



EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Access to essential services for low-income people

## Bosnia and Herzegovina

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**ESPN Thematic Report on  
Access to essential services for  
low-income people**

**Bosnia and Herzegovina**

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## Summary

Essential public services are considered to be of crucial importance for both social inclusion and the functioning of the modern market economy. In this report, we explore low-income people's access to water, sanitation, energy, transport, digital communications and financial services in Bosnia and Herzegovina (BiH).

BiH is a decentralised country; at the state level of government, responsibility for essential services is mainly limited to coordination and international representation. For most essential services, the regulation and provision fall within the competence of either the two asymmetrically organised entities – the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) – and Brčko District (BD), or else lower levels of government (i.e. cantons in the FBiH and municipalities). Neither the state nor its entities have a definition of essential services other than “economic services of public interest”, which include, among other things, the supply of energy, water, telecommunications services and public transport. Likewise, the state and its entities do not have any definition of vulnerable consumers with regard to access to the essential services considered here, and the BiH Ombudsman for Consumer Protection warns that responsible levels of government should legally define “socially vulnerable categories”, as a prerequisite for the implementation of provisions to ensure access to essential services for low-income people.

Despite the country's orientation towards a market economy, public companies still play an important role as providers of water, sanitation, energy, transport (to a lesser extent) and digital public services, and very often effectively hold a monopoly position within their territory. As the founders of these companies are governments (i.e. entities, cantons, cities and municipalities), the cost of services for consumers is often regulated, and affordability for the general population is taken into consideration.

The existing measures aimed at supporting low-income people to access essential services across the country are not harmonised and differ in terms of the coverage of vulnerable groups and the amount of the benefits provided. Although the assisted groups appear to be arbitrarily chosen, they usually include people on means-tested social assistance and pensioners receiving minimum pensions; however, they also include some other groups with recognised status (such as war veterans with disabilities and similar), who in most cases would not qualify as low-income people. In instances where assistance is provided only to beneficiaries of means-tested social assistance and pensioners on a minimum pension, the amount of benefit is minuscule and provides very limited use of service. Considering the country's poverty profile and the size of the benefits on offer, it is questionable how far these measures can facilitate access for low-income people to the essential services under scrutiny here. It is not known if governments have conducted any research on this, but this area generally remains under-researched.

As part of the EU accession process, the country is undergoing reform in all the sectors considered here – albeit at an inadequate pace. The reforms generally do not include measures to enhance access to essential services for low-income people. One exception is the ongoing reform within the water and sanitation sectors, which is driven by international organisations working locally. However, developments within these sectors have been slow, since these reforms do not constitute a political priority.

Concerning essential financial services, it is clear that the current banking practices and the banks' pricing policy deter low-income people from opening and using a bank account and financial services. The country needs to harmonise its banking legislation with Directive 2014/92/EC and to implement measures that will guarantee accessibility and affordability of basic financial services for low-income people.

# 1 Overview of national/subnational measures aimed at supporting low-income people in accessing essential services

According to Principle 20 of the European Pillar of Social Rights (EPSR), everyone should have “the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications”. Moreover, support for accessing such services should be available for those in need.<sup>1</sup> The importance of ensuring access to essential services is also well established globally in the framework of the United Nations 2030 Agenda for Sustainable Development and its 17 related Sustainable Development Goals (SDGs) which was endorsed in 2015 by all UN countries including all EU countries.<sup>2</sup> This report investigates the extent to which Principle 20 of the EPSR has already been implemented in the six services under scrutiny in Bosnia and Herzegovina. The group of “those in need” is restricted in the report to people on a low income and low-income households.

## 1.1 Definition of “essential services”

The only document at the state level that provides a definition of an essential service is the state Law on Protection of Consumers in BiH (Official Gazette of Bosnia and Herzegovina, No. 25/06), which in Article 33 stipulates “economic services of public interest” as services that fulfil the basic needs of consumers in the market. According to the law, these include the supply of energy (electricity, gas and heating), water, telecommunications services and public transport. In its report on “Flat rates”, the office of the Ombudsman for the Protection of Consumers in Bosnia and Herzegovina emphasises the importance of economic services of public interest for the everyday life of citizens, comparing them to basic human rights.

In parallel, according to subnational (entity and cantonal) laws on local self-governance and communal affairs, water and sanitation services fall into the category of “*public communal services*”.<sup>3</sup> Specific to the Republika Srpska entity, in accordance with the Law on Communal Affairs in the Republika Srpska, water and sanitation services are classified as “*communal services of special public interest*”.

A common definition of “*public communal services*”, as per the laws on communal affairs,<sup>4</sup> is that public communal services refer to the production and delivery of communal products that are the essential conditions for the life and work of individuals and legal entities; to this end, local authorities ensure their provision and supervise the quality, scope, accessibility and continuity, in accordance with valid legislation.

Public transport is also defined as a communal service, in accordance with the relevant entity and cantonal laws. The Law on Communal Affairs of RS stipulates the “public transportation of persons in urban and suburban areas” as a communal service “of special public interest” (Article 2 of the RS Law on Communal Affairs). In FBiH, this area

<sup>1</sup> The EPSR was jointly proclaimed by the European Parliament, the European Council and the European Commission on 17 November 2017. For more information on the EPSR, see:

[https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles\\_en](https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en).

<sup>2</sup> The SDGs and their targets seek to realise the human rights of all, by promoting an integrated notion of sustainable development aimed at creating synergies between economic, environmental and social policies and objectives. For more information on the SDGs, see: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

<sup>3</sup> Law on Local Self-Governance Principles in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina, No. 49/06, 51/09); Cantonal laws on local self-governance in the 10 cantons in the Federation of Bosnia and Herzegovina; Law on Local Self-Governance in Republika Srpska (Official Gazette of Republika Srpska, No. 97/16, 36/19); Law on Communal Affairs in Republika Srpska (Official Gazette of Republika Srpska, No. 124/11); Brčko District Law on Communal Affairs (Official Gazette of the Brčko District of BH, No. 30/04, 24/07, 09/13).

<sup>4</sup> This definition draws on the common elements of definitions of the public communal services found in the laws on communal affairs that exist at the subnational levels – at the entity level in Republika Srpska and at the cantonal level in the Federation of Bosnia and Herzegovina.

is regulated by the cantons. For instance, in the Canton of Sarajevo, the Law on Communal Services recognises public transport as one of the communal services of interest to individuals and legal entities in this canton (Articles 2 and 3 of the Canton of Sarajevo Law on Communal Services).

In the realm of telecommunications services, the Law on Communications of BiH envisages the provision of universal telecommunications services, defined as “a minimum set of telecommunications services to which all members of the public shall have access at an affordable price throughout the whole territory of Bosnia and Herzegovina”. The scope of such services should, on the basis of a proposal by the state-level Communications Regulatory Agency (CRA), be defined by the Council of Ministers of BiH, including, “if necessary, a financing mechanism, thereby taking into account the actual social needs of the citizens and the economic and technological developments of the market” (Article 12 of the Law on Communications of Bosnia and Herzegovina). However, an act that would regulate the scope and financing of such universal services has not so far been adopted.

## 1.2 Definition of “low-income people” used in the context of access to services

Bosnia and Herzegovina does not have national definitions of low-income people in the context of the delivery of the six essential services under consideration. The Ombudsman for the Protection of Consumers in BiH warns that the responsible levels of government should legally define socially vulnerable categories, as a prerequisite for the implementation of provisions aimed at the protection of socially vulnerable categories of consumers within laws on communal services and other relevant laws. As the services under scrutiny fall within the competence of lower levels of government, some categories of citizens, depending on the region and service, receive assistance. Here, we present the main findings for each service.

As **water and sanitation** services are organised at the local or cantonal level, examples of a definition of low-income people in the context of water and sanitation services are found only at the local level. Fourteen local authorities in the country<sup>5</sup> have introduced measures to improve access to water and sanitation services for specific low-income categories of the population. These measures have been introduced over the past two years, with support from the Municipal Environmental and Economic Governance Project (MEG), funded by the Swiss Agency for Development and Cooperation and implemented by UNDP.

A common definition of low income is given in local acts of these 14 local authorities. For instance, in the Decision on Subsidies of a Part of the Communal Services of Water Supply and Collection and Processing of Wastewater enforced in Bihać City (one of the 14 local authorities),<sup>6</sup> it is stated that “*socially and economically disadvantaged persons with insufficient income to provide for living are persons who are entitled to social assistance from the centre for social work, in accordance with the relevant law on social protection*”. As Bihać City belongs to Una-Sana Canton, cantonal legislation on social protection is applied. According to the Law on Social Protection, Protection of Civilian Victims of War and Families with Children in Una-Sana Canton (Official Gazette of Una-Sana Canton, No. 5/00, 7/01),<sup>7</sup> means-tested social assistance is granted to persons without income due to disability and to elderly persons without family support, whose housing space does not exceed a prescribed limit and who do not have an automobile, a tractor or another transport vehicle. The eligibility conditions for means-tested social assistance benefits are similar in other cantons, as well as in the RS, but the amount of assistance differs across

<sup>5</sup> Bihać, Cazin, Bosanska Krupa, Šanski Most, Prijedor, Kostajnica, Kozarska Dubica, Gradiška, Gradačac, Kalesija, Prnjavor, Tešanj, Teslić, Žepče.

