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## **BOSNIA RISKS DELAY TO IMF FUNDS AFTER MISSING REFORM DEADLINE**

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Reuters (5 April 2017)

Bosnia has missed a deadline set by the International Monetary Fund for it to disburse aid under a 553 million euro loan deal, after its lawmakers failed to pass a key set of reforms on Wednesday. The deal will now likely have to be re-negotiated.

Bickering in parliament prevented the passage of laws that are part of a wider reform package devised by the European Union to guide Bosnia, mired in ethnic and political disputes, towards faster integration with the bloc.

The IMF had set April 5 as the deadline for the country to raise excise taxes on fuel to help build a pan-European highway, which would in turn unlock support for infrastructure projects by external lenders, such as the European Bank for Reconstruction and Development.

However, lawmakers refused to discuss the legislation, which was introduced as an emergency procedure, meaning they could not file amendments to it. Some said the hike in excise taxes would hit farmers hard and demanded that the government provide proof of alternative financing to compensate farmers for any losses.

Bosnia is made up of the Bosniak-Croat Federation and the Serb Republic which are linked via a weak central government. The regions are the main beneficiaries of the IMF aid, which they need to cover their respective budget gaps and to finance maturing debt.

"After today's parliament's vote... the 'reform agenda' has been buried," said Serb Republic Finance Minister Zoran Tageltija. "I think that Bosnia does not have an arrangement with the IMF anymore."

IMF spokespeople were not immediately available to comment.

The lender had said that unless Bosnia met the terms of the first review of its loan arrangement by the end of March, they would have to be re-negotiated and the disbursement of cash would be delayed for months.

An EU official in Bosnia said on Tuesday the lender would lower its growth forecast of 3 percent for the country this year. "This in turn could cause delays in other related programmes, including assistance from the European Union. It will also slow down the country's EU accession," Lars-Gunnar Wigemark, the head of EU Delegation in Bosnia, said in a statement.

The Bosnian regions, which have met most of the IMF's terms, will now have to rely on a World

Bank \$80.5 million loan to fill their budget gaps. They also plan to issue debt to finance maturing debt. (\$1 = 0.9383 euros) (Editing by Hugh Lawson)

By Daria Sito-Sucic

<http://www.reuters.com/article/bosnia-imf-idUSL5N1HD4BG>

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