

Bosnia and Herzegovina
Federation of Bosnia and Herzegovina
Sarajevo Canton

INVESTMENTS GUIDE

2008

SARAJEVO CANTON

A PROFITABLE BUSINESS LOCATION



SARAJEVO CANTON METROPOLIS UNDER CONSTRUCTION 2008.

1

Reconstruction of the Hotel Evropa

Investor: Astrea Sarajevo



2

BBI Center

Investor:
BBI Leasing & Real Estate



3

Multipleks Cinema

Investor: Forum Sarajevo



4

Lake Company Residential-business Building

Investor: Lake Sarajevo



5

Avaz Twist Tower

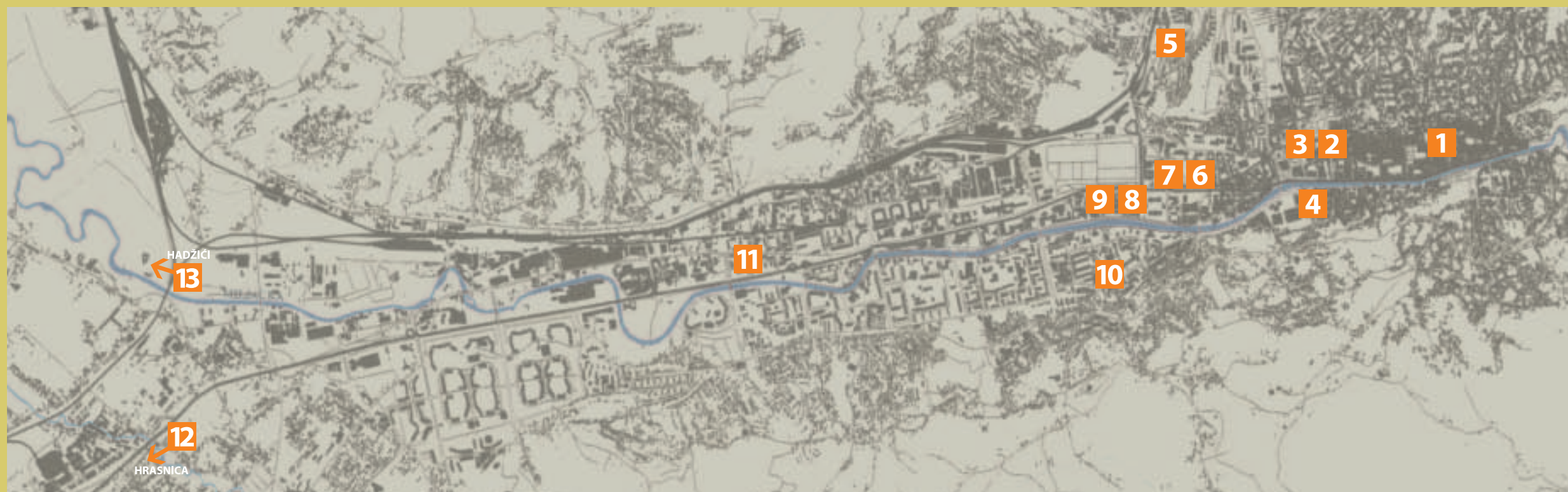
Investor: Avaz Sarajevo



6

Alta Center

Investor:
Triland Development



7

Grand Media Center

Investor:
Alpha Baumanagement



8

Importane Center

Investor: Teleoptik Sarajevo



9

Unioninvest/ Raiffeisen Bank HQ Center

Investor: Unioninvest Sarajevo



10

Grbavica Business Building

Investor: GP Bosna and Unika Insurance Sarajevo



11

Kumrovec Center

Investor: Interinvest



12

Graphic Center Bemust

Investor: Bemust



13

Residential-Business Building Hadžići Sarajevo

Investor:
Cet Bah d.o.o. Sarajevo





Bosnia and Herzegovina / Federation of Bosnia and Herzegovina

SARAJEVO CANTON

INVESTMENTS GUIDE 2008

SARAJEVO CANTON A PROFITABLE BUSINESS LOCATION

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INTRODUCTORY REMARKS

The Guide for Investments in the territory of Sarajevo Canton is aimed at providing potential investors with complete and topical information.

The document offers basic facts and data on the Sarajevo Canton in 2007, its geopolitical position, Sarajevo Canton government organization and the strategic economic activities.

Domestic and foreign investments are stipulated by regulations which foresee the following: who can invest, how and in which way to invest, that is, how to invest in the area of Sarajevo Canton, how to establish a company, which are fiscal charges for the business sector, and what are the advantages of investment in Sarajevo Canton.

Special attention has been paid to technology for allocation the urban construction land in Sarajevo Canton and to the existing practice in the Canton pertaining to allocation the urban construction land, issuance of the town-planning approvals, construction permits, utilization permits and the ownership-rights registration, as well as to the concessions related issues and their specific characteristics.

Apart from the prices of the allocated construction land and the compensations for the arrangement of the urban construction land, the prices of the municipal services are also provided.

The Guide is particularly focused on the Private-Public Partnership (PPP) model.

The Guide contains potential locations for the business zones, transportation, tourism, sport and recreation, and the geographic information system.

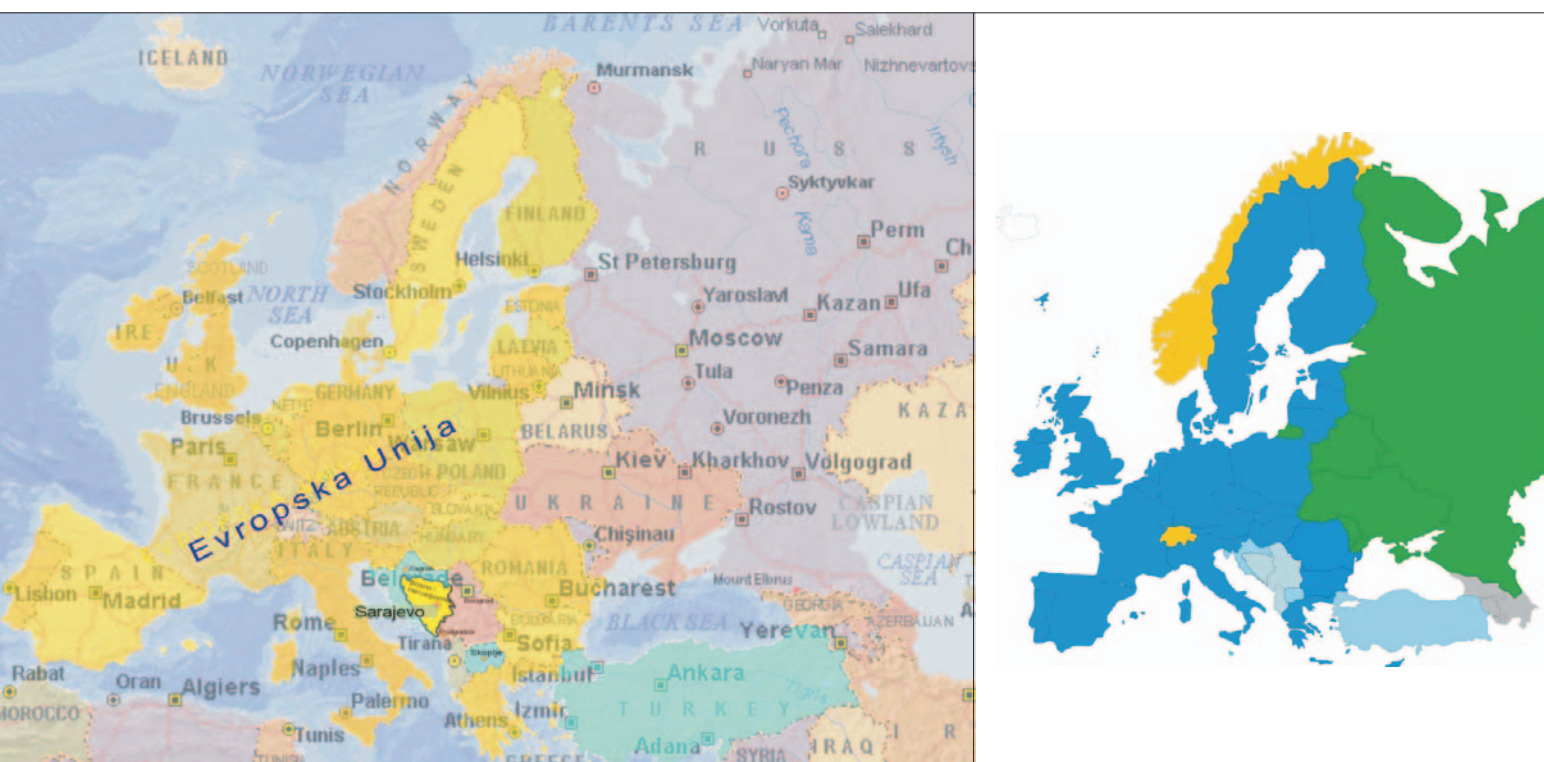
A survey of the institutions which can provide all relevant information on investment in the territory of Sarajevo Canton, maps and appendices are the integral part of the Guide.

For the preparation of the Guide, the documents and maps of the Sarajevo Canton Planning Institute, relevant legislation regulating these issues, data of the Federation Institute for Statistics, Central Bank of Bosnia and Herzegovina, Sarajevo Canton Road Directorate, Sarajevo Canton Public Utility Services, stock-holding company *BH TELEKOM* Sarajevo, and the public company *Elektroprivreda* of Bosnia and Herzegovina – Sarajevo, have been used.

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Map 1. Sarajevo Canton relative to the European Union Countries

I SARAJEVO CANTON

Sarajevo Canton is located in the central part of Bosnia and Herzegovina. This is the area where East and West, North and South meet, and where the layers of history and diversity of cultures and their spiritual and material sediments pervade.

There are many objects or the remains of objects of special significance in the region of Sarajevo: natural landmarks and rarities, valuable forest and non-forest ecosystems or individual objects which, when combined with especially valuable waters and water currents, objects of cultural and historic significance, geomorphologic and hydrologic sites, sporting and recreational areas, make a certain region attractive as an object of natural heritage. Natural landmarks have authentic, representative, variable and integral features and landscape and regional values, which have a significant scientific and educational, cultural, social, economic, developmental and ecologic importance and function.

Sarajevo is located and was established in the Sarajevo-Zenica valley which is, relative to the two bigger natural formations, situated between the Pannonian plains to the north and the Mediterranean to the south. The favorable geographic position of Sarajevo is determined by the combined activity of natural elements and social factors. This region was the point where various civilizations and people met and left behind a specific colorful variety. A natural factor had a predominant impact on this region to become a crossroad of different paths with the alternatively changed importance of certain directions, which depended on the current social events. Therefore, through the valley of the River Bosnia, Sarajevo is connected with the valley of the River Danube and Central Europe, to the north whereas, through the valley of the Neretva River it is connected with the Adriatic Sea and the Mediterranean to the south.



Map 2. Sarajevo Canton in the Federation of Bosnia and Herzegovina and Bosnia and Herzegovina

Through the Lašva and the Vrbas river valleys, it is connected with Western Europe while, through the Miljacka and the Prača river valleys, it is connected with Eastern Europe. Road and railway communications are currently in place in these natural corridors and their modernization would make Sarajevo better connected with the neighboring countries thus increasing significantly the value of its cultural and historical heritage.

