

High Representative Issues Decisions on Federation 2003 Budget

The High Representative, Paddy Ashdown, on Monday issued a Decision enacting the BiH Federation budget for 2003 and a Decision enacting the Federation Law on the execution of the 2003 budget.

The High Representative took this action in response to a request from the Federation House of Representatives. The House of Representatives asked the High Representative to intervene since the Federation House of Peoples has not been constituted yet, and thus the Federation budget could not be adopted in time to meet requirements of the IMF Board for consideration of the continuation of the Stand-By arrangement and the disbursement of the second tranche of the arrangement. This tranche is worth around US\$ 15 million.

Other funds whose disbursement would be called into question if the Federation Budget were not adopted and the IMF Stand-By arrangement were disrupted include the European Union macroeconomic assistance program (worth Euro 60 million), which is about to release a first tranche amounting to Euro 15 million, and also a US\$ 20-million loan from the World Bank.

The High Representative said: "I have taken this decision to ensure that this vital funding is not lost to the citizens of BiH on account of the House of Peoples not being constituted in time."

The 2003 Budget and the Law on Budget Execution were adopted at the 10 December 2002 session of the Federation House of Representatives. The Federation Parliament must adopt both items of legislation as soon as the House of Peoples is constituted.

Party leaders in the BiH House of Representatives wrote to the IMF on 11 December pledging that the BiH House of Peoples will consider the 2003 draft budget, which is within IMF-stipulated spending limits and has already been passed by the HoR, for fast adoption as soon as it has been constituted. The High Representative believes that this will satisfy the IMF that the BiH institutions are committed to the terms of the Stand-By arrangement.