

RAPID ASSESSMENT REPORT

IMPACT OF COVID-19 ON DIASPORA FROM BOSNIA AND HERZEGOVINA REMITTANCES, INVESTMENTS AND MOVEMENTS





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Executive summary

Bosnia and Herzegovina (BiH) is a country that depends heavily on inflows of remittances; in 2018 remittances accounted for 10.5 per cent of the country's GDP¹ making it the second most remittance-dependent country in Europe. Due to this, the economy is extremely vulnerable to foreseen declines in remittances. As the coronavirus pandemic hits jobs and wages in many sectors of the global economy, including those depending on migrant workforce, a decline in the amounts of remittances sent by these workers to their families looks increasingly likely as many of them have already lost or are at risk of losing employment. As they lose income, they will send fewer funds home which in turn will have negative effects on the country's economy, migrants' families and communities of origin.

As a response to the COVID-19 pandemic, IOM's mission in BiH conducted a rapid assessment to gather information on the impact of the pandemic on diaspora members from BiH and the consequent implications on their contributions to the home country be it through remittances, investments, return, tourism and others. Data was collected from a total of 217 respondents to an online survey during the period 2 June – 5 July 2020.

The main findings of the survey are as follows:

- **The COVID-19 pandemic is impacting diaspora members with irregular residence status more severely.** With regards to the impact of the pandemic on diaspora members, the findings suggest that so far, the pandemic did not have a particularly severe impact on BiH diaspora community. However, it needs to be highlighted that specific groups were impacted more severely. For example, the most significant impact of the COVID-19 pandemic on employment status (i.e. jobs lost) among the BiH diaspora community was for respondents who did not have a regulated residence status, and many of them have already returned to BiH after losing their jobs. Moreover, the most significant impact of the pandemic on overall diaspora community from BiH was on the reduction of wages.
- **The COVID-19 pandemic is impacting negatively on remittances sent by diaspora members.** When it comes to remittances, findings show that around 20 percent of respondents changed their plan and will reduce the amount of remittances originally planned to be sent in 2020. Still, 11 per cent of respondents reported they plan to increase the amount of remittances sent. More than half of respondents expect negative effect of reduction of remittances, anticipating that remittance receiving households will experience financial difficulties in the next period. More than 15 percent of respondents reported that they have experienced an increase in costs of sending remittances. A related finding is that now more individuals are sending remittances by money transfer agencies than in 2019, and fewer by banks and post offices and couriers. This can be attributed to the increasing costs of sending remittances through banks and reduced availability of couriers due to the travel restrictions.
- **The COVID-19 pandemic is impacting negatively on diaspora members' contributions to the local economy through tourism.** With regards to visits to BiH, the share of individuals planning to visit BiH is lower than in the previous year. The share of respondents visiting BiH in 2019 was 79 per cent compared to 65 per cent of respondents planning to visit BiH in 2020, according to their current plans. When it comes to permanent return, the findings suggest that the ones who were more/less permanent migrants are less/more likely to return, which is fully in line with expectations.
- **When it comes to other contributions, diaspora community contributed to address the COVID-19 crisis in BiH (in addition to regular remittances), mainly by sending more money to BiH (e.g. donations).** Interestingly, the diaspora community, which has traditionally served as a further "network effect" that facilitated and encouraged further emigration, have received fewer requests for support for emigration from their relatives and friends during the pandemic. It is probably travel restrictions and additional uncertainty (particularly with job opportunities) brought by the pandemic that has delayed emigration plans by many people from BiH.

This research should be continued by conducting subsequent rounds of the survey in order to monitor further developments as a result of the likely second wave of the pandemic that occurred after the first survey round, looking into more depth not only at individual level, but also community and institutional levels, thus being able to propose an evidence-based integrated socio-economic recovery response.