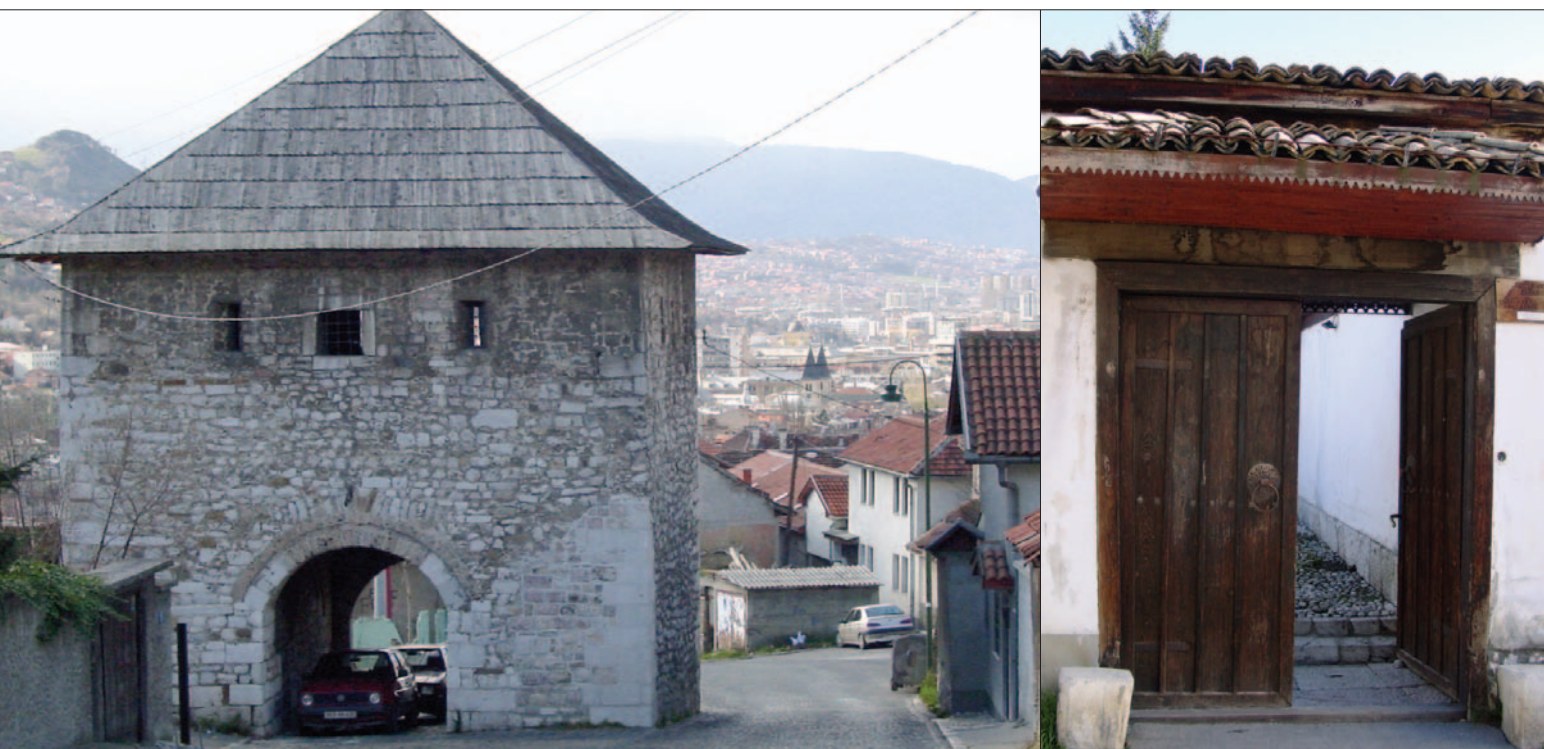
It is planned to construct the Corridor Vc, which is the main factor of integration of Sarajevo Canton and Bosnia and Herzegovina into the European traffic communications on the north and the sea on the south.

Sarajevo is connected with the entire world by air traffic. The international airport *Sarajevo* was proclaimed the best airport in Europe with up to 1 million passengers in 2006.

The relief is quite indented and of the highland type with the height above sea-level ranging from 450 m to 2067 m, and 537 m average above sea-level height. Sarajevo offers various and comprehensive programs for tourists throughout the year. The natural conditions are favorable to the organization of summer and winter recreation activities in the mountainous areas of the Bjelašnica and Igman Mountains, etc. They have the hunting areas, attractive caves, cliffs, canyons, waterfalls and lakes. The Sarajevo mountains are the best areas of BiH for the development of winter sports and winter tourism.

Sarajevo is situated between 43°35' and 44°7' of north latitude and 18° and 18°38' of east longitude.

According to the types of climate, the region of Sarajevo belongs to the pre-mountainous moderate continental climate, while the mountainous and alpine types of climate are predominant on the mountains.



The history of Sarajevo dates from more than 4,5 millenniums ago. Life in Sarajevo has been continually going on since the Early Stone Age. The urbanization of the Sarajevo valley begins in the years of Roman dominations, in 1st century A.D.

In the mid-13th century, an important administrative, trade, crafts and communications center of the *Vrh Bosna* parish, that is, the medieval Bosnian state, was formed in the territory of today's Sarajevo.

In the mid-15th century, there existed the whole range of necessary and sufficient conditions which enabled the transformation of the then rural structure into an urban settlement.

The date of the establishment of Sarajevo is considered to be February 1462, when significant objects of urban identity were left behind for the public use by Isa-Bey Ishakovic *vakufnama*.

The name of Sarajevo is first mentioned in 1477, in a *vakufnama* written in Arabic by Ayas Bey, the governor of the Bosnian Sanjak, whereas, it is first mentioned in the local language in 1507, in a letter of the Bosnian governor Firduz Bey to Dubrovnik representatives.



The geopolitical position of Sarajevo is determined by the position of the town and its role as the capital of both the state of Bosnia and Herzegovina and the Federation of Bosnia and Herzegovina, that is, by its functions thereof.

The Parliament of Bosnia and Herzegovina and the Parliament of the Federation of Bosnia and Herzegovina, the Government of Bosnia and Herzegovina and the Government of the Federation of Bosnia and Herzegovina, courts and other institutions of the state and the Federation importance, numerous diplomatic-consular and economic offices, international organizations missions, etc., are located in Sarajevo.

Sarajevo is the administrative-political, economic, financial, educational, scientific and research, and health center, the cultural center of the state, and the Olympic town. It is the seat of most important international institutions and organizations in BiH.

Sarajevo Canton was declared the European Region in 2006, which brings it back to the European metropolises and promotes it as the town of comfortable living and profitable business. In March 2006, Sarajevo took the 43rd position on the list of 200 towns which were most comfortable for living.

According to the protocol on the organization, Sarajevo is arranged as canton with nine municipalities (Stari Grad, Centar, Novo Sarajevo, Novi Grad, Ilidža, Vogošća, Hadžići, Ilijaš, and Trnovo), and the town of Sarajevo (constituted of the municipalities of Stari Grad, Centar, Novo Sarajevo and Novi grad), being the units of the local self-governance within Sarajevo Canton.

Basic data on Sarajevo Canton

Area (km ²)	1.277,3
Number of inhabitants (30 June 2007)	419.030
Population younger than 15 years of age	69.716
Working contingent	280.884
Population older than 65 years of age	68.430
Population density (inh./km ²)	328,1
Number of employed persons (December 2007)	115.569
Employment rate (in relation to total population) in %	27,58
Number of unemployed persons (December 2007)	65.344
Unemployment rate (in relation to workforce) in %	36,12
Gross Domestic Product –GDP/pc ¹ \$ (in relation to present population) 2007	7.879
Gross Domestic Product (2007) in mil. KM	4.815
Realized investments (2006) in mil. KM	723
Export (I-XII 2007) in thousand KM	726
Import (I-XII 2007) in thousand KM	3.331
Volume of foreign trade in thousand KM	4.057
Number of banks	21
Average wage (XII 2007) in KM	884,1
Consumer basket (XII 2007) in KM	541,1
Retail price index 2007/2006	105,9
Living cost index 2007/2006	105,8
Industrial production index (2007/2006)	122,3
Number of tourists 2007	167.193
Number of overnight stays	331.772
Total income from tourism in thousand KM	31.164,6
Number of pupils of elementary schools (2007/2008)	39.972
Number of pupils of secondary schools (2007/2008)	19.701
Number of students (2007/2008)	34.021

¹ Estimation of the Sarajevo Canton Planning Institute.

The official languages are Bosnian, Croat, and Serb. (English language is widely used).

Currency is Convertible Mark (KM). Currency designation is BAM. The KM exchange rate is fixed to Euro: 1KM=0, 511292 EUR, that is, 1 EUR= KM 1, 955830.

Internet domain is .ba, and international call number for Sarajevo Canton is +387 33.

Sarajevo Canton is the most developed canton in the Federation of Bosnia and Herzegovina (hereinafter: F BiH). It is the area of a considerable concentration of economic potentials (educated workforce, employment), and the highly profitable activities (financial services, transport and communications, industry, tourism, commerce), and the effects of the development (GDP per capita, employment rate, volume of foreign trade).

In the period 1996-2006, the investments in the territory of Sarajevo Canton amounted to over 6 billion KM, or 35,6% of total investment in the territory of F BiH.

The Sarajevo Canton Government adopts a special Public Investments Program by which it directs the budgetary resources into the development priorities, monitors the realization, and analyzes the real possibilities for the realization of projects.

There are more than 25.000 business entities registered in Sarajevo Canton, most of them in the tertiary sector, in the field of commerce, catering, real estate and business services.

Twenty one business banks, numerous financial institutions and stock exchange are located in the Canton.

The opportunities for economic cooperation with foreign partners are supported by the improvement of the total environment, especially by the enactment of laws relevant to the business activity with foreign countries.

The activities significant for the establishment of economic cooperation between the companies in Sarajevo Canton and the foreign partners are as follows:

In the field of industry:

- ☐ production of food and beverages,
- ☐ clothing manufacture,
- ☐ wood processing and wood products,
- ☐ furniture manufacture,
- ☐ car manufacture,
- ☐ production of chemical and pharmaceutical products,
- ☐ metal processing industry.

