



**CENTRI CIVILNIH INICIJATIVA
ЦЕНТРИ ЦИВИЛНИХ ИНИЦИЈАТИВА**

GOVERNMENT REPUBLIC OF SRPSKA

2010 - 2014

REPORT SUMMARY

DURING THE LAST MANDATE THE GOVERNMENT OF REPUBLIKA SRPSKA HAD CHANGED FOR THE PURPOSE OF LEAVING EVERYTHING THE SAME. Excellently assessing discontent of the citizens and the need for change or at least the need of having the illusion of the change that will be offered to the public, the ruling party had at the beginning of 2013 changed the first man of the Government and several ministers, and had appointed “a first woman to lead a government in BiH”. But, the first prime minister in this mandate (Aleksandar Đombić) and his successor (Željka Cvijanović) had become Prime Ministers as members of previous Government (Đombić of Dodik’s, Cvijanović of Đombić’s) and they have identical political strength. They actually represent governments of continuity, which was often underlined by the first government, while the second government did not underline it so gladly for obvious reasons due to the need to justify removals of predecessors and to show certain discontinuity to the public, which does not only relate to personnel. But one cannot hide from facts.

ACCELERATED GROWTH OF THE BUDGET OF REPUBLIKA SRPSKA, WHICH STARTED IN THE PREVIOUS MANDATE, HAS ALSO CONTINUED IN THIS MANDATE. Budget of Republika Srpska had been doubled in only 8 years. It has grown from one billion and 98 million in 2006, over one billion and 600 million in 2010 up to two billion and 156 million in 2014. Thereby, as confessed by the Government itself, the budget did not have developmental character for a long time.

INDEBTEDNESS OF REPUBLIKA SRPSKA HAS BEEN GROWING WITH THE EXPANSION OF THE BUDGET. Whereby the Government in RS has got its entity into debts by much faster dynamics than the Government of the BiH Federation, which led to the difference in the degree of their indebtedness. Namely, while according to the Directorate for economic planning of the BiH Council of Ministers (Information on fiscal sustainability of BiH, October 2013) the indebtedness of the FBiH is low in comparison to transitional countries of the EU and South-East Europe, the RS Government’s sector is amongst the heavily-indebted countries, mainly due to rapid growth of new debts since 2007. According to the official information from the Ministry of finance, the total debt of RS at the end of 2007 was 3 billion and 37 million KM. By the end of 2010 the debt had risen to 3 billion and 710 million, and at the end of 2013 it was four billion and 757 million KM. It is only 870 million lower than the debt of the FBiH Federation. Measured per capita, the citizens of Republika Srpska are for 50% more in debts than citizens of FBiH. Present debt “per capita” in RS is 3.500 KM, while citizens in the FBiH owe on average 2.300 KM.

APART FROM TAKING NEW CREDITS FOR REPUBLIKA SRPSKA, “BUDGET STABILITY” WAS ALSO MAINTAINED USING MEANS FROM “SPECIAL PURPOSES’ ACCOUNT” WHERE ONCE THE FUNDS FROM TELECOM PRIVATIZATION WERE DEPOSITED. Spending of the funds for unintended purposes from the so-called Eskrou account, of which the Main Service for Audit of RS public sector had warned several times, led to the situation that one billion and 260 million, how much it was deposited in the account in 2007, melted away already by the middle of the last mandate. So instead of money in the account the present Prime Minister was left only with awkward questions, as the result of outermost non-transparency in spending of these funds by her predecessors. Let us recall, the auditors had been constantly warning that the money from Eskrou account must not be spent for budgetary expenditures, but that it has to be invested into the RS economy. If that money is eventually used for

budget spending, the RS National Assembly must approve such an action.

IT IS THE TALK ABOUT THE MONEY THAT INDICATES THE MOST SERIOUS MISTAKE MADE BY THE GOVERNMENT OF ALEKSANDAR ĐOMBIĆ. Proclaimed continuity was not possible. This is due to the fact that illusion of growth and social peace, along with projected unrealistic public spending (let us just remember 100% increase in wages of politicians in RS), was upheld thanks to the loans and a “backup budget”, namely thanks to constant taking of privatization and succession money from the Eskrou account without which the execution of the budget would be questionable. But, the money from the ESKROU account was in the meantime spent and “old” credits were due for payment. The economy was also not empowered to support such high public spending or to enable employment of higher number of citizens in the real sector as the only sound source of financing. This is exactly what should have been the main task and what has become the key failure of the Government. It ended with devastating image of actual state of RS economic development, its indebtedness and quality of life of its citizens.

IN 2007 CCI HAS STARTED, AND THEN ALL THE WAY UNTIL 2014 CONTINUED, TO WARN THE GOVERNMENT OF REPUBLIKA SRPSKA OF NECESSITY TO FOCUS ON CITIZENS’ LIVING NEEDS. Even the insufficient efficiency is not the most important problem of the RS Government i.e. the problem that the citizens of Republika Srpska have with the Government. The most significant problem is the wrong choice of working priorities. The CCI persistently warned that also possibly good working efficiency will not bring positive results in the lives of the RS citizens, because the objectives are not correctly set i.e. the government is not focused to solving problems of its citizens.

