

FISCAL COUNCIL OF THE REPUBLIC OF SRPSKA

РЕПУБЛИКА СРПСКА
ФИСКАЛНИ САВЈЕТ
РЕПУБЛИКЕ СРПСКЕ



REPUBLIKA SRPSKA
FISKALNI SAVJET
REPUBLIKE SRPSKE

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FISCAL COUNCIL OF THE REPUBLIC OF SRPSKA

- ▶ The Law on Fiscal Responsibility in the Republic of Srpska was adopted in 2015.
- ▶ First convocation was in 2017,
- ▶ Second convocation was in 2022.
- ▶ The purpose of passing the Fiscal Council Law of the Republic of Srpska - ensuring and maintaining fiscal responsibility, transparency and medium- and long-term fiscal sustainability of the Republic of Srpska.

Mission of the Fiscal Council of the Republic of Srpska



stable public finances and responsible fiscal policy

FISCAL COUNCIL OF THE REPUBLIC OF SRPSKA

▶ **Basic functions and tasks of the Fiscal Council of the Republic of Srpska:**

- ▶ Analysis of macroeconomic and fiscal assumptions and projections
- ▶ An independent and credible assessment of the Government's economic policy measures
- ▶ Assessing compliance with fiscal rules
- ▶ Giving opinions and analysis to the National Assembly on the budget proposal and budget rebalancing, budget execution, changes in legal regulations in the field of fiscal policy
- ▶ Providing the Government with opinions on the Economic Reforms Program, Framework Budget Document and Fiscal Consolidation Program
- ▶ Giving opinions on the Plan for settlement of outstanding obligations of budget beneficiaries

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FISCAL RULES IN REPUBLIC OF SRPSKA

1. GENERAL RULES:

1.1. public debt (55% of GDP)

1.2. consolidated budget deficit (3% of GDP)

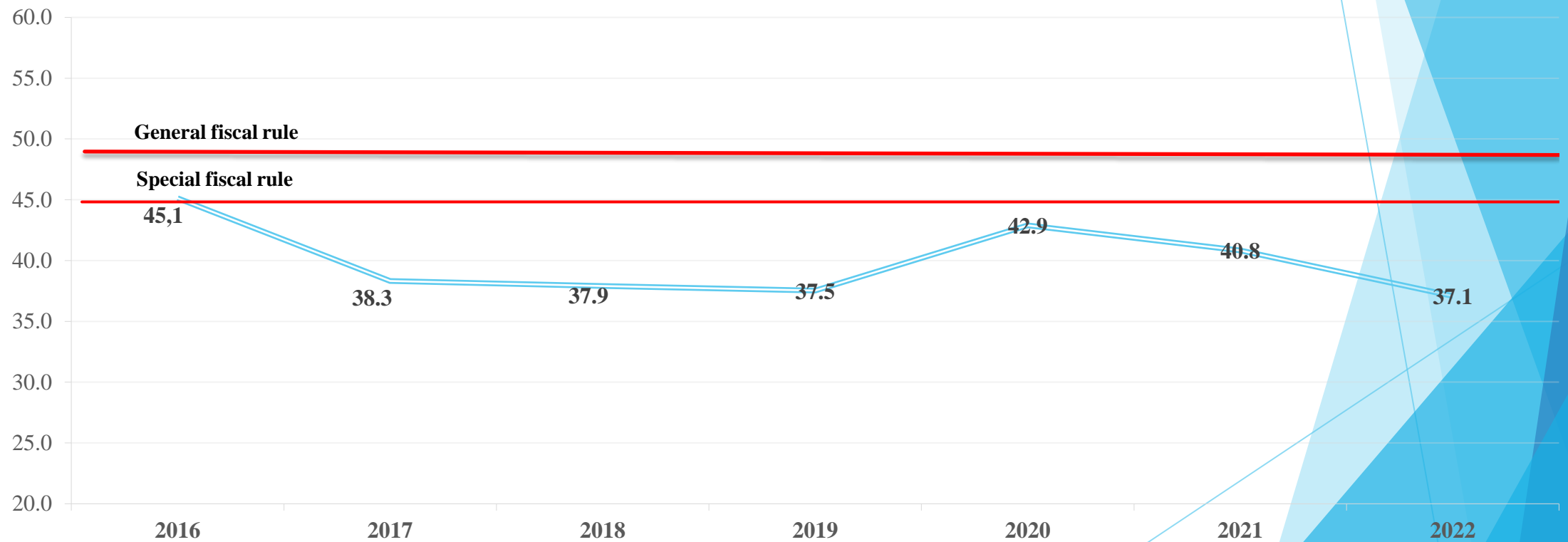
2. SPECIAL RULES:

2.1. public debt (50% of GDP - next year's budget surplus)

2.2. consolidated budget deficit (2.5% of GDP - next year's budget surplus)