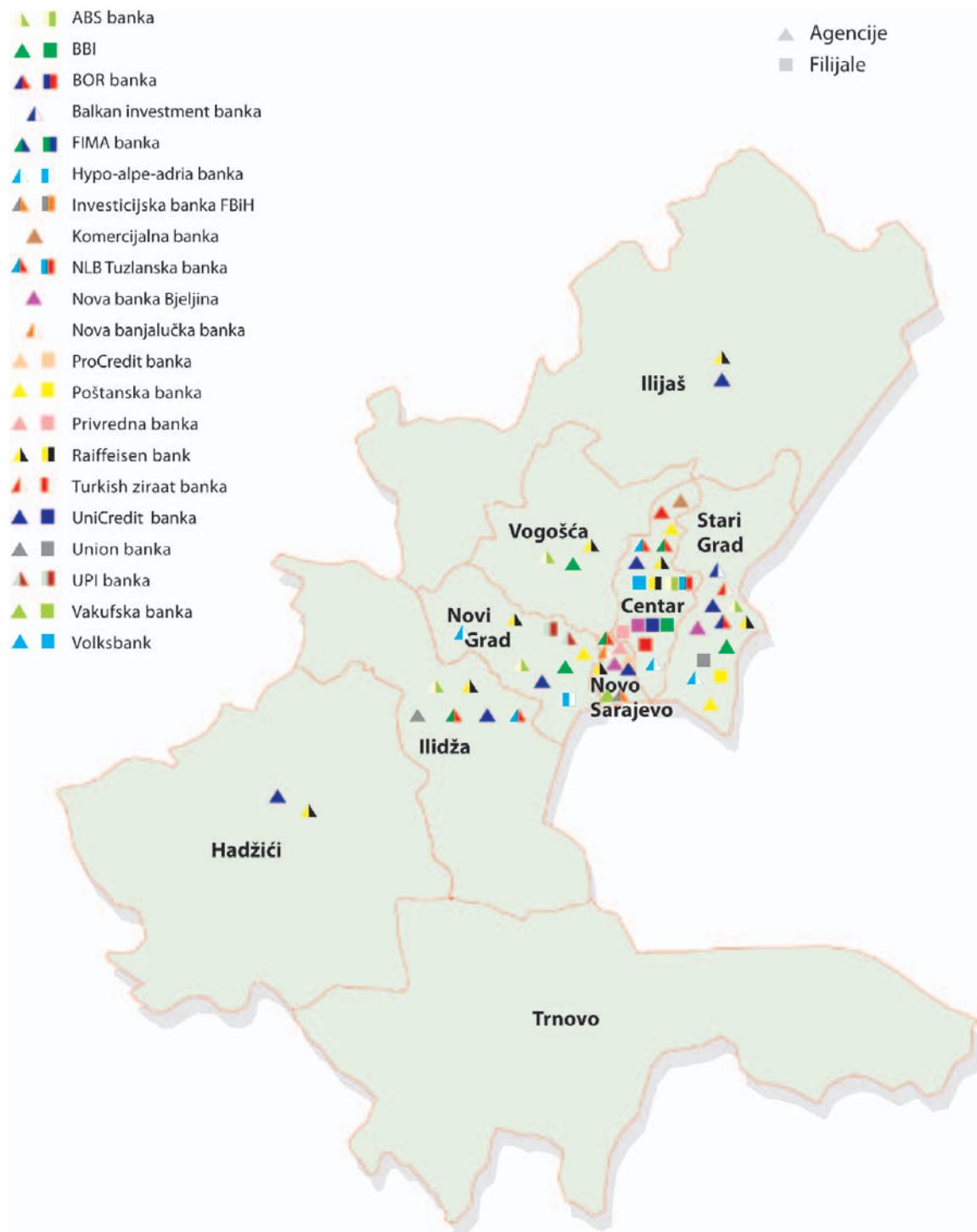
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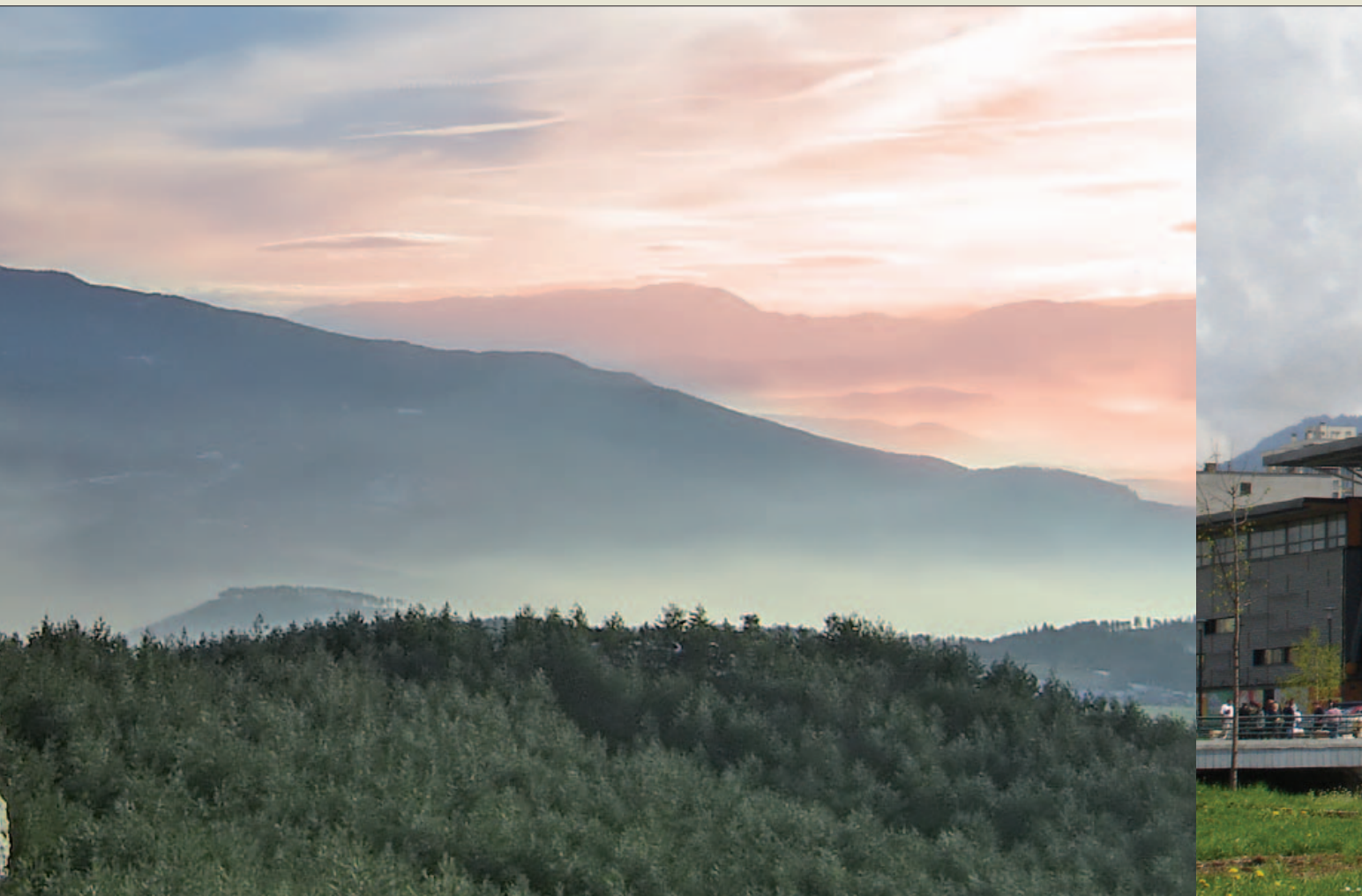
- ☐ tourism,
- ☐ construction industry and designing,
- ☐ transport and communications.

Banks in Sarajevo Canton

No.	Name of Bank	Address	Tel/Fax	Web-site	E-mail	Director
1.	ABS Banka d.d. Sarajevo	Trampina 12/VI	277 060 277 061	www.absbanka.ba	it@absbanka.com	Adnan Zukić
2.	Bosna Bank International d.d. Sarajevo	Trg djece Sarajeva bb	275 100 472 159	www.bbi.ba	info@bbi.ba	Amer Bukvić
3.	BOR Banka d.d. Sarajevo	Obala Kulina bana 18	278 521 663500	www.borbanka.ba	borbanka@bih.net.ba	Hamid Pršeš
4.	Balkan Investment Bank AD filijala	Pehlinavuša 5	214 995	http://www.bib.ba	contact@cbib.ba	Edvinas Navickas
5.	Fima Banka dd Sarajevo	Alije Isakovića 1	720 070 720 100	www.fima.ba	fima@fima.ba	Edin Muftić
6.	Hypo Alpe-Adria-bank dd Mostar	Trg Solidarnosti 12	252 480 755 759	www.hypo-alpe-adria.ba	bank.bih@hypo-alpe-adria.com	Petar Jurčić
7.	HVB Central Profit Banka d.d. Sarajevo	Zelenih beretki 24	533 688 532 319	www.hvbcpb.ba	info@hvb-cpb.ba	Zvonimir Jurjević
8.	Investicijska Banka F BiH d.o.o. Sarajevo	Paromlinska bb	277 900 277 902	www.ibf-bih.com/	info@ibf.com	Ramiz Džaferović
9.	Komercijalna banka	Valtera Perića 10	276 400	http://www.kombank-bl.bam	officebank-bl.com	
10.	NLB Tuzlanska banka dd Tuzla	Džidžikovac 1	720 300 445 664	www.nlbuzlanskabanka.ba	info.nlbuzlanskabanka.ba	Almir Šahinpašić
11.	Nova banka Bijeljina	Zagrebačka 13	277 333	http://www.novabanka.com		Milorad Andžić
12.	Nova banjalučka banka filijala Sarajevo	Kolodvorska 11	722 980	http://www.novablbanka.com	info@novablbanka.com	
13.	ProCredit Bank d.d. Sarajevo	Emerika Bluma 8	250 971 232 172	www.procreditbank.ba	procreditbank@procreditbank.ba	Peter Moelders
14.	Poštanska Banka BiH d.d. Sarajevo	Put Života	208 397 210 007	www.post.bank.ba	postbank@bih.net.ba	Dženamir Abaza
15.	Raiffeisen Bank d.d. Sarajevo	Danijela Ozme 3	287 121 213 851	www.raiffeisenbank.ba	rbbhinfo@rbb-sarajevo.raiffeisen.at	Michael Muller
16.	Turkish Ziraat Bank Bosnia d.d. Sarajevo	Ferhadija 29	254 050 254 051	www.ziraatbosnia.com	ziraat@bih.net.ba	Kenan Bozkurt
17.	Union Banka d.d. Sarajevo	Dubrovačka 6	561 000 219 201	www.unionbank.ba	unionban@bih.net.ba	Esad Bektešević
18.	Upi Banka d.d. Sarajevo	Obala Kulina bana 9a	497 500 497 589	www.upibanka.ba	upibanka@bih.net.ba	Amir Krkalić
19.	Unicredit Zagrebačka banka dd Mostar	Branilaca Sarajeva 20	666 586 285 700	www.unizaba.ba	unizaba@unizaba.ba	Berislav Kutle
20.	Vakufska Banka d.d. Sarajevo	M Tita 13	280 100 663 399	www.vakuba.ba	vakufska@vkuba.ba	Amir Rizvanović
21.	Volksbank BiH d.d. Sarajevo	Fra Anđela Zvizdovića 1	295 601 295 603	www.volksbank.ba	info@volksbank.ba	Reinhold Kolland

Map 3. Banks in Sarajevo Canton





II STRATEGIC ORIENTATION

By the Development Strategy of Sarajevo Canton until 2015 (adopted by the Sarajevo Canton Assembly in December 1999) the strategic sectors of development have been identified so as to contribute to the strengthening of the economic base and the profiling of Sarajevo Canton as the ambient of profitable business, comfortable living and as European metropolis.

Sarajevo Canton Spatial Plan 2003-2023 (adopted by the Sarajevo Canton Assembly in August 2006) establish the basic directions of development in all areas of life and work in the territory of Sarajevo Canton.

In accordance with the natural resources and conditions, and the growth of population, the preconditions are provided for the development and spatial distribution of economy, for dwelling and housing construction, public infrastructure, transportation, water supply and sewage system, energy, municipal infrastructure with a special focus on protection and improvement of environment, for the purpose of ensuring the assumptions needed for development and improvement of the quality of life in Sarajevo Canton.



The investment projects are being implemented by means of a well-defined strategy of economic and spatial development and well created and realized stable economic, social and security environment in which free market functions normally.

Considering strategic orientation, defined general and special goals of spatial development, and strategic orientation of the Canton, there are three notable segments of the development of Sarajevo Canton.

The first one is connected with the demographic development and the size of the Metropolitan area of Sarajevo as capital and the basic development center (regeneration of population, populating the rural areas, normalization of demographic processes in general, etc.).

The second segment pertains to sustainable spatial development and creation of infrastructural preconditions for more efficient use of land in terms of economy (balancing of spatial capacities for urban and rural development, polycentric system of the development of the Canton, improved situation concerning illegal construction, improved

quality of housing construction, etc.), while insisting on maximum protection of natural resources and cultural heritage.

The third segment pertains to the need to design the Canton as an ambient of economically sustainable and highly profitable business (economic valorization of knowledge, development of business incubators and technological parks, removal of administrative barriers, restructuring of the public municipal services, introduction of the market-based use of land, etc.)