<sup>6</sup> This Decision was adopted by the City Council of Bihać on 23 April 2019 under number: GV-02-82.

<sup>7</sup> The laws on social protection exist at the subnational levels – at the entity level in Republika Srpska and at the cantonal level in the Federation of Bosnia and Herzegovina.



the administrative units. For instance, the monthly amount of benefit for a single-person household in FBiH ranges from €25 in Una-Sana Canton to €77 in Bosnia-Podrinje Canton; meanwhile in the RS, it is €68.50.

With regard to **energy**, the state-level Social Action Plan (2010) provides a framework for the development of measures for the assistance and protection of socially vulnerable consumers of electricity. The document suggests that beneficiaries of social assistance benefits should be eligible for electricity at reduced rates, up to a certain level of consumption. However, the implementation of these provisions falls within the jurisdiction of the entities and entity electricity companies. The FBiH Law on Electricity stipulates measures for the protection of vulnerable consumers, but it does not contain definitions of low-income or vulnerable consumers with regard to energy consumption. Instead, this is defined by the FBiH government in its decisions on subsidising the cost of electricity for vulnerable categories (i.e. pensioners on a minimum pension and beneficiaries of means-tested social assistance). The RS currently does not have any programme for the protection of vulnerable categories of electricity consumers. However, in the past, those covered included pensioners on a minimum pension, claimants of means-tested benefits and beneficiaries of a disability benefit. BD has a broader selection of beneficiaries, including pensioners on a minimum pension, war veterans with a disability, households with children with disabilities, unemployed women over 55 and men over 60 years of age registered as such at the Public Employment Service, beneficiaries of means-tested social assistance, children and adults in foster care, persons with a disability whose benefits do not exceed 350.99 convertible marks (KM) (€180) and blind persons who are only in receipt of care assistance.

Canton of Sarajevo beneficiaries of public heating subsidies include the recipients of permanent means-tested social assistance, individuals and households whose average monthly income does not exceed KM 70 (€35.90) per household member, pensioners living alone on less than KM 160 (€82) a month, households with two pensioners whose income is below KM 220 (€112.80) a month and persons with paraplegia. Also, their housing space must not exceed 44 m<sup>2</sup>, with an additional 10 m<sup>2</sup> per additional household member (Government of Canton of Sarajevo, 11.03.2019).

Given that measures in the realm of transport services are predominantly provided by the local (and cantonal) levels of government, each exercises its own definition in relation to a given measure. For instance, the RS town of Zvornik provides a 50% subsidy for transport to school for elementary or secondary school children whose parents claim social assistance benefits or care benefits. The FBiH municipality of Velika Kladuša subsidises the cost of travel for pupils and students of secondary schools; students living in a household that receives permanent social assistance from the Centre for Social Work or in a household that has no income have 60% of their fares covered. A 50% subsidy is provided to any student in a household that lives off a minimum pension or whose household income per capita is less than KM 150 (€77) (Municipality of Velika Kladuša, 2019). In 2017, the Centar Sarajevo municipality introduced one-off subsidies to cover the cost of public transport for the category of pensioners "in a state of social need" who reside in that municipality. Those pensioners eligible should have a pension of less than KM 500 a month (ca. €256) (Centar Sarajevo Municipality, 2017). In line with a cantonal-level act on subsidising pensioners' public transport fares, the most recent price list of the public transport company GRAS in the Canton of Sarajevo stipulates that pensioners receiving less than KM 371.77 (€190) a month (i.e. the minimum pension in FBiH) enjoy the right to free travel, while other pensioner concessionary monthly travel cards range from KM 6 to KM 14 (€3–7.20), depending on the pension amount (GRAS, 2019).

While there are no measures in place to facilitate access to **digital services** for low-income persons, a current act of the state-level CRA stipulates the provision of special price options ("social packages") by those operators with a significant market position for users of fixed-line telephone services who are among the "socially most vulnerable categories of the population". Such beneficiaries are to be defined in the price list of the

operator, in line with relevant rules and laws (Article 5 of the Communications Regulatory Agency's Rule 67/2012 on the Tariff Rebalance Model of Voice Telephone Services). The three largest operators in BiH providing voice services have introduced such social packages for different types of beneficiaries:

- For so-called "privileged" categories, the HT Eronet telecom operator has introduced reduced prices for the establishment of a telephone connection and for the monthly subscription to fixed telephone services. "Privileged" categories include the families of fallen soldiers; persons with 40–100% disability; and "social and vulnerable categories of users" (HT Eronet, 2019, p. 12).
- BH Telecom also provides a fixed telephone service, a "social package" for the following categories: the families of fallen soldiers; war veterans with 100% disability; persons with other types of disability (e.g. blindness, muscular dystrophy, paraplegia, cerebral palsy, multiple sclerosis); and "users of permanent financial allowance", in line with the FBiH Law on the Principles of Social Protection, Protection of Civil Victims of War, and Families with Children and cantonal legislation in this realm (BH Telecom, 2020).
- The M:tel telecom operator has also introduced free installation of a fixed telephone line and a "social package" subscription for the families of fallen soldiers; the families of civilian victims of war; persons with different types of disability (blindness, muscular dystrophy, multiple sclerosis, etc.); beneficiaries of permanent social assistance; persons in receipt of a care allowance; and the parents of children with disabilities.

With regard to **financial services**, the relevant entity legislation prescribes general, universally applied rules; these do not take into consideration the particular needs of either low-income people or consumers without proof of residence.

### 1.3 Measures for facilitating access for low-income people to services

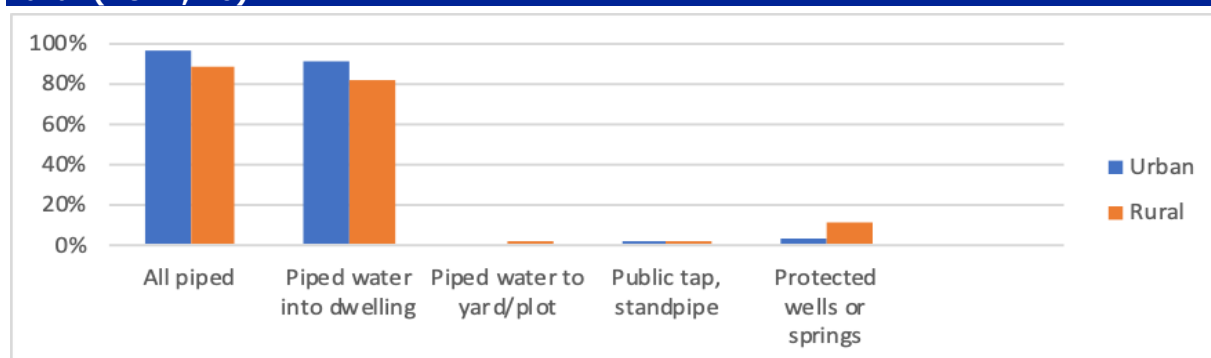
#### 1.3.1 Access to water

Accessibility to water services<sup>8</sup> is characterised by significant differences between urban and rural areas. Approximately 60% of the population in the Federation of BiH and 48% in Republika Srpska are connected to a public/municipal water supply network,<sup>9</sup> where operators are commonly public utility companies. The rest of the population in rural areas – where most of the population lives and often where the poorest segments of society reside – relies either on locally managed water supply systems or on self-supply solutions, like wells and boreholes (World Bank, 2018a; World Bank b). As can be seen from Figure 1, BiH is characterised by high levels of household access to piped water systems (Agency for Statistics of BiH, 2013). Almost all (96%) of urban households in BiH obtain their primary drinking water from a piped system, typically one that delivers water straight into their dwellings (91%). In rural areas, the numbers are slightly lower, 88% and 81%, respectively. A larger proportion of households in rural areas (11%) than in urban areas (4%) relies on protected wells and springs as their primary source of drinking water. Due to the weak operation and maintenance practices of water supply operators, especially in rural areas, there is scope for contamination during conveyance. This reduces the figure for access to drinking water of a legal standard<sup>10</sup> and could pose a risk to public health.

<sup>8</sup> Physical accessibility.

<sup>9</sup> Water Management Strategy for the Federation of Bosnia and Herzegovina 2010–2022; Integrated Water Management Strategy of the Republika Srpska 2015–2024.