THE GOVERNMENT WITHOUT WILL OR COURAGE TO FACE REALLY SERIOUS PROBLEMS AND TO START UNPOPULAR, BUT NECESSARY REFORM PROCESSES, HAD SIMULTANEOUSLY DEALT WITH BUYING SOCIAL PEACE AND SPENDING ON LUXURY FOR POLITICAL ELITE. The government in RS had in the last 2 mandates enormous privatization funds at its disposal (more than one billion and 260 million), and even bigger funds from the loans realized in this period, and also the funds from the VAT, which did increase budgets at all levels. But instead of investing to economy and economic development, and stimulating employment in the real sector, Republika Srpska had injected major proportion of available funds into public spending by initiating amongst other a cycle of unreasonable rise of politicians’ salaries, which had spread to the whole country. It also implemented utterly disputable construction projects and procurement of vehicles, which contrast general social situation by their luxury and price and which are in disproportion with the priorities of the citizens of Republika Srpska.

WORKING PROGRAM OF THE RS GOVERNMENT WAS NEVER ADOPTED ON TIME DURING THE PRESENT MANDATE. The RS Government does not respect its own Rules of Procedure, which in Article 17, paragraph 2 set forth that the the Government is to adopt the working program by the end of the current year for the next year. In the first three years of mandate the Program was adopted in February, and program for 2014 was adopted on March 13, 2014. The responsibility for this situation rests essentially on the National Assembly and/or its leadership that misuses the fact that their Rules of Procedure do not precisely define the deadline for adoption of the working plan. Namely, the RS government is behind the schedule due to the justified need to harmonize activities of executive and legislative authority, but this does not certainly justifies its

failure to work in line with the Rules of Procedure, and to subsequently adjust program in accordance with the needs.

AN ENTIRE ANNUAL WORKING PLAN CAN BE MADE FROM UNREALIZED MEASURES FROM THE ANNUAL WORKING PROGRAMS OF THE PRESENT MANDATE. We find most unrealized measures from the Government's plan by comparing two full years of mandate in 2012, when 100 measures remained unrealized; a year before the Government did not realize 95 planned measures; while 70 measures remained unrealized in 2013. The final realization in the last year of mandate we do not know, but we can make an assumption based on the results of the first 7 months during which 165 out of 383 planned measures were realized or 43% of what has been planned.

PLAN AND REALIZATION OF LAWS IN PRESENT MANDATE ARE FAR BELOW OF WHAT WAS DONE IN THE PREVIOUS MANDATE. Cumulatively the realization of what has been planned in both mandates is almost identical and is around 70%. Nevertheless, the total number of planned laws in the last 4 years (not taking overlapping into consideration) is for 30% lower than 4-year plan of the previous mandate. The number of planned laws in present mandate is actually almost identical to number of laws realized in the previous mandate. Namely, in the previous mandate the Government had planned 448 laws, and had passed 306 laws. In the present mandate it had planned 309 laws and (until July 31) it adopted 217. The number of laws planned by the working program has experienced a drastic drop in the last 8 years; from 123 planned laws in 2007 to 59 planned laws in 2014.

IT CAN BE ALREADY SAID THAT THE TOTAL REALIZATION OF LAWS (BOTH PLANNED AND UNPLANNED) BY THE GOVERNMENT IN THE PRESENT MANDATE WILL BE LOWER THAN IN THE PREVIOUS MANDATE. A total of 337 different laws were passed from 2007 to 2010, and 284 laws from 2011 to July 21, 2014.

THE POOR INFLUENCE OF THE GOVERNMENT TO THE RESULTS OF RS NA WAS RETAINED. Insufficient efficiency of the Government in developing documents that, by the Working Plan, have been planned for realization in a certain period, and slow processing of the laws and their switching from draft to proposal were the main causes of RS NA's failure to execute planned obligation. For example, the Law on minor offences had to be put into procedure again, since more than 6 months had passed from the time it was approved by the members of the RS NA as a draft, and the RS Government had never processed it into the final law proposal.

LACK OF TRANSPARENCY IS CHARACTERISTIC TO ALL PREVIOUS GOVERNMENTS OF REPUBLIKA SRPSKA. The opposition members in the RS NA had often wondered how they couldn't get information about the balance on the EKSROU account, which is disposed of by the RS government. The same situation is with some significant privatization contracts about which details the government persistently rejects to inform the general public.