Strategic sectors which provide the possibilities for future development are as follows:

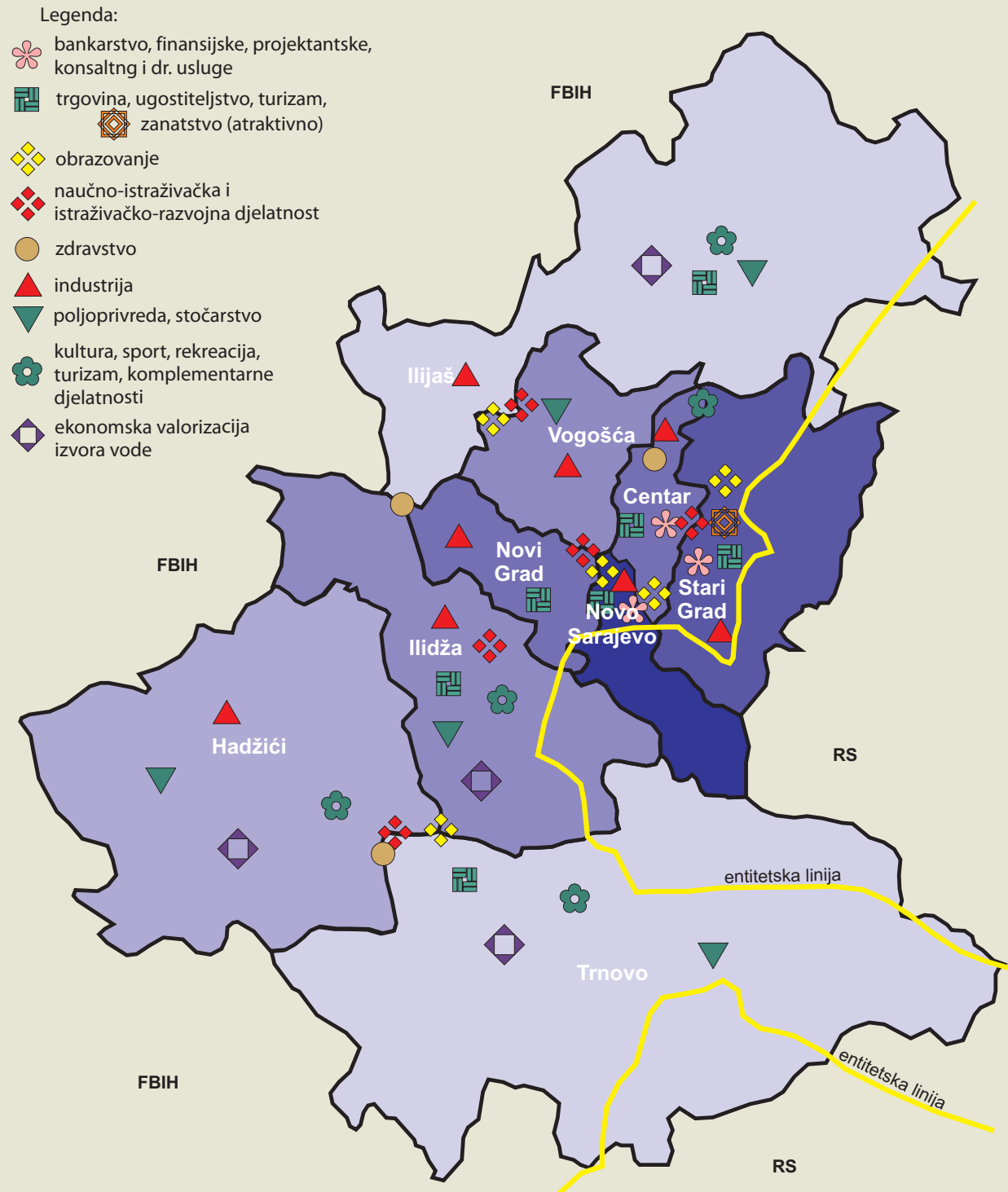
- ☐ education – University as the generator of development and permanent education,
- ☐ scientific research and research development activities
- ☐ development of small and medium businesses, especially in the economically and ecologically acceptable fields (pharmaceutics, food production, electronics, optics, unconventional food production, etc.)
- ☐ banking, finance, design, consulting, and other similar services,
- ☐ commerce,
- ☐ tourism and complementary services (fair, congress, winter, spa, sport, urban, cultural, adventurous tourism, international political summits, Southeast Europe meetings),
- ☐ health – highly differentiated health care services,
- ☐ culture, sports, recreation.

In profiling economic development of Sarajevo Canton, it is important to create and develop economic activities which are to utilize the existing local potentials and constitute the comparative and competitive advantages.

For the purpose of improved development of Sarajevo Canton and the implementation of the Sarajevo Canton Spatial Plan 2003-2023, measures have been defined to, among other things, also include the following:

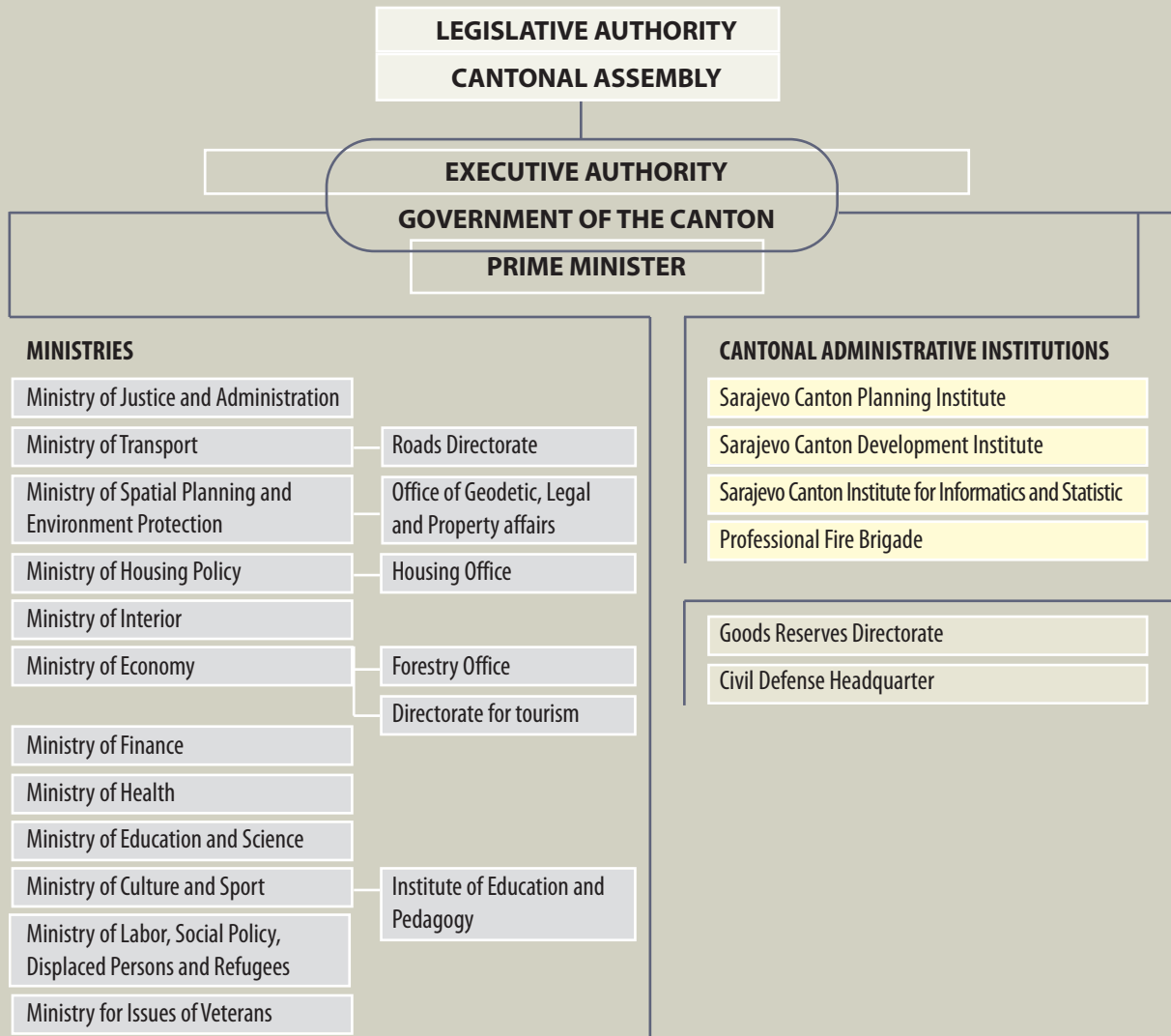
- ☐ Continuous creation of business environment and favorable investment climate, which will strengthen competitive position of the Canton in the region;
- ☐ Establishment of links between public investments and sectoral policies;
- ☐ Finding new sources for financing development projects-investments;
- ☐ Development of new modes of private investment in the social infrastructure facilities through Public-Private Partnership (PPP), wherein the state prescribes standards and rules, controls the quality, gives concession (BOT and PFI model), and guarantees occupancy of capacities. State makes payments for the annual rent or concedes collection of payments to private sector. Investment is private, investing does not burden the state budget, so the budget becomes available for the investment in the sectors which are otherwise marginalized. Existing laws (construction, concession, renting of projects) enable the application of this investment mode.

Map 4. Strategic economic activities in the Sarajevo Canton area



III ORGANIZATION OF GOVERNMENT IN SARAJEVO CANTON

The following legislative and executive governmental authorities have been established on the basis of the Constitution of Sarajevo Canton.



IV LEGAL FRAMEWORK

1. WHO may invest?

- Local natural and legal entities
- International natural and legal entities

The status of an international natural and legal entity shall be granted to the following entity:

- a natural person holding international citizenship
- BiH citizen residing abroad before 31 December 1991
- foreign national owning their own company or other legal entity in F BiH
- local legal entity entirely owned by a foreign investor
- foreign legal entity having a Central Office abroad

Investment by the foreign national natural and legal entities in the economy of Sarajevo Canton is regulated by the following laws:

- Law on Direct Foreign Investment Policy in Bosnia and Herzegovina (*Official Gazette of BiH*, No. 17/98 and 13/03)
- Law on Foreign Trade Policy (*Official Gazette of BiH*, No. 7/98 and 35/04)
- Law on Foreign Investment (*Official Gazette of BiH*, No. 61/01 and 50/03).

2. HOW to invest?

2.1. By establishing a company (regulated by the Law on Companies - *Official Gazette of F BiH*, No. 23/99, amendments No. 45/00, 2/02, 6/02, 29/03 and 68/05), which may be:

- a company with unlimited solidary responsibility – *d.n.s.o.* (Art. 79)
- a limited partnership – *k.d.*, (Art. 97)
- a joint-stock company – *d.d.* (Art. 109 and 110)
- limited liability company – *d.o.o.* (Art. 311).

2.2. By investing in an existing company, as regulated by the following laws:

- Law on Direct Foreign Investment Policy in Bosnia and Herzegovina (*Official Gazette of BiH*, No. 17/98 and 13/03),
- Law on Foreign Trade Policy (*Official Gazette of BiH*, No. 7/98 and 35/04)
- Law on Companies (*Official Gazette of F BiH*, No. 23/99, 45/00, 2/02, 6/02, 29/03 and 68/05).
- Law on Foreign Investment (*Official Gazette of F BiH*, No. 61/01 and 50/03).

2.3. By establishing a joint company and associating with other companies

The establishment of a joint company is carried out in accordance with the procedure which is laid down for one of the forms of the company organization (*d.n.o.*, *k.d.*, *d.d.* or *d.o.o.*), whereas association with other companies may be conducted through the following forms of business cooperation:

- long-term production cooperation (Law on Obligatory Relations - *Official Gazette of the Republic of BiH*, No. 2/92 and 13/93, applicable as the Federation law pursuant to Article IX.5. of the Constitution of F BiH - *Official Gazette of F BiH*, No. 1/94 and 29/03)
- business- technical cooperation (Law on Direct Foreign Investment Policy in BiH - *Official Gazette of BiH*, No. 17/98 and 13/03, Law on Foreign Trade Policy *Official Gazette of BiH*, No. 7/98 and 35/04), Law on Foreign Trade – *Official Gazette of F BiH*, No. 2/95 and 14/97), Law on Foreign Investment (*Official Gazette of F BiH*, No. 61/01 and 50/03).

2.4. Through special forms of investment

- concessions for exploitation of renewable and non-renewable natural resources and goods in public use,
- BOT contracts on construction on the

public land, management and use, and return of concession to the granter upon expiry of the agreed period of time.

Special forms of investment (concessions and BOT contracts) are regulated by following laws:

- Law on Concessions (*Official Gazette of BiH*, No. 32/02 and 56/04),
- Law on Concessions (*Official Gazette of F BiH*, No. 40/02 and 61/06)
- Law on Concessions of Sarajevo Canton (*Official Gazette of Sarajevo Canton*, No. 21/03)

3. In which WAY to invest?

3.1. Foreign investments are subject to application, approval, registration and records as stipulated by the foreign investment regulations:

- Law on Direct Foreign Investment Policy in BiH (*Official Gazette of BiH*, No. 17/98 and 13/03),
- Law on Foreign Trade Policy (*Official Gazette of BiH*, No. 7/98 and 35/04)
- Law on Foreign Investment (*Official Gazette of F BiH*, No. 61/01 and 50/03)
- Decision on terms and conditions for the establishment and operation of the representation offices of foreign entities in F BiH (*Official Gazette of the Federation of BiH*, No. 7/95).