<sup>10</sup> The *Book of Rules on Drinking Water Standards* created by the BiH state-level Food Safety Agency prescribes the requirements and standards that must be met by drinking water, the maximum permissible values of water quality parameters, methods for laboratory testing, and measures to monitor the quality of drinking water, that are in compliance with the EU Drinking Water Directive.

**Figure 1: Description of household primary drinking water sources – urban and rural (2011, %)**

Source: World Bank (2018a); Agency for Statistics of BiH (2013).

Water services are available within a reasonable distance for the bulk of the population. Only 2% of households in rural areas have to walk up to 10 minutes to reach the water source (Mišić Mihajlović et al., 2017). With regard to affordability, Mišić Mihajlović and Vučijak (2017) conducted research in 20 rural communities and found that the average cost of water and sanitation services together amounted to 2.80% of household income. This is considered affordable.<sup>11</sup>

Of the five categories of potential measures, the only one found at the local level to facilitate access to water services for low-income households is the *cash benefit*. It was introduced in the 14 local authorities<sup>12</sup> with support from the MEG Project.<sup>13</sup> In order to be entitled to the cash benefit, a person – a consumer of water services who has signed a contract for service provision with the public communal utility – must be categorised by the Centre for Social Work as a “*socially and economically disadvantaged person*”, as per the definition in Section 1.2 above. Commonly, the cash benefit covers the cost of 3 m<sup>3</sup> of water consumed per person per month. In monetary terms, the average cash benefit per person per month is approximately €1.50. Any consumption over this limit is financed by the beneficiary himself or herself. According to a MEG project officer, this measure improves the affordability of water services for up to 30% of the socially and economically vulnerable households connected to the public water supply network and registered as such at the Centre for Social Work.<sup>14</sup>

The remaining part of registered socially vulnerable consumers live in rural or other areas that are not connected to the public water supply network, and rely on rural water supply systems, individual wells or other water sources. According to the World Bank (2018a; 2018b), the Rural Household Survey conducted in 2016 in Bosnia and Herzegovina showed that most municipalities (72%) offered some support to households of lower socio-economic status, and most of the rural water supply systems’ operators (61%) said that they had a pro-poor programme. The most common programmes include subsidies or a reduced price of water services for the families of fallen soldiers and low-income households. Benefits sometimes include exemption from payment of the connection fee or exemption from water charges; for low-income households, there is the possibility of in-kind compensation, such as work for the community, and/or payment of the connection fee in instalments. Operators determine whether a household is vulnerable or is a low-income household on the basis of informal identification by community representatives or a recommendation by the Centre for Social Work.

<sup>11</sup> Among BiH water and sanitation practitioners, it is commonly considered that the value of the affordability rate should not be higher than 4%, i.e. the share of water and sewerage costs should be limited to 4% of household income.

<sup>12</sup> Bihać, Cazin, Bosanska Krupa, Sanski Most, Prijedor, Kostajnica, Kozarska Dubica, Gradiška, Gradačac, Kalesija, Prnjavor, Tešanj, Teslić, Žepče.

<sup>13</sup> Interview held on 20 December 2019 with the Water and Sanitation Expert of the MEG Project.

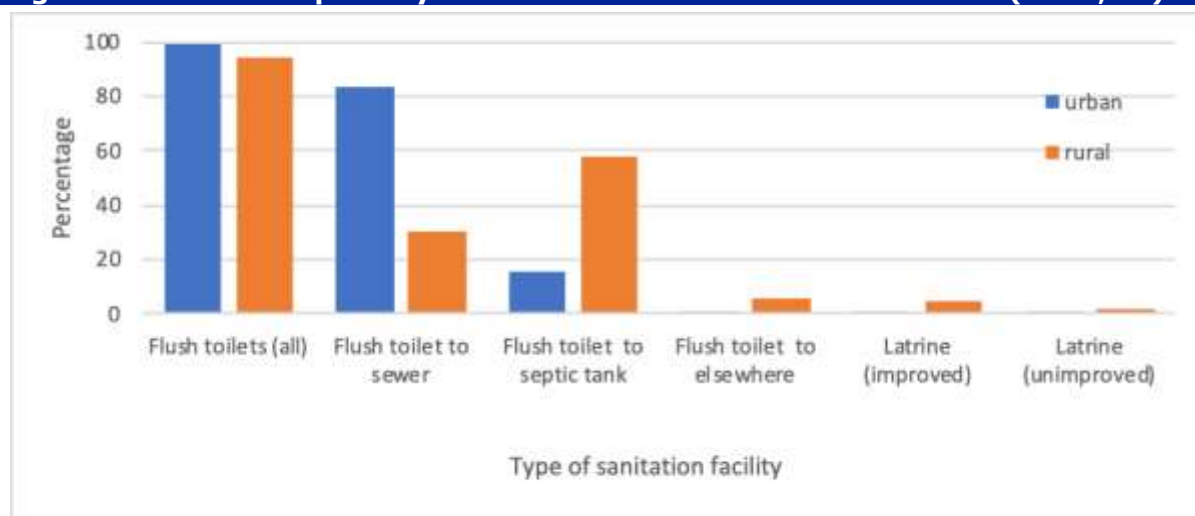
<sup>14</sup> *ibid.*

### 1.3.2 Access to sanitation

The urban-rural divide in Bosnia and Herzegovina is significant in terms of access to sanitation services. According to the Multiple Indicator Cluster Survey (MICS) (Agency for Statistics of BiH, 2012), 99.1% of the urban population and 93.8% of the rural population have access to a flush toilet in the household. In urban areas, 83.3% are connected to a sewerage system and 15.3% to a septic tank. In rural areas, sewerage systems are less common, and only 29.9% of flush toilets are connected to a sewer, while the majority (58%) are connected to septic tanks or other kinds of soak pits.

Inequalities in access to sanitation are found country-wide – both across the rural and urban spectrum and across the consumption quintiles (Agency for Statistics of BiH, 2013). Figure 2 shows that the disparities are driven by location (rural versus urban), rather than by consumption quintile, as average rural populations have worse access than the poorest 20% in the country.

**Figure 2: Household primary sanitation facilities – urban and rural (2012, %)**



Source: World Bank (2018a), Agency for Statistics of BiH (2012).

With regards to the affordability of sanitation services, the only available data is for water and sanitation services together. For more information, please see Section 1.3.1. The same applies to measures aimed at facilitating access to sanitation services for low-income people. Those consumers connected to the public water supply and to the sewerage network pay a cumulative tariff for water and sanitation services, where sanitation services are charged at 20–30% of the charge for water.<sup>15</sup> Therefore, the same measure described for access to water is valid for access to sanitation. For more information, please see Section 1.3.1.

<sup>15</sup> For example, if the average cumulative tariff for water and sanitation per 1 m<sup>3</sup> of water consumed is €0.60, the water part of the tariff could be €0.48 and the sanitation part €0.12.

### 1.3.3 Access to energy

Generally, the primary sources of energy for households are firewood (57%), electricity (18.7%) and coal (10%) (Softić and Glamočić, 2012). Heating consumes the largest proportion of energy. A central district heating supply is available only in some urban centres, and is used by only 9.7% of households in BiH (Agency for Statistics of BiH, 2018). Likewise, natural gas is accessible to only a small number of households, and contributes only a small share to overall average energy consumption.<sup>16</sup> According to the 2015 Household Budget Survey estimates, the largest proportion of those households without central district heating use either single stoves (69.5%) or individual heating (18.6% of households). Wood and coal are used for heating in 91.9% of households; electricity is used for heating by only 5.5% of households that are not connected to central district heating (Agency for Statistics of BiH, 2018). The reliance on wood and coal (and other solid fuels) for heating is mainly driven by its relative affordability and physical accessibility.<sup>17</sup>

Generally speaking, households that live in poverty are exposed to energy poverty. Their situation is further aggravated by poor housing conditions and poor energy efficiency. A survey conducted by the Centre for Ecology and Energy (2018, p. 13) in Zenica-Doboj Canton illustrates the problems well: some 38% of households surveyed reported problems with damp walls; 28% reported problems with draughts and with conserving energy; and 42% households do not heat the entire housing unit, but only one or two rooms. Furthermore, 18% of households reported struggling with electricity and heating bills.

According to the 2015 BiH Survey on Household Energy Consumption (Agency for Statistics of BiH, 2015), 35.5% of households use only one energy commodity for cooking, while 64.5% use two or more. Among those that use just one energy source for cooking, electricity is the most common (65.8% on average) and is used predominantly in urban area (71.9%), while wood dominates (90.7%) in rural parts. Other sources of energy (such as LPG, natural gas and coal) are used more rarely. Electricity is used in almost 90% of households to heat water.

According to the 2015 Household Budget Survey (Agency for Statistics of BiH, 2018, p. 39), water, electricity, gas and other fuels<sup>18</sup> account for 9.4% of average household consumption – or, on average, KM 133.20 (€68.31) a month in monetary terms. Considering that water is relatively inexpensive (see Section 1.3.1), we can conclude that energy accounts for a significant share of household expenditure.