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PUBLIC DEBT OF THE REPUBLIC OF SRPSKA, % of GDP

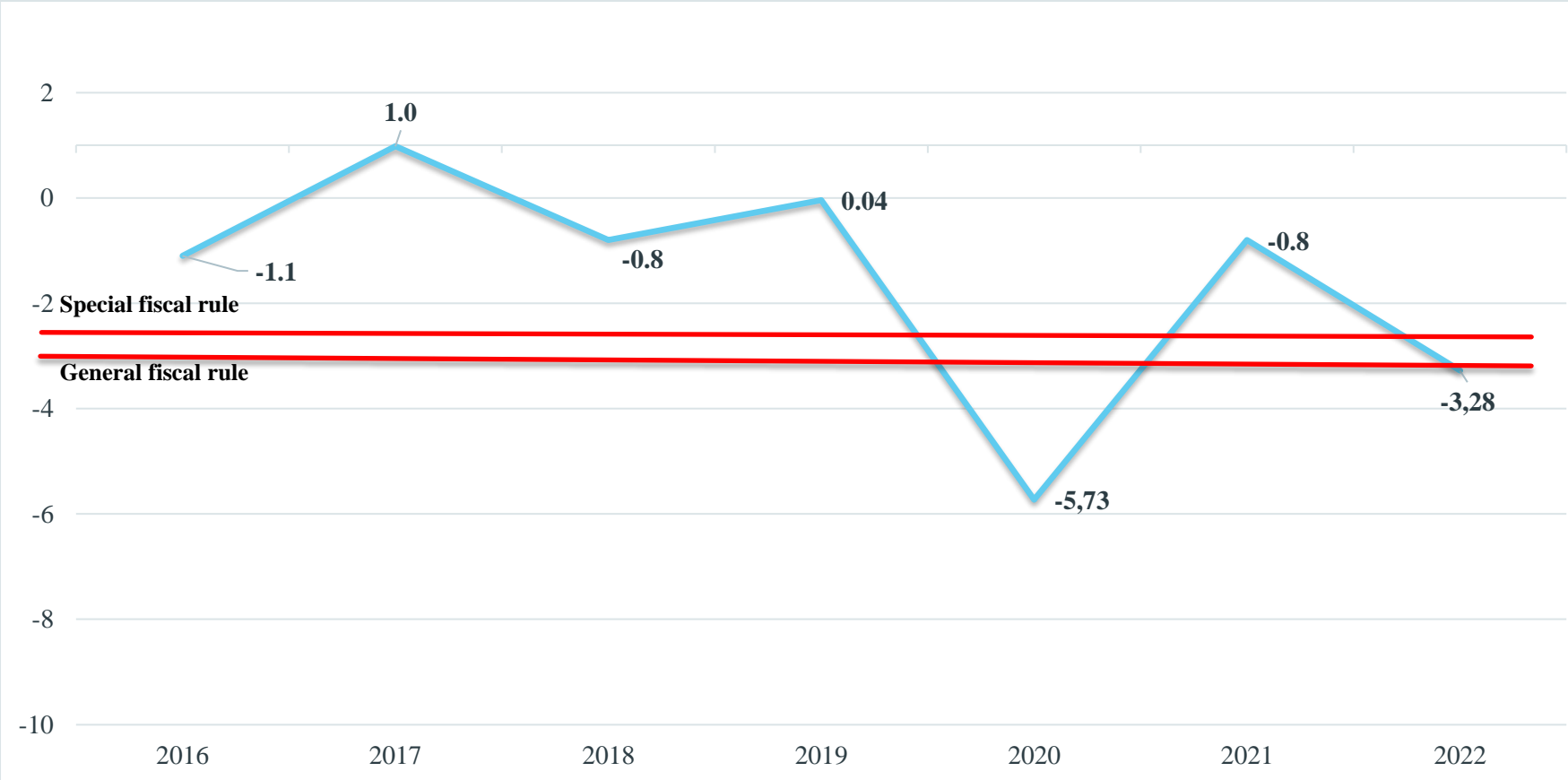


EFFECTS ON PUBLIC DEBT

- ▶ As we can see, since the establishment of the Fiscal Council, the public debt is decreasing until 2020.
- ▶ After the outbreak of the pandemic, problems arise in many countries
- ▶ Negative impulses from foreign countries with which Republic Srpska has trade exchange generated many problems for economy of the Republic of Srpska.
- ▶ Such problems had influence on all small and open economies such as the Republic of Srpska
- ▶ Regardless of that, the effects of the implementation of the advice and opinion of the Fiscal Council of the Republic of Srpska had the effect of maintaining the public debt and deficit at a lower level through the development of the fiscal consolidation program
- ▶ Note: Before the establishment of the Fiscal Council, there was no obligation to create such a program