3.2. A foreign investor must obtain consent of the Cantonal Ministry of Economy for the establishment of a company.

3.3. The procedure for a company registration in the court register is defined by the following regulations:

- The Framework Law on Registration of Business Entities in Bosnia and Herzegovina (*Official Gazette of BiH*, No. 42/04),

- Law on Registration of Business Entities in the Federation of Bosnia and Herzegovina (*Official Gazette of F BiH*, No. 27/05 and 68/05).

4. HOW to invest without establishing a company?

An investor with disposable capital may enter into a commercial contract with a local partner in order to implement a specific project with the local partner as implementer (Law on Obligatory Relations - *Official Gazette of the Republic of BiH*, No. 2/92 and 13/93, applied as the Federation law pursuant to Article IX.5. of the Constitution of the Federation of Bosnia and Herzegovina - *Official Gazette of F BiH*, No. 1/94 and 23/03).

5. HOW to establish a company in Sarajevo Canton?

5.1. A company registration procedure with the Registration Court

- (i) Issue the Articles of Incorporation (Articles 79, 97, 109, 110, and 311 of the Law on Companies - *Official Gazette of F BiH*, No. 23/99, 45/00, 2/02, 6/02 and 29/03 and 68/05).

In case of a single founder, the company shall be founded by the founder's decision, whereas, in case of more than one founder, the founders shall enter into a mutual contract on the company establishment.

- (ii) Which form of organization to choose?

The company organizational form is determined by the founder(s).

Company may be:

- a company with unlimited solidary responsibility (d.n.s.o.), founded by an agreement/contract
- a limited partnership (k.d.), founded by an agreement/contract

- a joint-stock company (d.d.), founded by an agreement/contract or by a decision on establishment
 - a limited liability company (d.o.o.), founded by an agreement/contract on founding or by a decision on establishment.
- (iii) After adopting a decision or entering into an agreement/contract on the establishment of a company, an application for registration has to be submitted to the Registration Court.
- (iv) Original capital has to be deposited in the business bank.

The minimum amount of the original capital is stipulated by law, as follows:

- for a joint company with unlimited solidary responsibility (d.n.s.o.) – not specified
- for a limited partnership (k.d.) – not specified (minimum KM 2,000)
- for a joint-stock company (d.d.) – KM 50,000
- for a limited liability company (d.o.o.) – KM 2,000 (individual deposit cannot be smaller than KM 100)

Documentation required for the company registration – application for registration shall be filed with the Registration Court. The Registration Court is the Sarajevo Cantonal Court, at 1 Šenoina Street.

Documentation required for registration into the court register of business entities:

- Registration of a company with unlimited solidary responsibility (d.n.s.o.) into the court register
- Registration of a limited partnership into the court register

The application for registration of these two companies shall be accompanied by the following documents:

- Articles of Incorporation (Contract/Agreement on establishment or a decision

thereof) certified by a notary (Law on Notaries, *Official Gazette of F BiH*, No. 5/02);-

- Certificate of payment of a cash deposit by every individual member issued by a business bank. The deposits may be made in goods, rights or cash - the value of the deposits in goods and rights shall be evaluated by a court expert-witness;
- Certified signature of a person authorized to represent the company. Certification is carried out by a notary (Law on Notaries *Official Gazette of F BiH*, No. 45/02);
- In the case where one of the founders is an international natural or legal entity, a consent to the Contract/Agreement on the establishment of the company issued by the Ministry of Foreign Trade and Economic Relations of BiH, located in Sarajevo, 2 Musala Street, should also be obtained and submitted.
- Registration of a joint-stock company into the court register

The application for registration shall be accompanied by:

- ♦ ID, travel document or the relevant registry certificate proving the identity of the founder, for an international or local natural person or legal entity;
- ♦ ID, travel document or a relevant report with the relevant authority of the Ministry of the Interior proving the identity of the reporting party, for an international and local natural person;
- ♦ ID or travel document and a relevant written authorization proving the capacity of a person authorized to represent the subject of registration and a certified signature of that person;
- ♦ Articles of Incorporation (a Decision or a Contract/

Agreement) certified by a notary (Law on Notaries, *Official Gazette of F BiH*, No. 45/02);

- ♦ Statute,
 - ♦ A bank statement on the deposited original and operational capital of the company, that is, evidence on deposits made in goods or rights transferred to the company (a statement on the assessed value of goods and rights shall be made by a court expert-witness),
 - ♦ Approval by the Securities Commission of the Federation of Bosnia and Herzegovina to be entered into the register of share issuers (the Commission's address is: Securities Commission, Sarajevo, 62 Maršala Tita Street),
 - ♦ Decision on share issuance including the total value of the share issuance, and the class, number and nominal value of every share;
 - ♦ Certified signature of a person authorized to represent the company - certification shall be carried out by a notary (Law on Notaries, *Official Gazette of F BiH*, No.45/02),
 - ♦ Consent to the Company's Articles of Incorporation issued by the Ministry of Foreign Trade and Economic Relations of BiH, Sarajevo, 2 Musala Street.
- Registration of a limited liability company into the court register

The application for registration shall be accompanied by the following:

- ♦ ID, travel document or the relevant registry certificate proving the identity of the founder, for an international or local natural person or legal entity;
- ♦ ID, travel document or a relevant report with the relevant authority of the Ministry of the Interior proving the identity of

the reporting party, for an international and local natural person;

- ♦ ID or travel document and a relevant written authorization proving the capacity of a person authorized to represent the subject of registration and a certified signature of that person;
- ♦ Articles of Incorporation (a Decision or a Contract/ Agreement) certified by a notary (Law on Notaries, *Official Gazette of F BiH*, No. 45/02);
- ♦ A business bank statement on cash deposit made by every individual member;
- ♦ Report on assessed value and the documents on deposits made in goods and rights, produced by a court expert-witness;
- ♦ Decision on appointment of a person authorized to represent the company, unless appointed by the Articles of Incorporation ,
- ♦ Certified signature of a person authorized to represent the company - certified by a notary (Law on Notaries, *Official Gazette of F BiH*, No. 45/02),
- ♦ Consent to the Articles of Incorporation given by the Ministry of Foreign Trade and Economic Relations of BiH, Sarajevo, 2 Musala Street.

5.2. Registration and filing with the state authorities

Certain additional activities should be taken after the registration in the court register,;

- (i) Based on the decision on registration in the court register, a company stamp should be made by an authorized stamp-maker;
- (ii) By the decision on registration in the court register, the company should report to the Federal

Institute for Statistics to be issued a statistical number (ID number) under which the company will be entered into the Register of Business Entities (which is also the statistical number). The address of the Federal Institute for Statistics is Sarajevo, 26 Zelenih beretki Street. The following documents are required: Decision on registration in court register, evidence on the ownership or use (Lease Contract) of business premises, and a photocopy of ID and a travel document or a certificate taken from a relevant registry proving the identity of a founder, for an international or local natural person or a legal entity;

- (iii) After receiving a Decision on registration into the court register, the transaction account should be opened in the business bank selected by the founder(s) as their commercial bank. The following documents are required: Decision on registration in the court register, ID number and stamp;
- (iv) If a company is registered to deal with the foreign trade activities, it is necessary to be issued a customs number by the Customs Administration. The application is to be submitted to the Customs Administration in Sarajevo, Put života bb Street. The following documents are required: a customs number form, a Decision on registration in the court register, ID number, stamp;
- (v) The company should also register with the Indirect Taxation Authority, Regional Center Sarajevo, in order to obtain a value added tax (VAT) number, Sarajevo, 5 Đoke Mazalića Street. The following documents are required: the

application form (identical to the one for the customs number), a Decision on registration in the court register, ID number, seal;

- (vi) An agreement should be signed with a business bank for the deposits. As a rule, this will be the bank in which a transaction account has been opened.
- (vii) If a company is registered to conduct the foreign trade activities, it should also be entered into the Single Company Register. The registration is carried out by the Federation Ministry of Trade in Mostar, Ante Starčevića bb Street (Government of F BiH building).

Certified copies of the following documents are required for the registration in the Single Company Register:

- (i) Decision on registration of the company with the Registration Court,
- (ii) Decision on statistical number,
- (iii) Signature card filed with the authorized commercial bank selected by the company as its business bank,
- (iv) Contract on opening of a transaction account with an authorized commercial bank selected by the company as its business bank.

Based on the Decision on registration in the court register, it is necessary to contact the Ministry of Economy of Sarajevo Canton, Expert Inspection Commission for determination of terms for the commencement of the business activity.

This Commission shall render a decision by which the activities within the scope of the activities registered at court shall be identified as those which may be performed in the business premises of the company.

The Expert Inspection Commission for determination of terms for the commencement of the business activity is located in Sarajevo, 12 Meše Selimovića Street (in the vicinity of the RTV House).

The following documents are required for this decision to be obtained:

- (i) Certified copy of a Decision on registration of the company at court,
- (ii) Articles of incorporation (Decision or Contract/Agreement),
- (iii) Evidence on business premises (evidence on ownership or lease contract),
- (iv) Decision defining the purpose of the premises (to be issued by the municipal Office for Commercial Affairs, and obtained by submitting: 1. Certified copy of the registration of the company at court, 2. Articles of incorporation, and 3. Evidence on business premises – evidence of ownership or lease contract),
- (v) Certificate of electrical installation (obtained from the Institute for Protection at Work and Protection against Fire, Sarajevo, 6/2 Branislava Đurđeva Street)

The same documentation is needed to obtain the approval from the Tax Inspectorate which is located in Sarajevo, 12 Ferde Hauptmana Street.

5.3. Specific terms applicable when the founder or one of the founders is a foreign national

If the founder or one of the founders is a foreign national natural person or legal entity, the following is needed:

- Obtained consent to the Articles of incorporation (Contract/Agreement or Decision on incorporation) from the Ministry of Foreign Trade and

Economic Relations of BiH, Sarajevo, 2 Musala Street.
Approval fee amounts to KM 55.

- Registration in the Single Company Register with the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, Sarajevo, 2 Musala Street.

Certified copies of the following documents are required for registration in the Single Company Register:

- (i) Decision on registration of the company with the Registration Court, including all annexes,
- (ii) Decision on statistical number,
- (iii) Signature card filed with the authorized commercial bank selected by the company as its business bank,
- (iv) Contract on opening of an account with the authorized commercial bank selected by the company as its business bank,
- (v) Decision on registration in the Single Register of the Ministry of Foreign Trade and Economic Relations of BiH, Sarajevo, 2 Musala Street.s

Guide costs:

- Notary fee under the notary tariff (according to the value of investment – for the original deposit of KM 2.000, notary fee shall amount to app. 350 KM)
- Court fee KM 405
- Making of stamp KM 30-50
- Copying and certifying of documents app. KM 50

V CONSTRUCTION PERMIT PROCEDURE

1. Land Arrangement

As a rule, construction of buildings takes place on arranged construction land.

The arrangement of construction land depends on the conditions as specified in the Town-planning Permit and the Construction Permit. The arrangement of construction land includes the preparation and servicing of construction land.

The regulations on ownership, planning, free use of construction land and the construction itself are provided in Annex 4.

1.1 Preparation of construction land

The preparation of construction land includes the settlement of the land property rights, land division into plots, removal of the existing buildings, relocation of the above-ground and underground installations in accordance with the spatial plan, recovery of land, development of documentation and the works aimed at protecting the construction and natural heritage which might be endangered by the land preparation works.

1.2 Construction land servicing

The servicing of construction land includes the construction of communications including: sidewalks and driveways, pedestrian crossings, squares, parking lots, garages etc., construction of public buildings in which undisturbed movement of disabled persons is ensured, construction of public illumination objects and vertical traffic signalization-semaphores, arrangement of public green areas, recreation terrains, parks, playgrounds, pedestrian paths, planted lawns, terrains for children playgrounds, objects for public hygiene, construction of installations for drainage of surface and waste waters and for their treatment, construction of buildings for water supply needs, distribution of electricity, gas and other energy, telecommunication buildings and installations, arrangement of garbage dumps and construction of buildings for processing and destroying garbage, regulation of water streams and arrangement of riverbanks and water areas.

2. Construction Permit

Construction of buildings and other activities performed on the ground are realized in accordance with the Spatial Plan (it is usually a Regulatory Plan or a Town-Planning Project), the Law on Spatial Planning, other special laws and by-laws enacted on the basis of law.