Sarajevo is one of the few urban centres with a central district heating supply. The Canton of Sarajevo provides subsidies to different categories of beneficiaries (see Section 1.2) for public district heating, natural gas and other types of heating fuel. These are worth KM 100 (€52) a month during the heating season (from November to March). The subsidies are paid on the basis of submitted invoices (Government of Canton of Sarajevo, 11.03.2019). However, for beneficiaries connected to the central district heating, whose heating bill is spread across the year, the subsidy covers only one part of the annual costs. Furthermore, in most local communities, the Centre for Social Work provides support in purchasing heating fuel (in most cases, wood and coal) for beneficiaries of means-tested social assistance (usually administered as one-off assistance).<sup>19</sup>

<sup>16</sup> Natural gas in BiH is imported from Russia. It includes 191 km of gas pipelines with the capacity of some 1 billion m<sup>3</sup>.

<sup>17</sup> Bosnia and Herzegovina is rich in natural resources such as forests and coal reserves.

<sup>18</sup> Not including fuel used for transport.

<sup>19</sup> One-off assistance can be used for other purposes, such as the purchase of medicines, school equipment, etc. It can be paid twice a year.

### 1.3.4 Access to public transport

In BiH, a significant share of households have problems accessing public transport, according to the last Household Budget Survey (2015). A total of 25.4% of households reported difficult or very difficult access to public transport (of these, 8.9% were urban households) (Agency for Statistics of BiH, 2018, p. 77). This suggests a need to develop a more accessible network of transport services, especially in rural areas.

With respect to rail transport, the two public railway companies (Railways of FBiH and Railways of RS) established by the entity governments have reduced fares for certain categories of railway users; but there are no discounted ticket prices based on low income.

As a communal service, public transport in urban and suburban areas (predominantly in the form of buses and mini-buses, but also trolleybuses and trams in the city of Sarajevo) is the responsibility of cantons and local authorities. Measures that cater for low-income persons do exist, but they vary from vicinity to vicinity.

Given the difficult access to important services for people living in rural areas, the most common subsidised public transport measure – transport of school pupils and students – is either fully covered or is subsidised (either by entity, cantonal or local governments, depending on the part of the country), and caters primarily to pupils and students living far from the school. Subsidies are generally provided either directly to a private bus company (based on a public call), to schools or to beneficiaries.

Depending on the vicinity, pupils/students from socially disadvantaged households who live far away (but also those who do not) may have their cost of travel covered in part or in full. For instance, the RS town of Zvornik provides transport subsidies for elementary school pupils whose transport is not already subsidised by the relevant entity-level ministry and secondary school students who reside at a given distance from school. A 50% subsidy for transport to school for the children of parents who claim social assistance benefits or care benefit and for children missing one parent; a 100% subsidy is available to children without parental care or without both parents, and to children with developmental difficulties; while the children of disabled war veterans get a 50% concession. Additional subsidised categories also include, *inter alia*, households with four or more underage children, and those with three or more schoolchildren, where at least one parent is unemployed; and secondary school students who perform well in school. (Town of Zvornik, 2018).

Similar measures exist in the FBiH entity. For instance, the FBiH municipality of Velika Kladuša in Una-Sana Canton subsidises 90% of the cost of travel for secondary school students “in a state of social need”, who are without parents or parental care, with disability, or living in a household where three or more students attend secondary school. A subsidy of 60% is provided for students with at least one parent who has minimum 80% disability; students from households that receive permanent social assistance from the Centre for Social Work; students from households that have no income; students from households where two students attend secondary school; and students with only one parent. A 50% subsidy is provided for students who live in a household that receives one minimum pension and for students whose household income is less than KM 150 (€77) per capita per month (Municipality of Velika Kladuša, 2019).

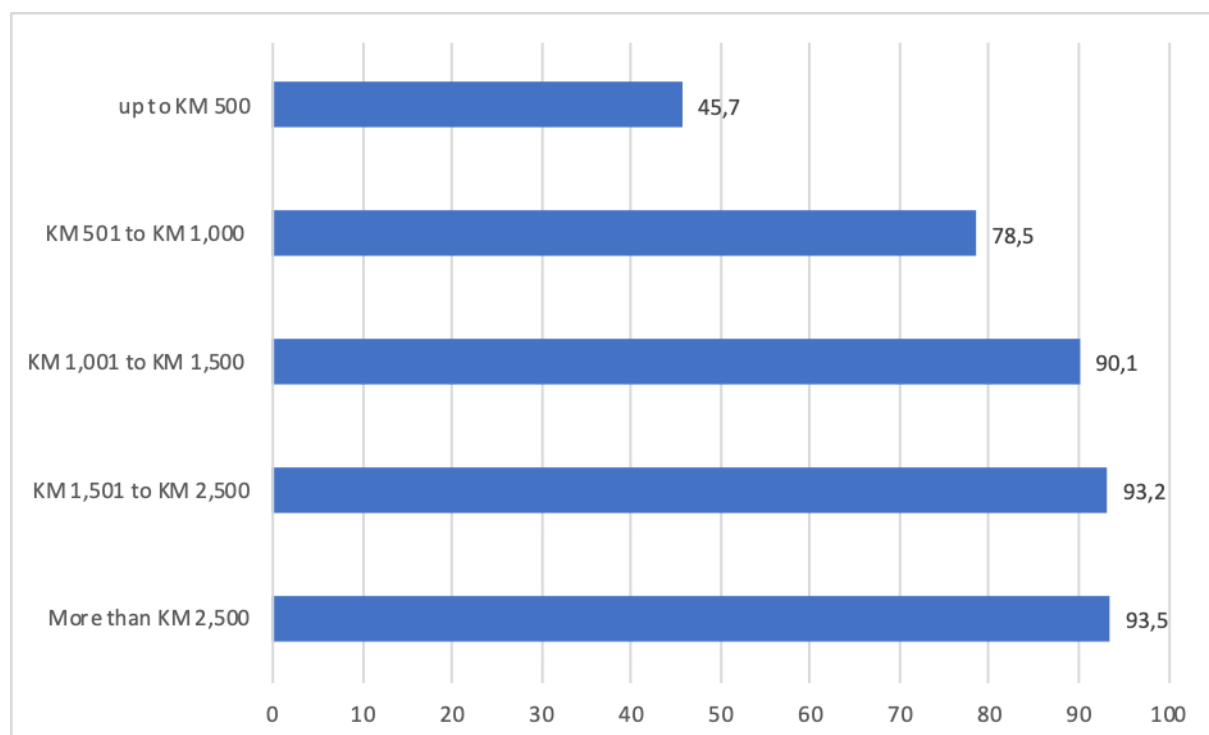
Transport subsidies for other categories of users exist in some parts of the country on the basis of income. For instance, since 2006 the Canton of Sarajevo, which is responsible for the provision of public transport, has also offered a travel subsidy for pensioners and blind persons: when applying for the subsidy, pensioners have to state the amount of their monthly pension. The amount of the subsidy and the individual participation of the claimant of this subsidy are not predetermined, but depend on the number of users and the funds allocated in the cantonal budget on an annual basis (Article 5 of the Regulation on Subsidising the Cost of Urban Public Transportation in the Territory of the Canton of Sarajevo).

In 2017, the Centar Sarajevo municipality, located in the Canton of Sarajevo, adopted a rulebook on the disbursement of funds for the allocation of one-off cash benefits for pensioners living in a state of social need, in order to subsidise the cost of public transport for them in the Canton of Sarajevo; to that end, it allocated KM 20,000 (ca. €10,226) from the municipal budget for that year. The measure was repeated in 2018.

### 1.3.5 Access to digital public services

In BiH, there is a significant disparity in the proportion of persons who have an internet connection at home, depending on level of income: households with lower levels of income – and especially those whose monthly net income is below KM 500 (€256) – are substantially more likely to have reduced internet access (see Figure 3).

**Figure 3: Households with internet access, according to household monthly net income (2018, %)**



Source: Agency for Statistics of BiH (2019, p. 14).

As mentioned earlier, there are no measures to facilitate access to digital services for low-income persons. Special price options (“social packages”) have to be made available by telecommunications operators to those who are in the “socially most vulnerable categories of the population” (Article 5 of the Communications Regulatory Agency’s Rule 67/2012 on the Tariff Rebalance Model of Voice Telephone Services). These packages have to include 100 free minutes a month of national phone calls within the operator’s own network, as well as a discounted fee for gaining access to the service (i.e. the charge for connecting a new telephone line) (ibid.). The three biggest operators providing voice services have introduced such social packages for different types of disadvantaged beneficiaries, including persons receiving permanent financial assistance. In line with the provisions on social packages, all three operators offer a subscription to analogue fixed telephone services that costs KM 4.90 (€2.50) a month; the installation of a telephone line is free of charge in the case of BH Telecom and M:tel, and costs KM 1.17 (€0.60) in the case of HT Eronet. As a part of its package, BH Telecom also provides a free email address on its email server.