¹ <https://data.worldbank.org/indicator/BX.TRE.PWK.R.DT.GD.ZS?locations=BA>

I. Methodology

The main objective of the research was to highlight the impact of the COVID-19 pandemic on BiH diaspora members in the short and medium term. In particular, the research looked at:

1. Impact on BiH diaspora's socio-economic situation and consequent expected changes in remittances and investment flows in the country of origin,
2. Potential return of migrants who lost/may lose their job as a consequence of the impact of the virus on host countries' economies,
3. Intentions to visit during the summer/holiday period, depending on travel restrictions
4. The potential of the diaspora as a source of support for family members and friends who remained in BiH and are in difficulty because of COVID-19,
5. Extent to which the diaspora could contribute to respond to COVID-19 consequences in BiH through donations and skills.

The main data collection method used for this research was an online survey (https://iom.eu.qualtrics.com/jfe/form/SV_9X2LGhN6XWYRUxf), targeting BiH diaspora adults (18+), i.e. BiH emigrants and their descendants living outside the country of their birth or ancestry, either on a temporary or permanent basis, yet still maintaining affective and material ties to BiH. The survey was disseminated through the network of IOM's partners, including the Ministry of Human Rights and Refugees of BiH, UNDP and USAID. In addition, a "snowball sampling" (technique where existing study subjects recruit future subjects from among their acquaintances) and promotion via social media (Facebook) were used. The survey was active for about a month.

The questionnaire was designed as an optimal trade-off between data requirements and time required to complete the survey and it featured a total of 25 questions divided into two groups. The first group included a set of 8 demographic questions for known characteristics of the BiH diaspora, such as country of residence, age, and education level. The second group included a set of 17 research related questions, providing respondents with both predefined answer options to choose from and open sections for additional information.

The number of survey responses completed was 217, with 118 fully completed questionnaires and others partly completed. On average, there are around 170 responses per question. Such a situation brought methodological challenges to the analysis of data, besides those initially acknowledged and accounted for, such as selection bias of respondents to an online survey. However, a small sample size still allows valid statistics to be produced. The key issue is lack of precision, or the confidence level and confidence intervals which are low and high respectively due to the small size of the sample, but appropriate interpretation can still yield useful insights. In order to have the structure of the sample closer to a representative sample with similar characteristics to the population, a raking exercise to produce weights to correct the selection bias has been performed². For population distribution, information from the BiH Migration Profile and other reports were used.

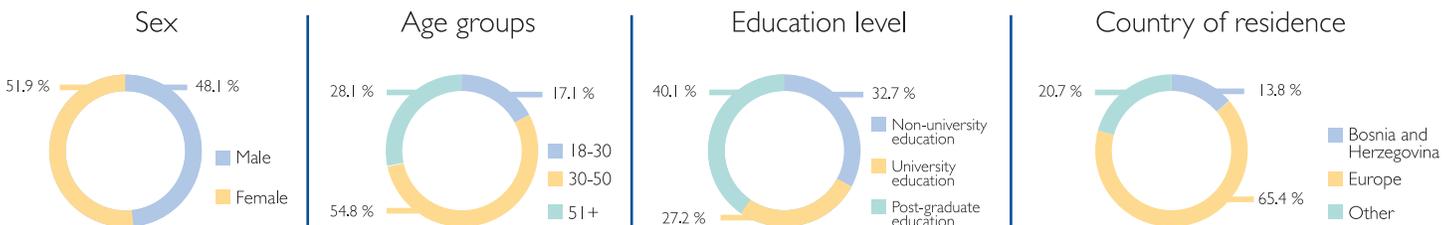
In some cases, the analysis was limited to descriptive figures, without additional disaggregation included and detailed analysis performed. For instance, it was not possible to conduct detailed analysis of behaviour of diaspora investors. Here, it should be noted that the survey was targeting all diaspora members 18 years and older and the number of investors in the sample is (without reliable figures on their share in the total population) probably representative. Still, a small overall sample has resulted in the number of investors in the sample to be too small for significant detailed analysis.