2.1 Town-Planning Permit

In order to start construction or works on a ground, it is necessary to obtain an approval from the administrative authorities pertaining to the possibilities of construction on a certain land.

This procedure is the procedure for the issuance of the Town-Planning Permit.

For the approval for the possibilities of construction on a certain land to be obtained, it is necessary to submit an application.

The application shall be filed with:

- ☐ Head of Municipality,
- ☐ Mayor, or
- ☐ Ministry for Spatial Planning.

The application for the issuance of the Town-Planning Permit shall be accompanied by the following documents:

- ☐ copy of the cadastral plan and the land-registry entry,
- ☐ concept project or design or program outline, depending on complexity of the construction,
- ☐ ruling, decision, agreement or permit as regulated by special law,
- ☐ the reasoning of the application, including data required for identification of the town-planning-technical and other conditions.

The application for town-planning permit should also be accompanied by an environmental permit for buildings, where required by special law.

The authority issuing the town-planning permit may also request the additional documents depending on the construction complexity.

The referenced approval for the possibility of construction on a certain land is granted in a form of a decision on the issuance of the town-planning permit.

The Decision on the issuance of the town-planning permit shall be provided within 30 days as of the day of the submission of the application, and within 60 days at the latest.

The Decision on town-planning permit should contain the following elements:

- ☐ data on purpose, location, function and shape of the construction or other type of works,
- ☐ name and data from the Spatial Plan based on which the town-planning permit is issued.
- ☐ obligations regarding neighbors and the rights of other persons;
- ☐ foreseen agreements, that is, construction conditions issued by the competent authorities and legal entities (i.e. agreement from electro-distributor, water supplier, and similar);
- ☐ town-planning-technical conditions;
- ☐ conditions for the establishment of engineering-geological and geotechnical characteristics of soil;
- ☐ obligations pertaining to the rights of physically disabled persons;
- ☐ environment protection conditions determined by the environmental permit (for the construction in relation to which it is stipulated by special law);
- ☐ the amount of costs of the construction land arrangement as set forth in a special administrative document of the municipality service, which is issued in accordance with the provisions of the Law on Spatial Planning of Sarajevo Canton, or the amount determined by a contract, that is, the obligation of investor to bear the costs of the arrangement in accordance with the decision of the Municipality Council prior to the issuance of the Construction Permit.
- ☐ conditions for the arrangement of the construction land on an unarranged construction land;

- ☐ special conditions for cases stipulated by law for the buildings, that is, works in terms of both construction and use;
- ☐ conditions for construction of supporting objects and fences;
- ☐ other data and conditions important to construction.

It is specific for Sarajevo Canton that the decision on the issuance of the town-planning permit is to be rendered by the Head of Municipality for the construction and works in the territory of the municipality, while the Mayor renders a decision on the issuance of the town-planning permit for the construction and works in the territory of two or more municipalities of the Town or if the construction is of special interest to the town.

The Ministry for Spatial Planning and Environment Protection brings decisions on the issuance of the town-planning permits for:

- ☐ construction of buildings and performing of works that are of interest for the Canton;
- ☐ construction of buildings and performing of works in the territory of two or more municipalities which are not part of the town, or in the territory of the town and the municipality which is not a part of the town;
- ☐ construction of buildings the usable area of which exceeds 5.000 m²,
- ☐ reconstruction, building extension, rehabilitation, conservation, change of purpose, for the buildings with the usable area exceeding 5000 m² and for which the Ministry applied the construction approval procedure.

The Government of Sarajevo Canton will identify the buildings and works of interest for the Canton.

The town-planning permit shall be valid for one year, and its validity may exceptionally be extended for one more year.

2.2 Construction Permit

The Construction Permit is an administrative document in the form of a decision which is issued once it is established that the construction is consistent with the Spatial Plan and other conditions required for that particular site, law and the regulations enacted on the basis of law and the town-planning permit.

An application for the Construction Permit is to be filed with:

- ☐ Head of Municipality for the buildings to be built in the territory of the municipality,
- ☐ Mayor for the buildings to be built in the territory of two municipalities within the town or for a construction of interest to the town;
- ☐ the Ministry for Spatial Planning for buildings which are of interest for the Canton, or which are built in the territory of two municipalities which do not belong to the town or in the territory of the municipality which is not a part of the town, or the usable area of which exceeds 5.000 m², or which may have a negative impact on environment in the Canton.

An application for the Construction Permit shall be accompanied by the following documents:

- ☐ final town-planning permit;
- ☐ cadastral excerpt for the relevant construction plot;
- ☐ evidence on the construction right;

- ☐ main or implementation project, two copies;
- ☐ approval of the project documentation;
- ☐ translated main (implementation) project with a certificate of nostrification in case the project is drafted in a foreign language;
- ☐ agreements obtained in the procedure for the issuance of the town-planning permit for the referenced building;
- ☐ other attachments as specified by special laws.

The following shall be deemed to evidence on the construction right:

- ☐ ownership, supported by cadastral excerpt;
- ☐ final court verdict or final decision issued by the competent authority, based on which the investor acquired the ownership right or the construction right;
- ☐ final decision on allocation of the land to the investor to use it for construction of a construction as stated in the town-planning permit;
- ☐ contract on partnership signed with the land owner and/or real estate owner, for the purpose of a joint construction;
- ☐ contract on concession by which the right to construct is acquired,
- ☐ contract on the basis of which the investor acquired the ownership right or the construction right.

The Construction Permit shall be provided within 30 days as of the date of the submission of the application.

The Construction Permit shall become invalid if the construction or works do not begin within a period of one year as of the date on which the Construction Permit has become final.

Exceptionally, the validity of the Construction Permit can be extended for one more year.

Investor is obliged to request that the town-planning permit and the Construction Permit be amended if, after the Construction Permit had been issued, the changes are made to the implementation project, which essentially affect the purpose, construction, equipment, environment protection, stability, functionality, dimensions and the external appearance of building.

In case of changes in ownership of the building during the construction, the relevant authority shall make changes to the Construction Permit at the request of the new investor.

The new investor is obliged to attach the following documents to the request for the amendments to Construction Permit:

- ☐ Valid Construction Permit;
- ☐ Evidence on the right to build on a certain real estate, that is, that he acquired ownership of the building on the basis of a legally valid document or by virtue of inheritance.

3. Ownership right and the right to use construction land

Construction of buildings on construction land is closely connected with the ownership-legal relations.

The Current legal system recognizes two categories of ownership-legal relations - ownership rights and the user-rights.

3.1 Ownership Right

The ownership right is more comprehensive in terms of its capacity and, under the 1998 Law on Ownership-Legal Relations, it means the right to possess, use and dispose of movable property or real estate in accordance with its character and purpose. Every person is obliged to restrain from the violation of the ownership right of another person.

Every physical and legal entity has the right to peacefully use his/her property, to place on market the object of his/her ownership, to establish the right of real and personal easement, to build, have actual burden on it, and to pledge it.

3.2 The right to use the land for construction

The right to use the land for construction is in its capacity smaller in volume, but it means that the user can use the town construction land without being disturbed by others while using it, until the building is constructed, technically approved and until the ownership right to the building is entered into the land-register.

The user of the right to permanent use of the town construction land cannot, while exercising the right to use the land for construction, establish the right of actual burden and the pledge right, since the consequence of such activities would be the change of the landowner titular, which is not possible to be done without the state intervention.

The ownership right and the right to use the land to construct on it are quite similar when it comes to their exercise. It is the obligation of all other entities, whether physical or legal, to restrain from the violation of the right of undisturbed possession.

The issue of disposal, that is, putting on the market the things covered by a certain right is better protected in the case of the ownership rights wherein it is easier to dispose with the things or to offer them for sale without limitations, while in the case of the right to use the land for construction, this right of disposal is restricted to relatives.

When, under the applicable laws, a building is constructed on the town construction land in relation to which the right to use the land for construction is acquired pursuant to the provisions of the Law on Construction Land of the Federation of Bosnia and Herzegovina (*Official Gazette of F BiH*, No. 67/05), the right to use the land for the construction purpose shall cease to exist and the ownership right shall thus be acquired.

3.3 Acquisition of the right to use the construction land

The town construction land shall be given for use based on the priority right, that is, a former land owner has priority in acquiring the right to use the town construction land for construction of a building which is planned to be constructed under the relevant plan - Regulatory Plan or the Town-Planning Project, that is, the former owner has already constructed the building.

If for economic or other reasons, the former owner cannot construct the planned building or has no right to construct the planned building, the land will be taken over from him and compensated thereof, and it will be given to another natural or legal entity. The municipality where the land is shall take over the town construction land from the former owner and the compensation shall be provided accordingly.

Who performs the takeover of town construction land?

The municipality takes over the town construction land through its Ownership-legal Affairs Service.

In Sarajevo Canton, the Sarajevo Canton Development Institute of shall initiate the procedure with the relevant authorities to take over the town construction land, obtain real estate and dispose with the acquired real estate for the purpose of implementation of the programs and plans for construction, reconstruction and rehabilitation, arrangement of town construction land, new construction of the municipal infrastructure and social standard facilities, under the 1997 Law on Cantonal Administrative Institutions.

3.4. To whom and how the town construction land can be allocated and in which way?

Town construction land shall be given to legal entities for the purpose of construction of buildings for their needs and to citizens - natural persons for construction of housing or other buildings over which they might have the ownership right by law.

Town construction land shall be given to be used for construction on the basis of public tenders or direct bargain, under the conditions as stipulated by the Law on Construction Land of the Federation of BiH (*Official Gazette of F BiH*, No.67/05).

If town construction land is given to be used for construction on the basis of public tender, criteria for determining priority has to be consistent with the established housing and other construction policy in the municipality, and it has to provide for rational use of town construction land, as well as for realization of other public interests in construction and the space arrangement.

Basic elements of the established policies of housing and other construction on the town municipal construction land are regulated by the implementing plans for spatial arrangement (Regulatory Plan and the Town-Planning Project).

The municipality will make the allocations of the town construction land on the basis of the adopted plans and criteria which are set by the municipality itself. The criteria cannot differ significantly from the adopted plans. To wit, if the plan establishes that a business construction is to be constructed on a certain town construction land, it will be possible to build such a building on that land and the land will be given to investor having capacities to meet the obligations pertaining to the construction land (compensation for takeover of the town construction land, compensation for the arrangement of the town construction land, and the land rent) and perform the activity as foreseen by the plan.

If there is more than one investor meeting the conditions established by the municipality program pertaining to the town construction land, investors will be invited to take part in tender.

Municipality can also give the town construction land through a direct bargain. Town construction land is given by a direct bargain to subjects having a specific position in society, such as the defense, health, social welfare and other functions as foreseen by the Law on Construction Land.

3.5. Technology of giving the town land for construction in Sarajevo Canton

The Municipality Council shall give the undeveloped town construction land for construction of a building for fair compensation.

The terms and method for giving the town construction land to be used for the construction purposes, including the procedure and criteria for determining the priority right in the tender procedure, that is, in direct bargain, are established by the decision of the Municipality Council in accordance with the municipality housing and other construction program.

4. Allocation of town construction land, issuing of Town-planning Permit, Construction Permit and Utilization Permit, and the registration of the ownership right

- (i) Head of Municipality and the Mayor are obliged every year to announce the locations for construction in accordance with the Spatial Plan – to carry out the tender procedure;
- (ii) Investor who obtained the town construction land in the tender procedure submits an application for the Town-planning Permit;
- (iii) The Town-planning Permit is to be issued within 30 days, and within 60 days at the latest;
- (iv) The Town-planning Permit is valid for one year, and its validity can be extended for one more year in exceptional cases;
- (v) After meeting the conditions established in the Town-planning Permit, the investor submits an application for the issuance of Construction Permit;
- (vi) Construction Permit is to be issued within 30 days, and within 60 days at the latest;
- (vii) Construction Permit is valid for two years, during which period the building construction has to begin;
- (viii) Validity of Construction Permit can be extended for one year only.
- (ix) After the building construction is completed, the technical inspection is to be performed and, based on the technical review, the Utilization Permit is to be issued for the building;
- (x) Upon the issuance of the Utilization Permit, the ownership right to building and land may be entered into the land-register.
- (xi) During the construction period, the land is treated as state property, until the time when the construction works are completed and the Utilization Permit issued.