Digital public services are at an early stage of development in BiH. Individual public institutions have developed specific digital services, including the entity-level tax authorities, which offer online submission of tax reports/returns and online checking of one's social insurance record; the RS "ESrpska" web portal offers certain public services – for example, parents are able to look at their children's grades and attendance online). As these services are generally available free of charge, there are no specific rules mandating greater access for those with a low level of income. At the same time, while instructions on how to access such services are readily available online, there are also no special measures to inform low-income persons or households about accessing such services.

#### **1.4 Access to financial services (Directive 2014/92/EU)**

In both entities, the payment account with basic features is considered to be the transfer (*žiro*) account, which is offered together with a current and savings account by all banks. Transfer accounts are primarily intended for persons without a regular income, while the current account is more suitable for those with a regular income. In general, to open a transfer or current account, banks require proof of residence (address) and a certified copy of the person's identity card (certification costs KM 2 or approximately €1). Additional requirements are usually imposed when someone wishes to open a current account, and might include proof of employment or income. The requirements for foreign citizens opening a transfer account include a copy of the passport and a formal declaration that the person does not hold an account to which restrictions are applied; if a foreign citizen wishes to open a current account, the banks also ask for a copy of the work permit, proof of employment, proof of a temporary residence permit (Unicredit.ba). Operating an account entails monthly costs, and banks require a certain amount to be deposited up front (in order to cover the basic cost of keeping an account for a year). For instance, Sparkasse bank in BiH charges KM 5 (€2.56) to open a transfer account, while the monthly charge to operate the account is KM 2.50 (€1.28). Hence, the annual bank charges are relatively high, considering the country's poverty profile. Some banks offer cheaper packages for some categories of consumer, such as for unemployed youth or persons aged 65 and above, but without any concession based solely on low income. Additional charges apply for almost all additional services. Bank charges vary and are subject to change (FBiH Law on Protection of Users of Financial Services, Article (2), stipulates that if the charges are to be increased, the bank should notify the client at least 15 days before the changes become effective).

According to the Global Financial Inclusion Database indicators presented in Table 1, in 2017 only 58.8% of persons aged 15 and over had an account with a formal financial institution. We can observe that the gap in male and female access to a financial institution account has narrowed significantly, but remains high at 8.5 percentage points. The World Bank Group (2015) noted that usage statistics show that this gap is mostly due to the fact that women use their accounts much less than men to receive wages and government payments. Nevertheless, low income seems the biggest deterrent to financial inclusion, as access for the poorest 40% of the population is more than 10 percentage points below the average.

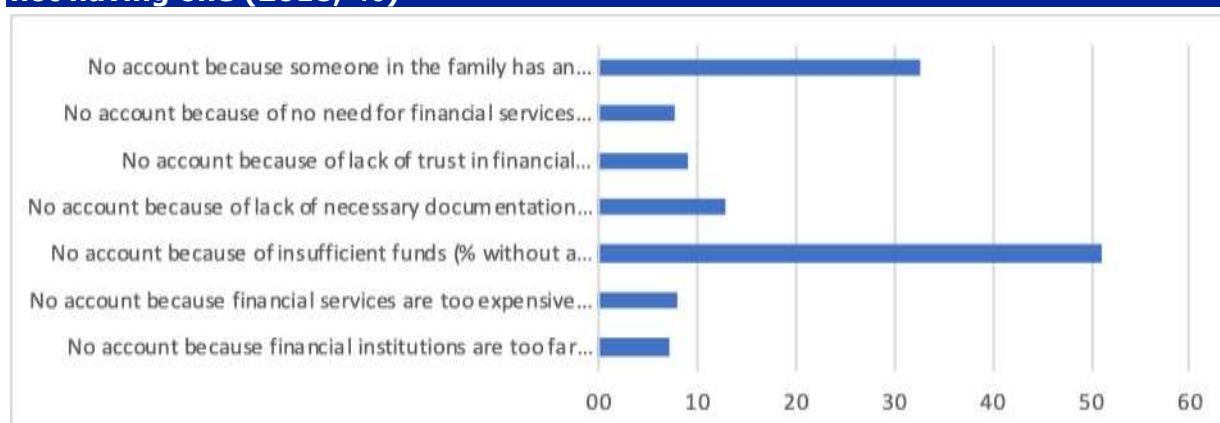


**Table 1: Financial inclusion indicators**

	2011	2014	2017
Financial institution account (% aged 15+)	56.2	52.7	58.8
Financial institution account, income, poorest 40% (% aged 15+)	42.8	40.8	47.5
Financial institution account, female (% aged 15+)	47.7	47.1	54.7
Financial institution account, male (% aged 15+)	67.2	58.8	63.2
Financial institution account, rural (% aged 15+)	54.7	52.8	58.8

Source: Global Financial Inclusion Database (last updated 10/15/2018), extracted on 30 December 2019.

As Figure 4 shows, the most frequently stated reasons for not having an account are insufficient funds; because someone in the household has an account; and a lack of necessary documentation. Although less frequently stated, such reasons as a lack of trust in financial institutions, expensive financial services, no need for financial services, and financial institutions are too far away still pose a problem for the better financial inclusion of some people.

**Figure 4: Persons aged 15+ without a financial institution account – reasons for not having one (2018, %)**

Source: Global Financial Inclusion Database (last updated 10/15/2018), extracted on 30 December 2019.

Neither entity has a website allowing a comparison of the fees and charges made for different services provided by banks and other financial institutions. This information is not always easily accessible on bank websites either, although anyone can find out in person at the bank.

The possibility of switching accounts – as stipulated by Article 10 of Directive 2014/92/EU – is not set out anywhere in either entity.

## 2 National/subnational policy frameworks and reforms

### 2.1 National/subnational policy frameworks

With regard to **water and sanitation**, Bosnia and Herzegovina does not have official state or entity policies on water and sanitation service delivery. According to entity, cantonal and Brčko District (subnational) laws on local self-governance and utilities, the local authorities (municipalities and cities) in BiH are responsible for ensuring the organised provision of these services. At the local level, responsibility for water and sanitation lies with different municipal/city departments – usually those that deal with local communities and utilities. The law states that local authorities have to pass a decision defining asset ownership and the management model for the service; designating an operator for each water supply and sanitation system; and ensuring that it is operated and maintained in accordance with the regulation. Furthermore, local governments are responsible for approving and/or setting tariffs (Mišić Mihajlović et al., 2017; Vučijak, 2013). The cantonal ministries are responsible for tariff supervision in the Federation of BiH, whereas in Republika Srpska tariff oversight remains under the umbrella of the municipalities.

The Water Management Strategy for the Federation of BiH 2010–2022 and the Integrated Water Management Strategy of Republika Srpska 2015–2024 provide strategic directions for water and sanitation services. In the Federation of BiH, legislative competence in the water sector is shared by the Federation of BiH (entity) and cantons, while competence in the sector of communal affairs is vested in the cantons. In Republika Srpska, legislative competence in the sector of water and communal affairs is at the entity level. The laws that regulate these sectors in their entirety or in part include the entity and cantonal laws on local self-governance, laws on water and laws on communal affairs.<sup>20</sup>

The relevant regulations at the local level include the following: statutes of local self-governance units; decisions on the establishment and organisation of public utility companies for water supply and wastewater collection and treatment; decisions on performing communal affairs of water supply and wastewater collection and treatment; and decisions on the tariff setting of communal services.

The entities have primary responsibility for the **energy sector**, overseeing and owning three power utility companies, an oil refinery, the transportation and distribution of natural gas, and coal mines; meanwhile heating companies, where they exist, are under the jurisdiction of municipal (RS) or cantonal (FBiH) governments (Softić and Glamočić, 2012, p. 7). The state Ministry of Foreign Trade and Economic Relations has a coordinating role, and is responsible for international relations in the energy sector. As one of the signatories of the Energy Community of Southeast Europe,<sup>21</sup> Bosnia and Herzegovina developed and adopted the state-level Social Action Plan in 2010. The main purpose of this document is to develop measures for the assistance and protection of socially vulnerable categories of energy consumers. The document proposes parameters for determining who is a vulnerable consumer of electricity. These are primarily social assistance benefit claimants, and they should be eligible for reduced rates of electricity

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<sup>20</sup> Law on Local Self-Governance Principles in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina, No. 49/06, 51/09); Law on Water in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina, No. 70/06); Cantonal laws on local self-governance in the ten cantons in the Federation of Bosnia and Herzegovina; Law on Local Self-Governance in Republika Srpska (Official Gazette of Republika Srpska, No. 97/16, 36/19); Law on Water in Republika Srpska (Official Gazette of Republika Srpska, No. 50/06, 92/09, 121/12); Law on Communal Affairs in Republika Srpska (Official Gazette of Republika Srpska, No. 124/11); Brčko District Law on Communal Affairs (Official Gazette of the Brčko District of BH, No. 30/04, 24/07, 09/13).