There are obviously certain limitations to this assessment that need to be acknowledged. First limitation is connected to the nature of an online survey itself and its impact on the composition of respondents, which allows participation only to more proficient users of technology with access to the Internet, thus excluding respondents with limited access to internet or technology literacy. Another limitation of an online survey is related to non-response bias and selection bias. Online surveys are based on an 'open recruitment', meaning that one cannot control who is participating in the survey, or the veracity of the answers and demographic data provided. Finally, the main limitation of the study is arising from the number of responses collected, which considerably limits the degree to which the data can be disaggregated and precision of quantifying the effects.

² Raking refers to proportional fitting algorithm first proposed by Deming and Stephan (1940). It performs a stepwise adjustment of survey sampling weights to achieve known population margins (e.g. sex, education, age etc.) but offers some additional features. The adjustment process is repeated until the difference between the weighted margins of the variables used and the specified known population margins is smaller than a specified tolerance value or the maximum number of iterations specified is obtained.

2. Socio-economic profile of respondents

Analysis of responses to main demographic questions shows that the number of sample respondents is rather balanced with regards to their sex (111 female and 103 male respondents) and age (17.0% respondents aged 18-30, 55.0% are 31-50, and 28.0% are above 50 years of age). 68 per cent of respondents are employees, 6 per cent are entrepreneurs, and another 6 per cent are students. On average, respondents emigrated 15 years ago with a standard deviation of 15 years. 70 per cent of respondents lives abroad all the time, while 17 per cent reside abroad most of the time.



Still, the sample is perceived to be unbalanced with regards to the level of education of respondents as 40 per cent of respondents hold postgraduate degree. The situation is similar to employment and citizenship status where 58 per cent of respondents hold citizenship of their country of destination. However, this cannot be confirmed without reliable data about the population. By sector of work, respondents mainly come from Health and Personal Care (12.3%), Education (9.3%), Construction (8.4%), ICT (8.2%), Transportation (8.2%) and Tourism and Hospitality (7.1%). By country of current residence, over half of respondents live in six countries as follows: BiH (13.8%), UK (8.8%), Germany (8.3%), Italy (8.3%), Denmark (7.8%) and Austria (6.9%).

3. Analysis of the impact of the pandemic

The assessment aimed to highlight the potential impact of COVID-19 on remittances, investments, and movements of BiH diaspora in the short and medium term. Specifically, the analysis aimed to assess impact on BiH diaspora socio-economic situation and consequent expected changes in remittances and investment flows to the country, potential return of migrants who lost/may lose their job as a consequence of the impact of the virus on host countries' economies and intentions to visit during the summer/holiday period, depending on travel restrictions. In addition, the assessment looked at potential of the diaspora as a source of support for family members and friends who remained in BiH and face difficulties because of COVID-19 and the extent to which they could contribute to respond to COVID-19 consequences in BiH through donations and skills.

In this section, a selection of responses that are relevant and have statistically significant results of tests of differences in responses (with sufficient number of observations for valid statistical tests) are presented. All the results are from the weighted data.

3.1. Effects of the pandemic on diaspora members

According to the survey results, the COVID-19 pandemic has affected a small proportion of the BiH diaspora population in terms of their residence and employment status. For residence status, it is in line with previous studies (e.g. IOM's BiH Diaspora Mapping, 2018), which have shown that BiH diaspora members are well integrated in their host societies and that they mainly regulated their legal status in the country. For employment, any economic downturn in the past (for example the global economic crisis 2008-2012) has shown to affect immigrants disproportionately, as they are often working in precarious types of employment and are more vulnerable to such downturns. Still, the survey does not reveal worrying figures. Around 12 per cent of respondents reported reduction of earnings. Almost 8 per cent of respondents reported that they lost a job. Around 13 per cent of respondents reported increase, in contrary to 9 per cent of respondents reporting reduced working hours. However, it should be noted here that the most affected individuals, such as irregular migrants, may not have been well represented in the survey.