5. The price for the assigned town construction land and compensation for the arrangement thereof

The established current rates of compensation for the allocated town construction land to be used amount as follows per 1 m² of housing, business and industrial space:

ZONE Housing, business and industrial zone of construction land	Price (KM/m ²)
I	10
II	8
III	6
IV	4
V	2
VI	1

Valid established compensation for the arrangement of town construction land per 1 m² of the usable area of housing, industrial and business space:

Housing and industrial space in Sarajevo Canton by municipalities

Municipality	Housing and industrial zone of construction land Price (KM/m ²)					
	I	II	III	IV	V	VI
Stari Grad	100	90	80	60	50	30
Centar	100	90	80	60	50	30
Novo Sarajevo	100	90	80	60	50	30
Novi Grad	100	90	80	60	50	30
Ilidža	100	90	80	60	50	30
Vogošća	65	45	35	25	15	10
Hadžići	65	45	35	25	15	10
Ilijaš	65	45	35	25	15	10
Trnovo	65	45	35	25	15	10

Business space in Sarajevo Canton by municipalities

Municipality	Business zone of construction land Price (KM/m ²)					
	I	II	III	IV	V	VI
Stari Grad	300	250	200	150	120	100
Centar	300	250	200	150	120	100
Novo Sarajevo	300	250	200	150	120	100
Novi Grad	300	250	200	150	120	100
Ilidža	300	250	200	150	120	100
Vogošća	250	200	150	100	80	60
Hadžići	250	200	150	100	80	60
Ilijaš	250	200	150	100	80	60
Trnovo	250	200	150	100	80	60

6. Rights of foreign investors regarding disposal of construction land

The Law on Ownership-Legal Relations (*Official Gazette of F BiH*, No. 6/98), Chapter VIII *Rights of foreign nationals* regulates the following:

- Foreign physical and legal entities can be holders of ownership right to land and building they acquired by inheritance, as well as citizens of Bosnia and Herzegovina and F BiH, unless otherwise determined by international agreement;
- Foreign physical and legal entities conducting activity in F BiH can be holders of ownership right to business buildings, business premises, apartments and housing, and on construction land on which the referenced objects have been constructed or will be constructed;

- A foreign national permanently residing in F BiH can be the holder of the ownership right to an apartment or a housing building, as well as to the construction land on which the referenced buildings are constructed or will be constructed;
- A foreign physical and legal entities may transfer the ownership right by virtue of a legal business to a local physical or legal entity as well as to a foreign physical or legal entity entitled to be the holders of the ownership right by law;
- After the foreign physical and legal entities have acquired the right to real estate, records shall be kept by the Federation Ministry of Justice, on the basis of data forwarded to it ex officio by the authorities responsible for the registration of the rights to real estate;
- Exceptionally, a foreign physical and legal entities can be limited in acquiring the ownership rights to real estate in the territory of F BiH, by the reciprocity condition. The Federation Ministry of Justice provides the interpretation of the reciprocity condition, after obtaining the prior opinion from the Ministry of Foreign Affairs of Bosnia and Herzegovina;
- The buildings to which the ownership right exist can be rented to other countries for the needs of their diplomatic and consular representation offices, their organizations and specialized agencies, as well as the United Nations and the European Union organizations and specialized agencies, upon previous consent of the Federation Ministry of Justice, which is obliged to previously obtain the opinion from the Ministry of Foreign Affairs of Bosnia and Herzegovina.
A long-term lease contract can be concluded for a minimum period of 5 years and for maximum period of 50 years;

Foreign physical and legal entities can be the holders of the ownership right to the construction land. Therefore, the provisions on acquiring the right to use construction land and the ownership right, as well as the provisions on the methods and conditions for obtaining the Construction Permit, also pertain to foreign physical and legal entities.

7. Concessions and their specificities

Sarajevo Canton adopted the Law on Concessions of Sarajevo Canton (*Official Gazette of Sarajevo Canton* No. 21/03) which regulates the issue of granting the concessions on property and natural resources owned by Sarajevo Canton, the Town of Sarajevo or the municipalities being the part of Sarajevo Canton.

The following may be the subject of concession:

- Construction and/or use of infrastructural facilities for public town and suburban transport;
- Fixed traffic facilities (public underground and/or above-ground garages and parking lots);
- Construction and/or use of buildings in the area of energy and energy media (hydro-energy facilities, thermal power plants, thermo-energy facilities, energy media, supply facilities, energy media transportation);
- Construction and/or use of water-economy and water-supply facilities (hydro-accumulations, water supply facilities, use of water streams and other water resources);

- ☐ The right to render municipal and other public services;
- ☐ Public town and suburban passenger transportation;
- ☐ Use of construction land;
- ☐ Use of forests and forest land;
- ☐ Use of agricultural land;
- ☐ Use of medical, thermal and mineral waters;
- ☐ Hydro melioration systems and systems for extracting materials from water streams and water areas;
- ☐ Research and/or use of non-metal mineral raw materials including all secondary mineral raw materials determined by special law;
- ☐ Sites and objects of constructed and natural heritage.

Contract on concession is granted for a certain period of time depending on economic prospect of the project and it cannot exceed 30 years.

Notwithstanding, a longer period of concession can be granted to the concessionaire, if all planned objectives cannot be achieved during the period of 30 years, and if this is required by the special interests of the Canton, town or municipalities.

8. Sales tax on real estate

The Law on Sales Tax on Real Estate and Rights (*Official Gazette of Sarajevo Canton*, No. 23/05 and 25/06) foresees the tax rate of 5% of the real estate sales value.

Real estate sales value is determined by the commission appointed by the Head of Municipality within which real estate is located.

VI PUBLIC AND PRIVATE SECTOR PARTNERSHIP IN SARAJEVO CANTON

Public and private partnership (PPP) in the territory of Sarajevo Canton, as well as in the entire BiH, is only in the initial phase of the development. Some initial forms of the issuance of concessions to private capital have been registered, however, there have not been more significant forms of such partnership in the form of project funding yet.

1. Importance and objectives of PPP to the development of Sarajevo Canton

The need for PPP arises due to the demanded increase in the quality of public services for both economy and citizens, which requires the investment in the infrastructure and other facilities of public importance. On the other hand, the budget framework for expenditures and investments is limited and, as a consequence, there is the need to attract private capital so as to finance the investments of public importance. Participation of private sector in such projects should contribute to the efficiency of their construction and use. According to some estimations, the investment and operational costs in PPP decrease by 17-20% compared to the situation wherein it is only the public sector which is in charge of the operations. That efficiency stems from a higher *know-how* level which the entrepreneurial sector possesses and the profit related motivation which improve the organization, efficiency and innovation in the activities which used to be traditional in the past.

Currently, in Sarajevo Canton, the whole range of public services is of low quality and with considerable financial losses, especially in the water supply, heating energy and the health care institutions. At the same time, the development and modernization are absent in the whole range of areas of public interest, and some of them cannot face the challenges of the future reforms. Some of the examples refer to slow and jammed town traffic, undeveloped public health care, and unsolved problems of the accommodation and development of Sarajevo University institutions.

The most natural ambient to establish PPP is deregulation and the establishment of a competitive environment in the services which are traditionally monopolized by the public sector. It should be taken into account that the interest of private capital for PPP projects is to generate profit, and such interest cannot be realized without a market regulated in the conditions wherein competitiveness is being developed.

However, PPP cannot solve all problems of public services. In any case, it is necessary to explore alternative ways of the construction of projects or the rendering of services in the conditions of the use of public resources, prior to orienting to PPP in the realization of certain projects. PPP is a complex process of defining the public and private interest and taking the project risks, and it therefore requires a firm regulatory framework, the medium-term strategies and the development policies, efficient institutions and coordination of sectoral and public finance management, as well as the consistent enforcement of that process transparency. If all these things are not in place, PPP can become a source of corruption and transfer of public wealth into the private channels.

2. PPP Objectives in Sarajevo Canton

The PPP objectives stem from the aims and strategies of economic, social and spatial development of Sarajevo Canton.

In such context, the major goals of PPP in Sarajevo Canton are as follows:

- Better standard of living and meeting of the citizens' needs for quality public

services in the area of infrastructure, municipal economy, health care, education, culture, social welfare, environment sustainability and other activities, in order to promote Sarajevo Canton as a place for pleasant living

- Improved competitiveness of the Canton as the location of profitable business through the development of modern infrastructure and human resources aimed at having in place productive manufacture and services which will enable new investments and employment
- Implementation of the policies of the public sector reduction and transformation of the government's role from the service provider to the regulator and partner in the private sector
- Mobilization of additional private capital so as to achieve the goals of economic development in the areas of the public activities, thus overcoming the limitations of the public financing and enabling the redirection of disposable budget funds for other public purposes where it is not possible to make private capital interested in them.
- The improvement of quality, long-term stability and the achievement of fair prices of public services for both economy and citizens by reducing the investment and operational costs of the certain public services organization.
- Attracting the foreign direct investments through the PPP regulations harmonized with EU and through the expansion of sectors implementing PPP.
- The activation of private sector potentials and employment through the investment dynamism and activation of the complementary industries which support the investment activities as referred to in the basics of PPP.
- The PPP objectives should be incorporated in all policies and plans for the government activities, and the range of projects implemented on the basis of PPP should be continuously expanded. The regulatory framework and institutional structure for managing the PPP process should also stem from them.

3. Definition and forms of PPP

There is no single definition of PPP, but the one from the EU documents („Green Paper on PPP and Community Law on Public Contracts and Concessions” from 2004 and the „Guidelines for Successful Public - Private Partnership” from 2003) could be taken as relevant, according to which the public-private partnership pertains to the forms of cooperation between the public and the private sector with the aim of securing financing, construction, reconstruction, management and maintenance of infrastructure or provision of services.

The referenced four key activities (financing, construction, management and maintenance) are the basis for the division of different forms of PPP. The PPP basic forms include partnership exclusively based on the contractual relations between different participants. This term covers multitude of models in which one or more projects of smaller or greater scope are allocated to a private partner, which can include preparation, design, financing, carrying out of works, reconstruction or use of buildings or rendering of services.

The PPP forms also depend on the level of liberalization of certain activities, that is, the possibility of market functioning in regard to their implementation. This primarily refers to the manner in which to generate profit by a private partner in PPP – through the collection of the payments of market prices from the service users (toll, price of the usage of public garages, payment of utility services) or through the compensations by the government (payments for the personal social care activities, schools activities, hospitals and similar).

The first of the contractual forms of PPP is the concession model for carrying out the public

activities. It establishes a direct link between a private partner and a final user of the services. A private partner renders a service instead of a public institution, but under its control. Concessionaire, that is, a private partner, generates income which is made up of the final users' payments and/or government's subventions. Concession can be given for already constructed buildings with the aim of having a more efficient management of the public buildings or resources, or for the buildings which are to be constructed (i.e. concession for the use of the existing public garages compared to the concession for construction of new garages).

The second form of PPP pertains to a so called private financial initiative (PFI), wherein a private partner is invited to design, finance, construct, maintain and manage the use of the project on behalf of the public sector unit (i.e. school, hospital, prison, government buildings, communal infrastructure and similar). Under this model, compensation to the private partner is not made in a form of payment by final user for the use of the construction or service, instead, the payment is made by a public partner. The constructed buildings remain public property. Such form of PPP ensures the construction of new buildings and it has far more significance for the development of Sarajevo Canton.

The third form of PPP is leasehold, where a private partner does not invest in a project, but manages it for a certain period of time and charges the users for the services. For example, taking lease of a public swimming pool for providing recreational services to citizens.