<sup>21</sup> BiH signed and ratified the treaty establishing the Energy Community of Southeast Europe in 2005; this sets a common regulatory framework for energy markets between the EU and the countries of Southeast Europe, covering aspects of energy, competition, environment and consumer protection in relation to electricity, petroleum products and natural gas.

(up to a certain consumption limit). However, as explained earlier, the implementation of these provisions falls within the competence of the entities, and the entities have prioritised these measures differently.

Bosnia and Herzegovina is lagging somewhat in harmonising its legislation with the Third Energy Package and the EU *acquis*.<sup>22</sup> A step forward at the state level was achieved in August 2019, with the adoption of the BiH Framework Energy Strategy until 2035, agreed after more than 10 years of polemics and negotiations between the entities. Its adoption was a prerequisite for the country to take part in the Western Balkans Investment Framework and to gain access to Instrument for Pre-Accession Assistance (IPA) funding. As stipulated by the Framework Strategy, one of the country's strategic priorities is to liberalise the energy market. This means that instead of regulated prices for the public supply of energy, the price of electricity should be market driven, while the country should develop programmes to protect socially vulnerable categories of consumers (p. 88). It is surprising that this document makes no reference to the earlier Social Action Plan (adopted in 2010), and nor does it analyse or take into consideration the effects of the measures taken so far to protect socially vulnerable categories of electricity consumers. Implementation of the Framework Strategy is the responsibility of the two entities and BD.

The FBiH Law on Electricity (Official Gazette of FBiH No. 66/13) stipulates that energy policy should provide programmes for the protection of vulnerable consumers (Article 5, line 7), thereby providing protection to vulnerable groups against electricity disconnection and protection to consumers living in remote areas (Article 13, line 5). The FBiH's decisions on reductions in the cost of electricity for households and encouragement of energy efficiency are based on these provisions. RS legislation does not include any provisions for the protection of vulnerable consumers of energy or electricity. In general, entity laws on electric energy have not been harmonised either with provisions on consumer protection from Directive 2009/72/EC concerning common rules for the internal market in electricity, or with provisions related to vulnerable consumers from Directive 2009/73/EC concerning common rules for the internal market in natural gas.<sup>23</sup>

Although FBiH and BD have programmes that support some vulnerable categories of consumer, these are based on temporary government decisions, and the impact of the measures remains unknown.

Responsibility for **transport** in BiH belongs to different levels of government. At the state level, responsibility pertains mainly to inter-entity and international transport. The Railway Regulatory Board and the Railways Public Corporation operate at the state level. The entity levels of government have established public rail companies: the two entity-level laws on railways contain no provisions to facilitate access to rail transport services for low-income groups.

The urban and suburban public transportation of passengers is primarily the responsibility of local authorities in the RS; and in FBiH it is the shared responsibility of cantons and local authorities. Access to public transport varies significantly within the country, also because "there is significant variation in institutional capacity among the municipalities and cantons" (World Bank, 2010, p. 4). With some exceptions, local authorities have generally opted to privatise public transport. According to a World Bank report, "the expectation has been that the services are to be provided without a subsidy. As a result, passenger transport services are generally of modest quality and in some

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<sup>22</sup> According to the Framework Energy Strategy for Bosnia and Herzegovina, at the time of writing, the Secretariat of the Energy Community had opened five disputes against Bosnia and Herzegovina over its failure to fulfil its obligations under the Energy Community Treaty.

<sup>23</sup> In May 2016, the Secretariat initiated dispute settlement procedures against Bosnia and Herzegovina, by way of submitting a Reasoned Request for non-compliance with the Third Energy Package by January 2015, which, *inter alia*, includes Directive 2009/72/EC and Directive 2009/73/EC.

cases have declined.” Throughout the country, fares are also subject to 17% VAT, making such services less affordable (World Bank, 2010, p. 8).

All decisions about providing specific categories of public transport users with concessionary travel, providing cash benefits to that end or free travel are made by individual cantons or local authorities.

Within the context of entity-level legislation on social protection, subsidised public transport is mentioned in the RS with respect to creating equal opportunities for children and youth with developmental difficulties who are continuing in education after completing elementary school, by compensating them for the cost of urban or suburban transport in the amount of the cost of the monthly fare; and if they have been referred to an educational establishment outside their place of residence, they are compensated for the actual lowest-fare cost of travelling home once a month by public transport (Article 37 of the RS Law on Social Protection). In FBiH, similar provisions exist for children and adults with disabilities who are referred to an educational institution outside their place of residence; they have the right to have their transport costs paid if their family is unable to cover them (Article 30 of the FBiH Law on the Principles of Social Protection). The implementation of these provisions is devolved to cantons or local communities.

As mentioned earlier, the Law on **Communications** of BiH envisages the introduction of universal telecommunications services (and a financing mechanism), so as to make such services affordable and accessible, in line with the social needs of the population that have been determined. Furthermore, in June 2017 the Council of Ministers of BiH adopted the Policy of Electronic Communications in BiH for the period 2017–2021 and its Action Plan, whereby electronic communications are recognised as an essential human need in the twenty-first century. Although the policy documents stipulate the highest level of consumer protection for communication services, classifying them also as universal, the document does not take into account accessibility and affordability of these services for socially vulnerable groups. The exception to this is persons with a disability, who are mentioned in the last paragraph of Chapter 4.2 and the corresponding passage in the Action Plan. This envisages that the BiH Communications Regulatory Agency and the state Ministry of Communications, in cooperation with other relevant institutions, should develop measures to ensure accessibility of electronic communication services for persons with disabilities. To date, no relevant act by the Council of Ministers has been adopted to regulate this matter further.

As mentioned earlier, at the state level, the CRA has adopted Rule 67/2012 on the Tariff Rebalance Model of Voice Telephone Services, which envisages “social packages” for the users of voice services; but there are no such provisions for access to mobile communications or to the internet.

A legal framework for the development of digital services is in place, but progress has been slow – not least due to the challenges of harmonising and completing the legal framework and infrastructure to ensure the interoperability of public registries and the e-signature system between the state and the entity levels of government (European Commission, 2019, p. 27). Measures geared towards increasing access to digital services for low-income groups have not been specified in the existing policy and legal framework.

**Financial and banking services** in Bosnia and Herzegovina fall within the competence of its two entities. The FBiH and the RS banking legislation is largely harmonised and provides a regulatory framework for the work of banks and other financial institutions. Entity laws on internal transactions regulate all financial transactions, stipulating that internal transactions for individuals can be conducted by both banks and entity post offices (Article 6 of the RS Law and Article 5 of the FBiH Law). In order to be aligned with Directive 2014/92/EU, both entity laws need to be changed and fine-tuned. None of the listed services provided by banking and the financial sector is defined as an essential service, and entity legislation is generally not harmonised with Directive 2014/92/EU.

## 2.2 Ongoing or announced reforms

Over the past few years, the most relevant ongoing reforms in the **water and sanitation sectors** have been driven by international organisations, primarily UNDP and the World Bank, in cooperation with governments and relevant ministries at all levels in BiH. Developments have been slow, since such reforms are not a political priority, and institutional anchoring is difficult in the existing fragmented institutional and policy setup.

The ongoing reforms focus on two policy directions:

- **Development of the water and sanitation tariff-setting methodology at the entity level.** The basic elements of the tariff-setting methodology were identified in the study *Tariff Setting Methodology for Water Supply and Sewerage Services in Bosnia and Herzegovina* (Vučijak, 2015). Currently, FBiH is discussing the draft methodology, while the RS, apart from expressing interest so far, has not taken any concrete steps.
- **The institutional design of the regulatory body for water and sanitation services** has been under discussion for more than a decade. Fragmentation of competences and the legal framework has not aided this process, which is led by the entity institutions and the international community (Zulić, 2015); UNDP and the World Bank are among the key organisations engaged in this process.

Both ongoing reforms promote the principle of affordability, i.e. the requirement to keep the cumulative tariff for water and sanitation services under 4% of average household income. In addition, the reforms seek to impose an obligation on local authorities to introduce cash benefit measures (subsidies) for vulnerable groups – not necessarily those registered with the Centres for Social Work, but identified in social maps or other types of analysis. These reforms are likely to build on the experiences of the MEG project, where four categories of vulnerable persons were identified as being at greatest need of cash benefits: retired elderly persons living alone, single mothers, households with many children, and persons with disabilities.

