	1.4	1.3

Table A.7: Impact of Programs on Poverty and Inequality Measures – Simulating the Absence of the Program in BiH

Impact of programs on poverty and inequality measures – Simulating the absence of the program

Indicator	Poverty indicator			Inequality indicator			
	FGT0	FGT1	FGT2	Gini	GE(0)	GE(1)	GE(2)
Indicator	17.9	4.5	1.8	0.30623	0.15741	0.15688	0.18619
Indicator without listed transfer							
All social protection (B1-B29)	31.7	13.2	9.4	0.37283	0.24832	0.21639	0.25217
Non-contributory budget transfers (B6-B23, B25-B29)	19.6	5.4	2.4	0.31423	0.17039	0.1649	0.19464
Veterans' disability benefits (B6-B10, B25)	18.7	4.9	2.0	0.30996	0.16251	0.16079	0.19063
Civilian victims of war (B11-B17)	18.0	4.5	1.8	0.30690	0.15897	0.1576	0.18685
Non-war persons with disabilities (B18-B20)	18.1	4.6	1.8	0.30704	0.15857	0.15773	0.18712
Child-care benefits (B21-B23)	18.1	4.6	1.8	0.30733	0.15906	0.15803	0.18736
Social assistance benefits (B26-B29)	18.0	4.6	1.8	0.30676	0.159	0.15749	0.18663

Note: The simulated impact is the change in a poverty or inequality indicator due to transfer, assuming that household welfare will diminish by the full value of that transfer.

Table A.8: Impact of Programs on Poverty and Inequality Measures – Simulating the Absence of the Program in RS

Impact of programs on poverty and inequality measures – Simulating the absence of the program

Indicator	Poverty indicator			Inequality indicator			
	FGT0	FGT1	FGT2	Gini	GE(0)	GE(1)	GE(2)
Indicator	19.5	4.5	1.7	0.28067	0.13121	0.13223	0.15694
Indicator without listed transfer							
All social protection (B1-B29)	33.9	12.9	7.4	0.34400	0.21801	0.18977	0.21852
Non-contributory budget transfers (B6-B23, B25-B29)	21.0	5.4	na	0.28785	0.14345	0.1392	0.16401
Veterans' disability benefits (B6-B10, B25)	20.2	4.9	1.9	0.28368	0.13493	0.13493	0.15985
Civilian victims of war (B11-B17)	19.7	4.7	1.8	0.28225	0.13377	0.13381	0.15846
Non-war persons with disabilities (B18-B20)	19.6	4.5	1.7	0.28095	0.13148	0.13249	0.15727
Child-care benefits (B21-B23)	19.7	4.7	1.8	0.28244	0.13355	0.13393	0.15864
Social assistance benefits (B26-B29)	19.6	4.6	1.7	0.28117	0.13201	0.13271	0.15736

Note: The simulated impact is the change in a poverty or inequality indicator due to transfer, assuming that household welfare will diminish by the full value of that transfer.

Table A.9: Impact of Programs on Poverty and Inequality Measures – Simulating the Absence of the Program in FBiH

Impact of programs on poverty and inequality measures – Simulating the absence of the program

Indicator	Poverty indicator			Inequality indicator			
	FGT0	FGT1	FGT2	Gini	GE(0)	GE(1)	GE(2)
Indicator	17.1	4.5	1.8	0.31469	0.16773	0.16477	0.19343
Indicator without listed transfer							
All social protection (B1-B29)	30.7	12.5	na	0.37698	0.26073	0.22516	0.26084
Non-contributory budget transfers (B6-B23, B25-B29)	18.9	5.4	na	0.32297	0.18077	0.17307	0.20226
Veterans' disability benefits (B6-B10, B25)	18.1	5.0	2.1	0.31961	0.17399	0.16959	0.19889
Civilian victims of war (B11-B17)	17.2	4.5	1.8	0.31505	0.16893	0.16517	0.1938
Non-war persons with disabilities (B18-B20)	17.4	4.6	1.9	0.31601	0.16958	0.16605	0.19481
Child-care benefits (B21-B23)	17.2	4.6	1.8	0.31521	0.16856	0.16533	0.19402
Social assistance benefits (B26-B29)	17.2	4.6	1.9	0.31529	0.16964	0.16536	0.19381

Note: The simulated impact is the change in a poverty or inequality indicator due to transfer, assuming that household welfare will diminish by the full value of that transfer.