The most significant impact of the COVID-19 pandemic on the BiH diaspora community is on respondents who did not have a residence status regulated, meaning that they neither held citizenship nor any other type of residence permit. Among those whose current place of residence is BiH there is the largest number of respondents who lost their job (50.0%), meaning they had already returned to BiH after losing a job. This means that those with BiH as their place of residence (i.e. seasonal, temporary or circular migrants) were more likely to lose employment as a result of COVID-19 than the ones whose current place of residence is outside BiH (for example more permanent migrants). The respondents stated that the most important reasons for them to return were: insufficient financial resources for living in the country of destination (18.0%), to stay close to their families (43.7%) and to take care of family members in BiH (20.9%). As there is a considerable share of individuals who returned, this should be a group of people to identify, analyse their experiences in more details, and use such analysis for policy responses towards the BiH diaspora community.

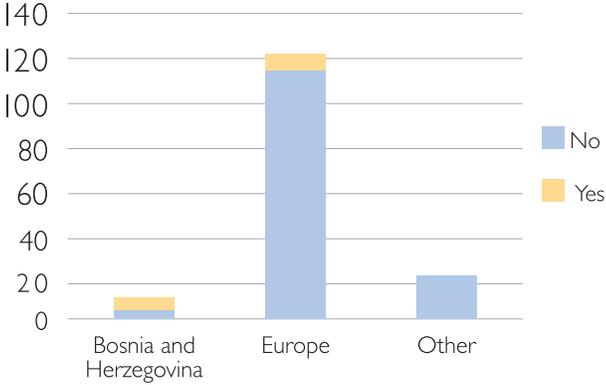


Figure 1. People who lost their job, by region of residence

3.2. Effect of reduction of remittances

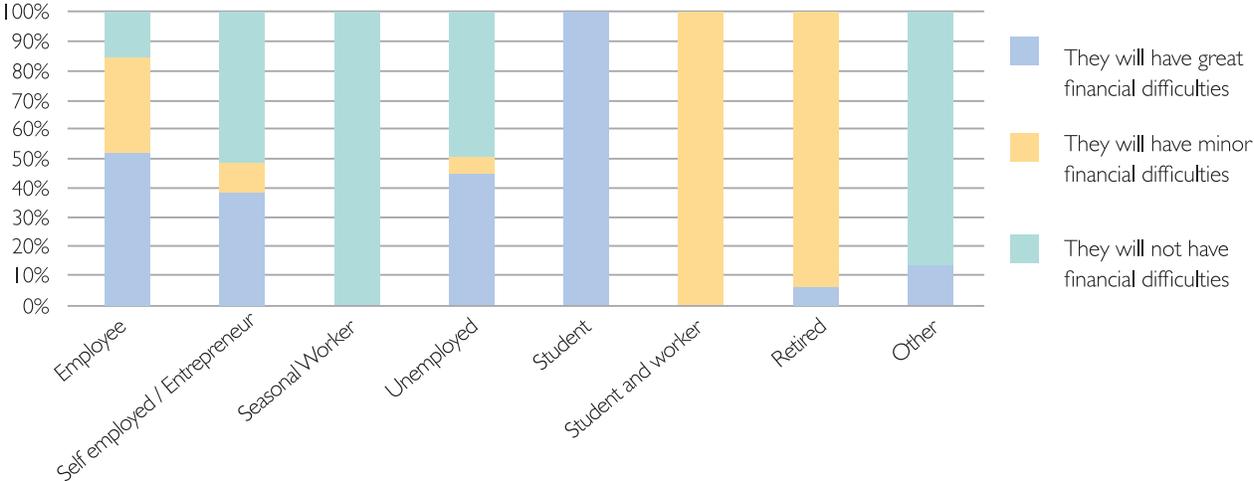
Over half of the respondents expect negative effects on remittance flows. Almost one quarter (24.0%) of respondents stated that they expect major financial difficulties for their remittance recipients while 30 per cent of respondents expect minor difficulties. Under assumption that around 11 per cent of households in BiH are receiving remittances,³ and with around 1 million households in BiH, this would mean that around 26,400 households may experience major financial difficulties in the following period as a result of reduced inflow of remittances.

The most significant impact of reduction of remittances is on the individuals receiving remittances from the ones who already returned to BiH due to COVID 19 pandemic.

