

# RS Back in Line With BiH's International Obligations

RS Prime Minister Mikerevic and the RS Government on Friday agreed to a framework for a comprehensive strategy for settlement of domestic claims on the government of the RS. This agreement means that the RS government can proceed with the payment of 60 percent of one month's salary arrears through three 20-percent monthly payments, to be added to salary payments for October, November and December, in the context of an overall plan to address the huge internal debt issue which must now be tackled by the RS government as well as the governments of Brcko and the Federation. With today's agreement, the RS government has come back into line with BiH's international commitments.

The RS Government has undertaken to draw up a strategic plan for the resolution of domestic claims by 15 December. This will ensure that the IMF stand-by condition on this issue will be met and if the RS the Federation and the state deliver on their other outstanding commitments then BiH citizens will continue to benefit from international loans and credits worth around 180 million Euros.

"This is good progress in the right direction because it commits the RS government to complete a comprehensive strategy for the settlement of domestic claims in line with their commitment under the stand-by arrangement," said Valeria Fichera, IMF resident representative in BiH.

The High Representative commended Mr Mikerevic for this pragmatic outcome, which brings Bosnia and Herzegovina closer to full compliance with its international obligations, which clears the way for the RS government to restructure salary payments and formally and officially commits the RS Government

to a fixed framework for tackling the RS' burden of debt, in such a way that all citizens will benefit over the long term.

"Governments can only spend money that they have – that is a constraint under which all governments work," the High Representative said. "Prime Minister Mikerevic has today committed the RS Government to a firm framework for tackling its long-term debt obligations, which have until now acted as a major disincentive to inward investment and job creation. He has committed the government to a course of action that will in the long term boost employment and growth. That is what citizens need, and that, I believe, is what citizens want."