High Representative, IMF and World Bank warn failure to adopt amendments to pension law will see BiH lose more than $150 million in international funding

The High Representative, Wolfgang Petritsch, the head of the IMF mission in BiH, Bruno de Schaetzen, and the World Bank's representative in BiH, Joseph Ingram, today held an emergency meeting with senior Federation officials in which they were warned that any failure to adopt a package of amendments to the Entity's pension law will see Bosnia and Herzegovina lose more than $150 million in funding from international institutions.

At the meeting, the following officials were present: Federation Prime Minister Edhem Bicakcic, Federation President Ejup Ganic, the Chair and Deputy Chair of the Federation House of Representatives, Enver Kreso and Mariofil Ljubic, the Deputy Chair of the Federation House of Peoples Alija Behmen, Federation Minister of Social Affairs Sulejman Garib, SDP President Zlatko Lagumdzija as well as Zaim Backovic from the Party for BiH and Alois Knezovic from the Pensioners Party. The High Representative, the International Monetary Fund and the World Bank informed them that any failure to agree to the amendments could mean economic collapse. They said it would also send a very negative signal to international investors who are for the first time showing interest in the country's economy and international donors backing the peace effort in Bosnia and Herzegovina.

The Federation House of Representatives' failure this week to adopt the amendment package signifies a failure to protect the interests of their constituents. Their proposed 38 percent increase in pensions is irresponsible, creating false hopes among pensioners who would inevitably end up being cheated.

The Federation authorities have not identified any new funds to pay for the increase. Previous increases were largely responsible for arrears and late payments which have affected so many people this year. The International Community's fears were echoed in today's edition of Dnevni Avaz, which quoted the finance director of the BiH Pension Fund (PIO BiH), Bahrudin Lagumdzija, as saying he had no idea where the extra money would come from.

The Federation government, in conjunction with the World Bank and the OHR, has worked on a proposal for pensions that would protect the elderly by guaranteeing a minimum pension. The total monthly payout will not change as a result of the amendments. Timely payments would be made and further arrears would be avoided.

Citizens of BiH must realise that in the medium and long term, pension levels rely on the country's economic performance – not on the wishful thinking or irresponsible promises made on the part of the authorities. The OHR, the IMF and the World Bank urge the authorities in BiH to adopt a responsible pension law and redouble efforts to build a sound market economy in Bosnia and Herzegovina. Only strong economic growth will ensure the increase in revenues needed to raise pensions.