Also, the main impact of reduction of remittances on recipients is expected for those who were receiving remittances from diaspora members who are employees, and less impact is expected among those who receive remittances from entrepreneurs.

The pattern in using remittances is not expected to change when compared to 2019. Around 58 per cent of respondents stated that remittances are mainly used for consumption in 2020, which is a slight reduction compared to 2019 (61.0%). Education expenditures scores the second, with 15 per cent of remittance used for it both in 2019 and 2020.

Figure 2. Expected effect of decreasing remittances on receiving households



³ <https://news.gallup.com/poll/147446/three-percent-worldwide-international-remittances.aspx>

3.3. Effect on costs of sending remittances

More than 15 per cent of respondents reported that they experience increase in costs of sending remittances. A related finding is that now more individuals are sending remittances by money transfer service companies than in 2019 (increase from 21.0% to 28.0%), and less use by banks (decrease from 48.0% to 42.0%) and post offices (decrease from 5.0% to 3.0%). Overall, 42 per cent of respondents use banks, 28 per cent use money transfer service companies, while 9 per cent use post offices and couriers. When comparing responses by different groups, for both costs and channels, there are statistically significant differences in responses by education level and current employment status. For example, less educated individuals experienced more increase in costs of sending remittances. Also, it was interesting to see that more highly educated individuals use informal channels (such as couriers) for sending remittances more than less educated individuals.

3.4. Effect on visits

When it comes to the current plans of visiting BiH, the share of individuals planning to visit BiH in 2020 is lower compared to previous periods. The share of respondents visiting BiH in 2019 was 79 per cent, compared to 65 per cent of respondents who planned to visit BiH in 2020. Almost one third of respondents who do plan to visit BiH stated they would spend less money in visiting BiH than initially planned. The average amount of money spent while visiting BiH in 2019 was around BAM 2,000 and initially had been planned to go up in 2020. However, after the pandemic, according to the survey, the average is likely to be reduced by almost 25 per cent to around BAM 1,500 KM.

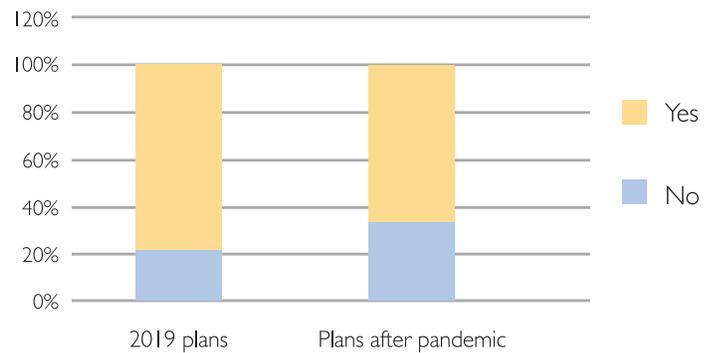


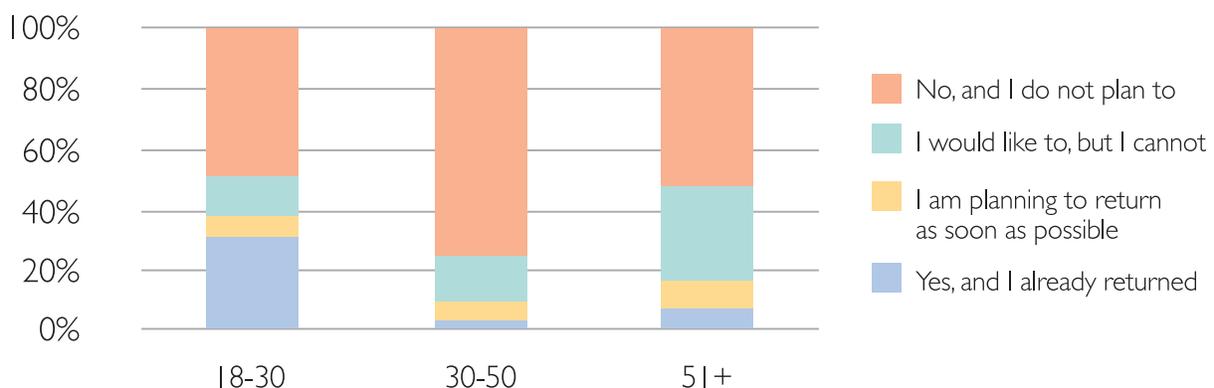
Figure 3. Change in plans for visiting BiH in 2020

3.5. Effect on return

The survey assessed the two dimensions of return, the return as following to the COVID-19 emergency, and their plans to return temporarily or permanently in general terms.