DIFFERENT MINISTRIES HAVE BEEN CONTRIBUTING TO THE GOVERNMENT'S PERFORMANCE TO DIFFERENT DEGREES. During the last 4 years most documents for the purpose of RS Government's sessions were prepared by 4 ministries: Ministry of industry, energy and mining, Ministry of financing, Ministry

of agriculture, forestry and water management and Ministry of education and culture, which proposed total of 3.968 measures or 46% of all measures proposed at the sessions of the RS Government.

On the other hand, the Ministry for refugees, displaced persons and returnees participated in work of the Government with only 1,6% of prepared measures during the entire mandate, and somewhat better is Ministry of science and technology with 194 measures in the previous 4 years.

OUT OF 48 AUDIT REPORTS FOR 16 MINISTRIES OF THE RS GOVERNMENT FOR THE FIRST 3 WORKING YEARS OF THE GOVERNMENT – 24 ARE “OPINIONS WITH RESERVE”, AND TWO ARE NEGATIVE OPINIONS.

Both negative opinions concern Ministry of agriculture, forestry and water management, and this ministry also has one “opinion with reserve” in its first year of work. It is interesting that negative opinions were received with 2 different ministers leading this ministry: Miroslav Milovanović (2012) and Stevo Mirjanić (2013). It is also interesting that the BiH Federation Ministry of agriculture also had got negative audit opinions (three years in row). RS Ministry of agriculture, forestry and water management had got negative opinion because aggregate annual financial reports of the Ministry do not truly and objectively present, by all materially significant aspects, the financial state of the property and obligations, and execution of the budget, in accordance with defined financial reporting framework. The ministry had failed to adhere to legislative framework in its functioning and in that way it sends a clear message to the citizens that if it does not respect the laws, no one has to do that.

INSTEAD OF TESTING ADOPTED STRATEGY FOR FIGHT AGAINST CORRUPTION ON ITSELF, THE GOVERNMENT AWARDS VIOLATORS.

The present Government had excellent opportunity to show its credibility, actually to turn from words to actions and to implement adopted Strategy for fight against corruption without any selectivity against responsible persons from the institutions that were accentuated in the audit report, and who had contributed to significant problems in certain areas and who directly damaged the RS budget and had indirectly harmed the citizens of RS. The Government, which should have been an example of enforcement of its laws, had however decided to do something completely different – former Minister, Miroslav Milovanović, after dismissal of Aleksandar Đombić’s Government, got the job as advisor in the cabinet of the RS Government President, and at the 2014 General Elections he is SNSD’s candidate for the delegate. This is to show complete lack of feeling of responsibility by the highest appointed persons. Similar situation had happened in 2010, when the Ministry of family, youth and sports received a negative opinion, and then Minister went to a public hearing in the RS NA before the Audit Board. Epilogue – Minister Dragosavljević had become director of the PE “Official Gazette of RS”.

THE GOVERNMENT OF REPUBLIKA SRPSKA CARRIES SIGNIFICANT PART OF RESPONSIBILITY FOR HARD CONSEQUENCES OF THE NATURAL DISASTER THAT HIT REPUBLIKA SRPSKA IN MAY.

Certain individuals had warned of imminent danger on time, but also of measures that must be undertaken. Former minister of agriculture, forestry and water management of RS, Radivoje Bratić, had at the beginning of 2010 warned that the reconstruction of the flood defense system is by far the most important task for Republika Srpska and that this task had to be completed by the end of 2011 at latest, since the Northern part of RS that is situated in the Sava river basin, is under realistic threat from a catastrophe of immense proportions. His assessment was that it would take 60 million Euros to get the system into a good state. We reiterate that all of this is happening only a few years after the Telecom of RS was sold for 646 million of Euros, a sum 11 times higher than the one that was needed to protect citizens of RS from a catastrophe that had hit us at the end. The

11 times higher sum that had been spent in a non-transparent way that involved negligence of the requests made by RS NA's members to be informed on spending of these funds.

THERE ARE MORE UNEMPLOYED AND LESS EMPLOYED PERSONS AT THE END OF THE MANDATE THAN AT THE BEGINNING. During the present mandate the number of employed persons in RS had decreased for 4.467, and at the same time the number of unemployed in the RS had risen for 2.031 (and this only thanks to certain improvements in the situation since 2013). As the trouble never comes alone, the number of pensioners had also increased and during this mandate it had exceeded the number of employed persons (in March 2014 the RS paid pension to 246.033 persons, and in the same months only 239.986 employed people were registered in RS). During the present mandate there was an increase of average salary in RS for 39 KM, and increase of average pension for 28 KM. Last year in September the RS Government had stopped the trend of decline of the average pensions that has been present since 2009 and had until today raised the pensions twice, so that the average pension had reached the level of 331 KM. At the same time the union consumer basket has increased for 181 KM, i.e. 4 and a half times higher than the increase of the average salary or 6 and a half time higher than the increase of the pensions. At the same time the consumer basket, as a minimum necessary for a civilized human being, is already unattainable for the majority of the citizens of Republika Srpska, who, as most of the BiH citizens, are just trying to survive.