Reform efforts within the **energy sector** in Bosnia and Herzegovina are aimed at liberalising and integrating the market for energy within the framework of the Energy Community. Once implemented, liberalisation of the market is most likely to result in an electricity and gas price increase for households; this will hit low-income households especially hard. Despite this, reform efforts at the moment do not include any measures that would make electricity and gas more accessible to the low-income population after the cessation of subsidies. To liberalise the internal electricity market, in September 2019 the RS government adopted a new draft Law on Electric Energy, which is currently at the public hearing stage. The first version of the draft contained a chapter related to vulnerable households; but it was later taken out (Nezavisne.com, 14.11.2019). It is important to note that Article 28 of the draft law sets out the competences of the Regulatory Commission: *inter alia*, these include reporting on the achieved level of protection of consumers in social need, thereby implying that those programmes should exist. Nevertheless, the Energy Community (2019, p. 7) warns that, if adopted in its current form, the law would not be sufficient to comply with the requirements of the Third Energy Package.

There are no specific announced reforms pertaining to improvements in accessibility to public transport for low-income categories.

With regard to **communication services**, the Council of Ministers of BiH has yet to define the scope (and financing) of universal telecommunications services in BiH. The recently adopted state-level 2017–2021 Policy on the Electronic Communications Sector for BiH envisages the adoption of a decision on the scope of universal telecommunications services. According to the document, this would also mean defining minimum conditions for the delivery of universal services at an affordable price for all users throughout BiH and meeting the requirement for free calls to the emergency

services. Such a step was planned for July 2017 (Policy on the Electronic Communications Sector for BiH, 2017), but to date has not been realised.

BiH has yet to adopt a Law on Electronic Communications, which would bring the country's legislation into line with important EU directives in this realm, including Directive 22/2002 of the European Parliament and of the Council (Universal Service Directive) and the EU's Audio-Visual Media Services Directive. A 2013 draft law, prepared by the responsible state-level ministry, envisaged the introduction of universal telecommunications services at prices affordable for "categories of socially vulnerable" service users, where the Council of Ministers of BiH, on the basis of inputs from responsible ministries, would adopt a decision whereby such categories would be defined (Article 52 of the Draft BiH Electronic Communications Law).

BiH has only recently created the preconditions for implementation of an e-signature system: in 2017, it established an Office for Supervision and Accreditation of Certifiers at the Ministry of Communications and Transport of BiH; and in 2019 it selected the private company Halcom as the accredited verifier of qualification certificates for e-signatures.

In the RS, the government recently announced that citizens will soon be able to apply for a "smart card", bearing their electronic signature, which they will be able to use to access a range of digital services that the entity will develop (Mišljenović, 2020). There is, however, no information to date on any special measures that may be introduced to make access to carriers of e-signatures affordable for low-income persons.

With regard to **financial inclusion**, the BiH entities will need to align their banking and financial legislation with Directive 2014/92/EU. It is not known whether the entities have taken any definite steps in this direction. However, it is relevant to mention that in July 2019, the RS adopted Changes and Additions to the Law on Internal Transactions (RS Official Gazette, No. 58/19), which stipulates the establishment of the entity's registry of bank accounts held by individuals.<sup>24</sup> Although the main objective is to facilitate the identification of accounts held by indebted individuals/credit owners during tax, judicial and administrative procedures, or during procedures required for the control of money laundering and the financing of terrorist activities (RS Assembly, 09.04.2019), the establishment of the registry is aligned with broader general requirements set out by Directive 2014/92/EU. It will enable responsible entity authorities to analyse the number and type of accounts that have been opened, including by previously unbanked consumers, etc. Hence, the establishment of the registry of individual accounts means that the RS will be able to start monitoring financial inclusion. There is no information that FBiH has taken steps to change its legislation in this direction. Judging by the opinion issued by the RS government, the Central Bank of BiH did attempt to establish a single registry of bank accounts held by individuals, but this was opposed by the RS on the grounds that this area falls within the exclusive competence of the entities (SRNA, 18.4.2019).

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<sup>24</sup> The Central Bank of BiH and the responsible entity agencies (each for its own territory) keep the register of bank accounts held by legal entities. With regard to accounts opened by individuals, there is no publicly available information about the number and types of bank accounts held by individuals.

### 3 A focus on access to electricity

Electricity production, distribution, system operation and supply all fall within the competence of the two entities and BD. Access to electricity distribution in FBiH is secured through two vertically integrated enterprises – Elektroprivreda Bosne i Hercegovine (EPBiH) and Elektroprivreda Hrvatske Zajednice Herceg-Bosne (EPHZHB). In the RS, the holding Elektroprivreda Republike Srpske (EPRS) comprises five companies for distribution and supply. The enterprise Komunalno Brčko (KB) operates the distribution network and provides the electricity supply in the District. Although the energy market was officially opened up on 1 January 2015, enabling companies to switch electricity supplier or negotiate better conditions with their existing suppliers, households remain tied to public electricity-distribution and supply companies, each operating on its own territory. The price of electricity is cross-subsidised, which results in regulated lower prices for households. Despite this, when considering the level of average income and the country's poverty profile (Obradović et al., 2019), electricity constitutes one of the most expensive essential services in the country. The price of electricity varies depending on the time of year and the type of electricity meter used by a household (it may be a dual-tariff meter or a single-tariff meter). Also, all electricity-distribution companies in the country have different prices, which can be compared at [www.uporedistruju.ba](http://www.uporedistruju.ba). As well as different prices per kilowatt hour (kWh), each electricity-distribution company charges different additional costs, and then VAT is calculated for the final bill. For instance, EPHZHB charges households KM 1.90 a month for the meter and KM 6.64 a month for the calculation power, which is KM 8.54 (€4.40) a month or KM 102.48 (€52.50) a year – before any electricity is even used. Furthermore, a contribution to encourage electricity production from renewable sources is calculated at KM 0.001 per kWh, which an average household pays around KM 4.50 (€2.30) a year. Average annual household electricity consumption in the country is around 4,500 kWh (it is higher in the RS and BD than in the FBiH), which amounts to approximately KM 892 (€457) a year or KM 74.33 (€38.10) a month (Vecernji.ba, 07.02.2016).

Electricity is used to operate all household appliances and for water heating in almost 90% of households (Agency for Statistics of BiH, 2015). Low-income households usually have old household appliances, which require higher electricity consumption. The RS used to have subsidies for socially vulnerable households: these were implemented from 2008 to 2010 (and partially during 2012) by the Ministry of Industry, Energy and Mining of the RS, with assistance from RS Centres for Social Work and the RS Pension Fund. The government subsidy covered the cost of 150 kWh a month. If we consider the estimates for average household electricity consumption for (Agency for Statistics of BiH, 2015, p. 9), the subsidy covered the equivalent of 38.3% of the average monthly consumption in the RS. Beneficiaries included pensioners on a minimum pension and claimants of means-tested benefits (such as permanent social assistance), beneficiaries of a disability benefit, or of maternity or child benefit. Subsidies in the first year of the programme covered 31,000 households; by 2012, this had increased to 49,000 households. The programme was abolished due to inadequate funding.

Recently, during consultations related to the new draft RS Law on Electricity, the RS public electricity company Elektrokrajina suggested to the RS Government that provisions related to vulnerable consumers should be included: their electricity consumption would be subsidised by either entity or municipal governments. The proposed categories of vulnerable consumers included socially vulnerable households identified by the company (individuals on a minimum pension and beneficiaries of means-tested social assistance), including those with health problems, whose lives could be in danger in the event of a power cut (Nezavisne.com, 14.11.2019).

In FBiH, the entity government has enacted its Decision on Implementation of Reduced Costs of Electricity to Households and Stimulation of Energy Efficiency twice a year since 2011. The eligible beneficiaries are pensioners on a minimum pension and claimants of means-tested social assistance whose monthly household consumption is below the

average electricity consumption (below 268 kWh for EPBiH consumers and below 348 kWh for EPHZHB consumers). Electricity-distribution companies receive monthly lists of beneficiaries from the FBiH Pensions and Disability Insurance Fund (for pensioners) and the FBiH Ministry of Labour and Social Policy (for social assistance claimants). The amount of the subsidy is shown on the beneficiary's electricity bill every month: it comes to KM 5.50 (approximately €2.80) for customers of EPBiH and KM 7 (approximately €3.60) for customers of EPHZHB.

BD provides subsidies for electricity to different categories of households with residence in the BD. They include pensioners on a minimum pension, war veterans from the 1st to the 5th category, households with children with disabilities, unemployed women over the age of 55 and unemployed men over the age of 60 who are registered as unemployed with the Public Employment Service, beneficiaries of means-tested social assistance, children and adults in foster care, persons with a disability whose benefits do not exceed KM 350.99 or €178, and blind persons receiving only financial care assistance. In November 2019, some 12,300 persons with residence in BD were eligible for the subsidy of KM 67 (approximately €34.35) for that year (Ebrcko.net, 19 November 2019).