Return plans statistically differ amongst respondents by their age. Young people (18 to 30) are more likely to return following the COVID-19 emergency than other age groups (27.0% of youth returned or plan to return, compared to 11.0% share among other age groups). Also, for permanent return, 9 per cent of young people plan to return within a year, which is above the overall average for all age groups of 5 per cent.

Figure 4. If considered returning to BiH following the pandemic, by age



Looking at the current country of residence, it is worth noting there is 42 per cent of those from non-European countries who would like to return, but they could not do so for several reasons. As the main obstacles for return, 13 per cent of respondents stated that borders were closed and 7 per cent state they could not leave job as it was the only source of income for the family.

The unemployed people are the most likely to return (17.0% of unemployed already returned, compared to overall average of 4.0%). Compared to the previous employment status, the number of unemployed people increased from 14 to 19. Also, 6 out of 116 respondents who were employees in 2019 became unemployed in 2020. Although this may be a low figure, it shows that even a small sample size has captured the cases of layoffs among BiH diaspora members. However, the sample size and its representativeness did not allow providing precise estimation on the share of individuals among BiH diaspora community who lost their job.

3.6. Effect on other contributions of diaspora

BiH diaspora actively participated in response to the pandemic in their country of destination but also providing support to the home country. Around 15 per cent of respondents were actively involved in COVID-19 pandemic response in their country of residence, for example, as a doctor or nurse in a COVID-19 hospital or producing/donating protective equipment, etc.). In addition, 15 per cent of respondents sent more money to BiH to address the COVID-19 crisis in addition to regular remittances. 16 per cent of respondents sent money to persons to whom they did not send money before and almost the same percentage of respondents (15.0%) sent money to humanitarian organizations in BiH. Less than 1 per cent of respondents got engaged in providing goods and equipment for health care institutions in BiH.

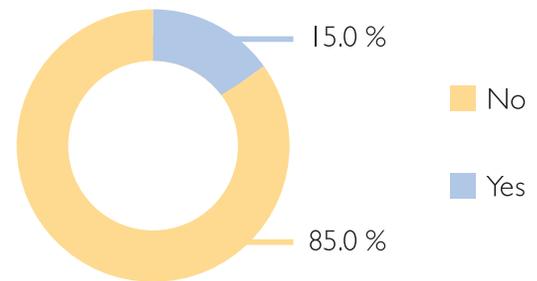


Figure 5. Did you get involved in COVID-19 pandemic response in your country of residence?

The number of respondents having family members in BiH asking them for support in emigration decreased considerably during the pandemic from 40 per cent in 2019 to 28 per cent in 2020. However, it is assumed that this effect can be attributed to limited movement options and might be considered only as a temporary effect.

4. Conclusion and Recommendations

While the survey results show that the COVID-19 pandemic did not have a particularly severe impact on the BiH diaspora as a general community, still, the impact on some specific groups may have been more severe and this aspect deserves further attention.

The most significant impact of the COVID-19 pandemic on employment status (i.e. jobs lost) among the BiH diaspora community was for respondents who did not have a regulated residence status in the country of destination, forcing them to return to BiH immediately after losing their jobs. Since this group and their extended families in BiH are heavily dependent on the income earned abroad, COVID-19 is impacting considerably on their socio-economic situation, making them a vulnerable group. It is therefore of utmost importance that the needs and long-term effects of COVID-19 on these migrants and their remittance receiving households are closely assessed and provided with targeted, appropriate support by the BiH government. Also, these returns bring opportunities in regard to transfer of knowledge, skills and, potentially, savings. As stated in a similar IOM report on the impact of COVID-19 on Moldovan diaspora, these returnees “should be cherished as a boon for the development of their home country, not stigmatized”.⁴ Moreover, the reduction of wages suffered by the diaspora community from BiH is expected to have a subsequent impact on their ability to contribute to the development of BiH through various channels such as remittances, visits, or investments.

