

Una Sana Canton Municipalities Must Draft 2006 Budget Plans on Time

The Office of the High Representative and the OSCE Mission to Bosnia and Herzegovina note with concern the failure of Una Sana Canton authorities to provide fiscal guidelines and instructions so that municipal officials can start to plan their 2006 budgets.

Despite uncertainty caused by changes to the direct and indirect tax system the OHR and OSCE wish to make it clear that municipalities have the means to – and are under an obligation to – adopt budgets for next year on time.

Municipalities are responsible to citizens, especially in terms of the appropriate handling of taxpayer funds. Relying on “temporary financing” measures, as some municipalities have proposed, although a legal option, is inconsistent with this obligation.

Municipalities must review received revenues from 2004 and what has been collected in the first nine months of 2005. This will allow them to draft budget plans for the coming year, in which the new indirect tax system will be introduced.

A budget plan created through comprehensive consultation with all budget users and with the public can always be adapted to changing circumstances. In other words, even if there is no clear revenue allocation system in place, the budget process must start and finish in a timely manner.

We strongly recommend that Una Sana Canton municipalities adopt a conservative budget for 2006 – close to the estimated execution in 2005 – before the end of the year.