According to the World Bank's Sustainable Energy for All database, since 2012, access to electricity in BiH has been 100%. Although this might be the case in urban areas, in rural parts of the country access to electricity is not always secured. Access in rural parts depends on two main factors: whether there is a transformer substation in the vicinity and whether a household can afford to pay for a new connection (connection to the electricity-energy network is required for all new or reconstructed buildings and family houses). A new building's connection to the power grid is financed by the consumer, and the procedure is lengthy and costly. The price can vary depending on the distance from the house to the nearest transformer substation and the type of connection (whether it is a single-phase or a three-phase connection; and whether it is underground or overground with pylons). For instance, the cheapest 3 kW connection to the power grid network in the HZHB distribution costs KM 750 (€385); this figure can easily rise to several thousand KM depending on connection strength, the distance from the transformer substation, etc. In villages or parts of villages without electricity, consumers have to bear the cost of the purchase and installation of a transformer substation, the construction of pylons, etc. Once installed and put into operation, all this equipment becomes the property of the electricity-distribution company (unless consumers decide to keep the ownership, in which case maintenance of the equipment would be the responsibility not of the electricity-distribution company, but of the consumers).

It is known that there are parts of the country without a supply of electricity, which has contributed to the migration of the population to urban areas and has prevented the return of the pre-war population to those areas. Some estimates suggest that in the FBiH part, there are 163 villages without electricity that used to be populated before the war (SRNA, 29.11.2019). The latest report by the Ministry of Human Rights and Refugees (2019) indicates that the governments, together with partner organisations, invested over KM 17 million in electrification projects in over 60 municipalities in the period 2009–2018, thereby providing a supply of electricity to approximately 2,460 housing units. Although the figure is constantly changing, it is reported that some 1,390 reconstructed housing units still do not have an electricity supply (p. 11). On the other hand, in most cantons of FBiH, certain war veteran categories have the right to a connection to the electricity supply free of charge.



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## Annex

**Table A1: Essential service – Water**

1) Definition of “low income” used in the context of the delivery of the service in the country:<sup>25</sup>

According to the local acts (example of the Decision on Subsidies of a Part of the Communal Services of Water Supply and Collection and Processing of Wastewater<sup>26</sup> enforced in Bihać City), the low-income categories of the population that are eligible for cash benefits are defined as follows: “*socially and economically disadvantaged persons with insufficient income to provide for living are persons who are entitled to social assistance from the centre for social work, in accordance with the relevant law on social protection*”.

According to the laws on social protection,<sup>27</sup> persons entitled to social support include: persons without income due to work disability, other disability, elderly persons not taken care of by another family member, persons with behaviour detrimental to society, victims of psychedelic substances, victims of family violence, victims of human trafficking, and persons and families that are in need of social protection for other reasons.

2) Measures aimed at facilitating access for low-income people to water (for hygiene purposes, to cook...) in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
<b>Reduced tariffs</b>	No	No	No
<b>Cash benefits</b>	No	No	Yes–few
<b>In-kind benefits</b>	No	No	No
<b>Advice/training or information services</b>	No	No	No
<b>Provision of a basic/uninterrupted supply</b>	No	No	No

(\*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(\*\*) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

<sup>25</sup> **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

<sup>26</sup> This Decision was adopted by the City Council of Bihać on 23 April 2019 under number: GV-02-82.

<sup>27</sup> The laws on social protection exist at the subnational levels – at the entity level in Republika Srpska and at the cantonal level in the Federation of Bosnia and Herzegovina.

**Table A2: Essential service – Sanitation**

1) Definition of “low income” used in the context of the delivery of the service in the country:<sup>28</sup>

See Table A1.

2) Measures aimed at facilitating access for low-income people to sanitation (i.e. systems for taking dirty water and other waste products away from dwellings in order to protect people’s health) in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
<b>Reduced tariffs</b>	No	No	No
<b>Cash benefits</b>	No	No	Yes–few
<b>In-kind benefits</b>	No	No	No
<b>Advice/training or information services</b>	No	No	No

(\*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(\*\*) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

<sup>28</sup> **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

**Table A3: Essential service – Energy**

1) Definition of “low income” used in the context of the delivery of the service in the country:<sup>29</sup>

There is no national definition. The entities do not have a definition of a low-income consumer either. The price of electricity in all entities is cross-subsidised, which results in regulated lower prices for households. In the FBiH, on the basis of FBiH Government decisions, subsidies for the cost of electricity are available for pensioners receiving minimal pensions and beneficiaries of means-tested social assistance. In Brčko District, the subsidy is available for pensioners receiving a minimum pension, war veterans from the 1st to the 5th category, households with children with disabilities, unemployed persons registered as such at the Public Employment Service, women and men above 55 and 60 years of age respectively, beneficiaries of means-tested social assistance, children and adults in foster care, persons with disability whose benefits do not exceed KM 350.99 (€180) and blind persons who are beneficiaries only of care assistance.

2) Measures aimed at facilitating access for low-income people to energy (to light dwellings, heat or cool dwellings, use home appliances) in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> national) (**)
<b>Reduced tariffs</b>	No	Yes-all	No
<b>Cash benefits</b>	No	Yes-most	Yes-few
<b>In-kind benefits</b>	No	No	Yes-few
<b>Advice/training or information services</b>	No	No	No
<b>Provision of a basic/uninterrupted supply</b>	No	No	No

(\*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(\*\*) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

<sup>29</sup> **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.



**Table A4: Essential service – Public transport**

1) Definition of “low income” used in the context of the delivery of the service in the country:<sup>30</sup>

Subnational governments define “low income” differently, depending on the type of measure. For instance, some local governments that give subsidies for the transportation of pupils and students to elementary or secondary school provide such support for students whose parents are the recipients of permanent social assistance or who receive a minimum pension. Pensioners may receive subsidies to cover the cost of public transport fares depending on their pension amount – for instance, those receiving less than the minimum pension (as defined in the FBiH entity) have the right to free travel on public transport in the Canton of Sarajevo.

2) Measures aimed at facilitating access for low-income people to public transport in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
<b>Reduced tariffs</b>	No	Yes-few	Yes-few
<b>Cash benefits</b>	No	Yes-few	Yes-few
<b>In-kind benefits</b>	No	Yes-few	Yes-few
<b>Advice/training or information services</b>	No	No	No

(\*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(\*\*) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

<sup>30</sup> **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

**Table A5: Essential service – Digital public services**

- 1) Definition of “low income” used in the context of the delivery of the service in the country:<sup>31</sup>

There is no definition of low income used in the context of digital public services. Telecom operators are obliged to provide a “social package” of fixed-line (analogue) phone services for users who fall into the category of the “socially most vulnerable categories of the population”. Telecom operators usually define this category as including persons with different types of disabilities, war veterans and related categories and persons receiving permanent financial social assistance.

- 2) Measures aimed at facilitating access for low-income people to digital public services (e.g. digital post, digital fiscal services, digital social security services, digital health care appointments...) in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
<b>Reduced tariffs</b>	No	No	No
<b>Cash benefits</b>	No	No	No
<b>In-kind benefits</b>	No	No	No
<b>Advice/training or information services</b>	No	No	No
<b>Provision of a basic/uninterrupted supply</b>	No	No	No

(\*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(\*\*) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

<sup>31</sup> **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

**Table B1: Essential services – Summary table**

- 1) Measures aimed at facilitating access for low-income people to the different services that exist at national, regional and/or local level in the country
- 2) Broader policy framework under which all or some of these measures are organised in the country
- 3) Ongoing or announced reforms of the measures and/or related frameworks aimed at (further) enhancing effective access to the service for low-income people in the country

	1. Measures (NAT, SUBNAT, BOTH, NONE) (* )	2. Policy framework (**)		3. Ongoing or planned reforms (Yes/No)
		National (Yes/No)	Subnational (Yes/No)	
<b>Access to water</b>	SUBNAT	No	Yes	Yes
<b>Access to sanitation</b>	SUBNAT	No	Yes	Yes
<b>Access to energy</b>	SUBNAT	No	Yes	Yes
<b>Access to public transport</b>	SUBNAT	No	Yes	No
<b>Access to digital public services</b>	NONE	No	No	Yes
<b>Access to basic financial services (***)</b>	Not applicable	No	Yes	Yes

(\*) This column summarises the response provided in Tables A1-A5 above. "NAT" means that all the measures that exist in favour of low-income people are national measures; "SUBNAT" means that there are no national measures but some of/all the measures that exist are subnational measures; BOTH means a mix of NAT and SUBNAT; "NONE" means that there are no measures, be it at national or subnational level.

(\*\*) Is there a broader national policy framework under which all or some of these measures are organised in the country for some of/all the services under scrutiny ("Yes"/"No")? **Only if** there is no such national framework for one service **and if** the service is organised at subnational level: Is there a broader subnational policy framework under which all or some of these measures are organised for this service ("Yes"/"No")?

(\*\*\*) Open and use payment accounts with basic features (Directive 2014/92/EU).

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