Second, more than half of the respondents expect a reduction in remittance flows, which will cause, in the near future, minor or major financial difficulties for their remittance-recipients. Remittances are mainly used for consumption and for education of children, a pattern which is not expected to change when compared to 2019. In light of this, it is highly important for public authorities to identify those vulnerable remittance receiving households and include them in socio-economic recovery plans, looking particularly at how education and consumption costs can be eased for these families.

⁴ IOM, Rapid field assessment of the impact of COVID-19 on the wellbeing of the Moldovan diaspora: an evidence base regarding migrants' coping strategies and contributions. (2020).

Third, some individuals reported that they experience increase in costs of sending remittances, though the impact is not significant. A related finding is that now more individuals are sending remittances by Western Union and other remittance transfer agencies than in 2019, and fewer by banks or post offices/couriers. In light of this, it would be advisable to analyse and compare the existing remittance sending channels for BiH diaspora: identify gaps both in the financial policy frameworks on sending/receiving remittances and potential adaptation needs of existing money transfer systems to cater better to the needs of senders and recipients of remittances (e.g. through financial literacy programmes and attractive remittance investment schemes).

Fourth, the share of individuals planning to visit BiH is lower than in the previous year. As expected, migrants that have been longer abroad or have a more permanent status are less likely to return to BiH for good and vice versa. Finally, the BiH diaspora community contributed to address the COVID-19 crisis in BiH (in addition to regular remittances), mainly by sending more money to BiH. Interestingly, the diaspora community, which has traditionally served as a “network effect” that facilitated and encouraged emigration, received fewer requests for support for emigration by their relatives and friends during the pandemic. This is probably due to travel restrictions and additional uncertainty brought by the pandemic that delayed emigration plans by many people from BiH. In light of this, it would be recommended to carry out a comprehensive diaspora mapping exercise, possibly based on big data analysis⁵, to understand better how diaspora members can further contribute to the local development and economy, be it through expertise, investment opportunities, tourism and even humanitarian help during times of crisis.

In this sense, a set of recommendations can be drawn from the analysis presented above:

- I. Further assess the return and reintegration needs of seasonal and irregular workers, including their access to health care, employment schemes and unemployment benefits, as well as the needs of their households, which are likely to face economic challenges due to the loss of remittances.
- II. Promote and support efforts to collect and disseminate national, regional, and international data on the remittance market to improve resilience in times of crisis.
- III. Promote collaborative engagement and actions among public authorities and diaspora groups in host and home countries to gather and disseminate information on returnees and provide support for their households.
- IV. Support efforts aimed at inclusion of remittance-dependent families in existing economic stimulus packages, cash assistance or social protection response to COVID19.
- V. Support development and implementation of programmes to temporarily reduce education and consumption costs for households that have seen a significant decline in remittances.
- VI. Convey and distribute key messages to migrants and diaspora members to ensure that they can make informed choices about the use of remittances and remittances-linked services and gather primary data on key needs.
- VII. Continue regular online surveys to assess impacts on diaspora and remittances.

In addition, to harness the human capital that returns home, the authorities would have to develop and implement complex programs of return and reintegration focused on people, taking into account vulnerabilities of migrants and targeted towards specific needs of different categories of migrants. Therefore, the results obtained through this assessment are expected to inform and support country authorities and to develop and implement urgent interventions to combat immediate consequences of the pandemic as well as to plan for relevant socio-economic policies and strategies of early recovery based on evidence and identified needs of BiH Diaspora and their families.

⁵ <https://gmdac.iom.int/data-bulletin-5-big-data-and-migration>