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CONSOLIDATED BUDGET DEFICIT OF THE REPUBLIC OF SRPSKA, % GDP

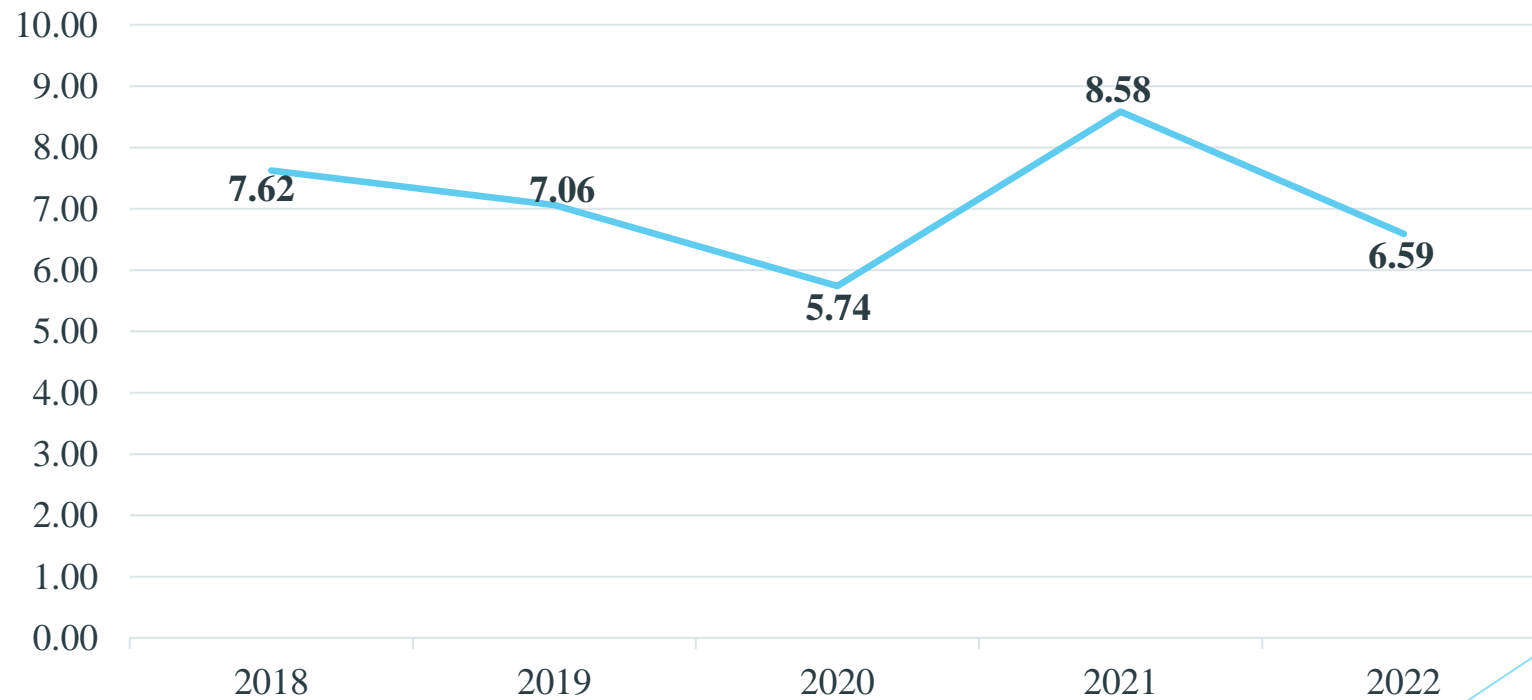


EFFECTS ON DEFICIT

- ▶ A deficit above 3% of GDP in 2020 was the main reason for creating the Fiscal Consolidation Program.
- ▶ The program proposed measures, first of all, to reduce expenditures, and then to increase income.
- ▶ The application of such a program resulted in a reduction of the deficit in 2021.
- ▶ The new economic crisis caused by the situation in Ukraine resulted in the deficit again exceeding 3% of GDP
- ▶ That is why a new Fiscal Consolidation program was created in 2023.
- ▶ Considering that the measures to reduce the deficit from the Fiscal Consolidation Program from 2021 had given good results, the same measures were applied in this program

FISCAL COUNCIL OF THE REPUBLIC OF SRPSKA

OUTSTANDING OBLIGATIONS CARRIED OVER FROM THE PREVIOUS PERIOD LOCAL GOVERNMENT UNITS, % OF THE TOTAL REVENUES



CHALLENGES FOR THE NEXT PERIOD

- ▶ Solving the problem of outstanding obligations carried over from the previous period local self-government unit
- ▶ Creating fiscal rules for local self - government units
- ▶ Long-term fiscal sustainability
- ▶ Stable public finances and responsible fiscal policy
- ▶ Strengthening the capacity of the Fiscal Council of the Republic of Srpska