The fourth form of PPP are the projects of construction, use and transfer of ownership to the government (BOT: Build-Operate-Transfer) and the projects of construction, taking over the ownership and use (BOO: Build-Own-Operate). BOT projects are those where a private investor constructs, uses and transfers the building. During the contracted period, the private partner holds the ownership of the project, and after its expiry, ownership is transferred to the state. Apart from the BOT arrangement, BOO arrangements are also possible, where after the expiry of concession, the constructed construction remains to be owned by investor instead of being transferred to the state. BOO arrangements are for a shorter period of time, have lower project costs and their residual value after the arrangement expires is usually null, due to the high rate of technological obsolescence. That is the why a BOO arrangement does not include the transfer of ownership to the government at the end of the arrangement. For example, some company would be contracted to implement a digitalization project of the University Clinical Centre Koševo

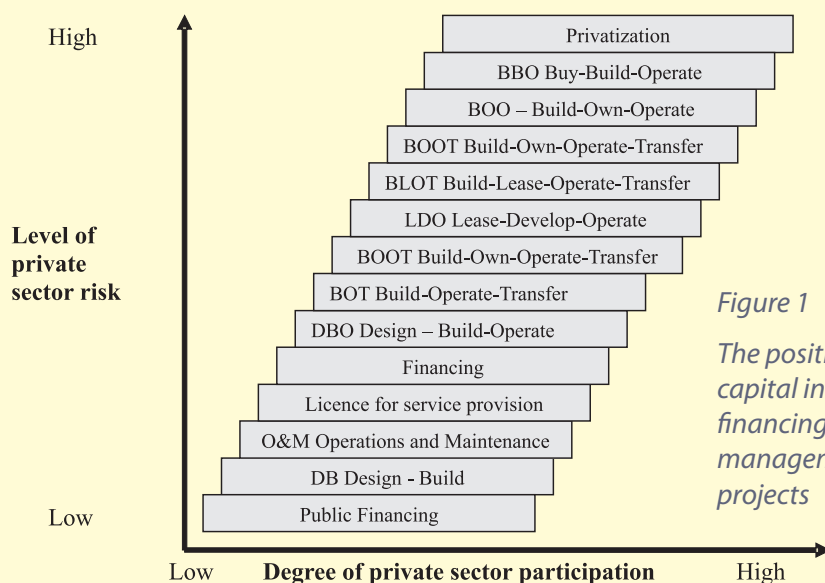


Figure 1
The position of private capital in different forms of financing and management of public projects

during the period of ten years, wherein an investing partner would invest capital in the equipment for diagnostics and information technology, charge for the equipment utilization and, after ten years when such equipment has become valueless, it would be dismantled and given back to investor.

Figure 1 illustrates the diversity of public-private ownership practiced in the countries which are leading in PPP (Great Britain, France, USA and others).

Two extreme examples do belong to the PPP category. It is important to notice that not every business cooperation between private and public sector is the PPP, regardless of the fact that it is implemented by the public institutions and private capital. If such activities are transactions which take place on the market without partnership relations, they cannot be considered PPP (i.e. provision of services to the public institutions by private companies, or construction of the construction for the needs of the government, or leasing privately owned buildings to the government on the basis of the Lease Contract, and similar).

4. PPP Legal framework

One of the basic elements for realization of PPP is an encouraging and clear regulatory-institutional framework.

The most extensive framework for PPP for the future EU members, which BiH wants to become, are the European Commission's documents („Green Paper on PPP and Community Law on Public Contracts and Concessions”, 2004, and „Guidelines for Successful Public-Private Partnership”, 2003).

Some countries adopted special laws on PPP (Ireland, Spain, Poland, Turkey), and many are in the phase of preparation to adopt that legislation. Some countries, such as Croatia, adopted the guiding acts in the form of Directives for the implementation of PPP contractual forms. The basic reasons for such a situation in regard to the legislation are the positions of many countries wherein they believe that there are laws and other regulations being already in place to regulate this area, and that a special law on PPP is not needed.

In Sarajevo Canton, the following laws are relevant to PPP: Law on Public Procurement of BiH, Law on Foreign Investment of F BiH, Law on Concessions of F BiH and the Law on Concessions of Sarajevo Canton, Law on Obligatory Relations of F BiH, Law on Companies of F BiH and the Law on Public Companies of F BiH. The legislation on the budget and budget expenditures in Sarajevo Canton is also very important. The regulatory framework would certainly be strengthened by the appropriate documents or guiding regulations, considering the lack of experience in PPP.

In regard to the institutions, many countries have appropriate agencies for PPP within the ministries or as independent bodies. Agency for PPP should certainly be established in Sarajevo Canton, and it could be located in the Ministry of Economy. The basic task of the Agency for PPP would be to disseminate information and prepare the proposals for PPP based on the principle ONE STOP SHOP, since, for the reason of diversified authority and legislation within the government structure in FB&H and in Sarajevo Canton, potential investors would face numerous obstacles.

The regulatory framework should be complementary to the PPP logic, which is presented in Figure 2.

Efficacy of PPP projects must be based on the economic effects of the project. It must be beneficial for both public and private sector, and therefore it must be evaluated based on Cost-Benefit analysis in order to examine social benefit, and also on the basis of

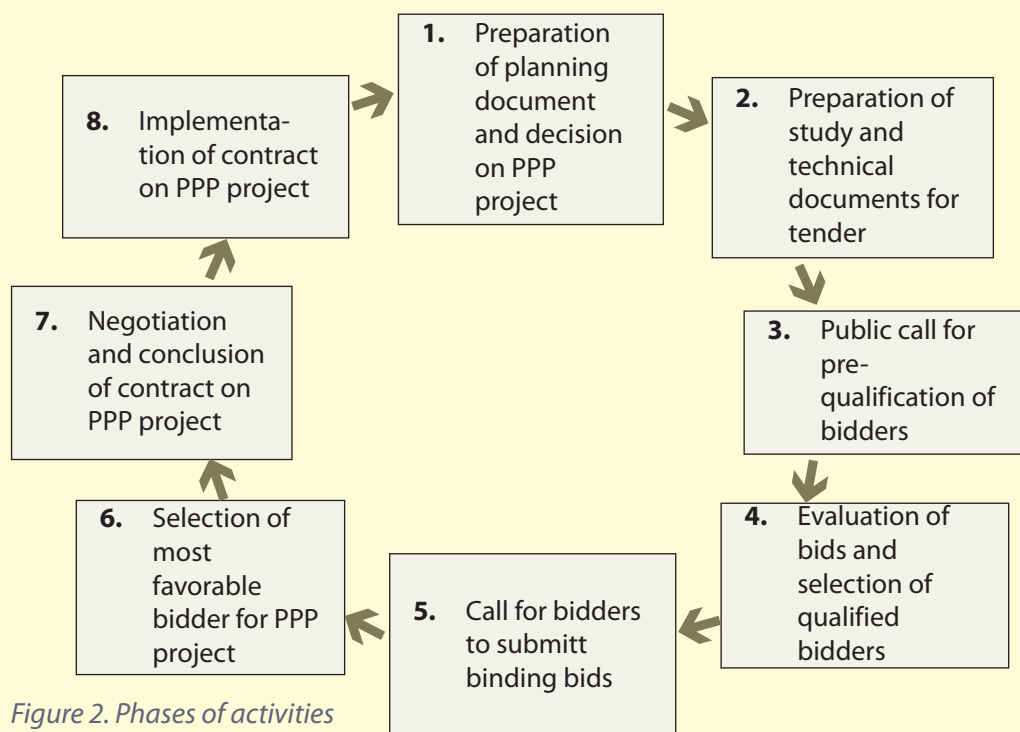


Figure 2. Phases of activities in PPP project management

microeconomic, that is, financial-market cost effectiveness, which meets the interests of a private partner to join the project. Due to the complexity of analysis, the participation of consultants is necessary for the government. The project risks may be divided to political-legal risks (force majeure, changes in the international environment and the attitude towards BiH, internal system), commercial-financial risks (convertibility of currency, inflation, level of demand, capital price, taxes), development risks (quality of the preparation of technical and study documents, administrative risks), construction risks (deadline and construction costs overrun, bankruptcy of a private partner, dysfunctional project), and the operational risks (high maintenance costs, competition, damaged equipment, negative environmental impacts, unqualified workforce). There is relevant exposure to risk by both public and private partners in regard to each of the listed risks. The risk management strategies are greater problem to the private sector, because the basic strategy of a public partner is to minimize the risks by transferring them to a private partner.

Entering into contracts on PPP projects, especially in the case of the BOT arrangements, can be done in two ways. The first way (solicited mode) refers to the initiatives undertaken by the government on the basis of a decision on construction or implementation of a certain project, which are followed by the feasibility studies and the public invitation for a selection of a contractor. The second way (unsolicited mode) is when private undertakers approach the government with an initiative for construction or realization of a certain project, and then the government invites other bidders to participate in public tender for selection of a bidder.

Bidder founds the company of a special type (SPV Special Purpose Vehicle) comprising the partners interested in financing and the use of certain investment project. Such company usually has a low level of equity capital but, on the basis of the potential of cash flow from the project, it can incur debts on capital markets and finance the construction, organize its operational use, and provide for loan redemption from the income generated from the use of the constructed building.

The selection of a partner contractor for BOT is a great risk for the government, and it therefore must ensure the most competent implementer. It is beneficiary to have renowned financial-development institutions as shareholders in the SPV company, such as IFC, EBRD and others, which provide guarantees that project risks will be minimized.

5. List of potential projects for the implementation on the basis of PPP

There are projects in Sarajevo Canton which are, to a higher or lower extent, prepared for the investment and which could be implemented on the PPP principles. These projects are listed below.

- 1 *Infrastructural communications projects, such as:*
 - ☐ Modernization of Sarajevo Airport
 - ☐ South longitudinal - phase one
 - ☐ Town highway (Faculty of Civil Engineering – Pofalići)
 - ☐ I transversal
 - ☐ IX transversal
 - ☐ XII transversal (from app. 100 m before Stupska petlja (loop) to Entity border)
 - ☐ Town traffic modernization project
 - ☐ Reconstruction on the trolleybus network to Vogošća
- 2 *Public-utility projects and sports projects*
 - ☐ Development of hot-water heating systems for supply of energy to economy and citizens
 - ☐ Reconstruction and modernization of water-supply network
 - ☐ Reconstruction and modernization of sewage system with the collectors installed into the River Bosna
 - ☐ Project of collection of solid hard waste and usage of waste as secondary raw materials
 - ☐ Projects of environment sustainability, including the system of air, water and soil quality control
- 3 *Education and social welfare projects*
 - ☐ Construction of the University campus
 - ☐ Construction of several centers for vocational education in Sarajevo Canton
 - ☐ Construction of several centers for pre-school education
 - ☐ Computerization of universities, schools, and pre-school centers
 - ☐ Construction and management of institutions for social care
- 4 *Health care projects*
 - ☐ Capacity development of the University Clinical Center Koševo
 - ☐ Modernization and equipping of health centers

The Sarajevo Canton government will initiate intensive preparatory activities for evaluation of the possibilities and elaboration of the PPP concepts for the foregoing and other development projects in Sarajevo Canton.

VII FISCAL BURDEN ON BUSINESS SECTOR

1. Tax policy

Tax policy in Bosnia and Herzegovina falls within the competence of entities, cantons and municipalities. In the Federation of Bosnia and Herzegovina, the Law on Allocation of Public Revenues (*Official Gazette of F BiH* No. 26/96, 37/03) defines the general framework for income of the sub-entity levels of government. Pursuant to Article 7 of the Law, 100% of sales tax, salaries and profit revenues are allocated to cantons. This provision secures that all income obtained from the most important indirect and direct taxes – sales tax and citizens income tax – remains entirety in the cantons from which it originates. There are two types of taxes in the current tax system – indirect and direct taxes.

1.1 Indirect taxes

Indirect taxes are charged on goods and services transactions. One of the most significant activities concerning the continuation of the economic reforms in Bosnia and Herzegovina is the implementation of the Law on VAT, from 1 January 2006, the introduction of which was to contribute to consolidation of fiscal system in the country, more reliable state income and the reduced impact of *grey economy* in BiH.

Tax rate is 17%. The VAT refund is very important to economy and business entities. This model of taxation ensures significant funds and creates the great possibilities for a portion of these funds to be returned to economy (new investments, new jobs, investments into social welfare sector, etc.). The following are the basic laws regulating this area:

- ❑ Law on Value Added Tax (*Official Gazette of BiH*, No. 9/05),
- ❑ Law on Indirect Taxation System of BiH (*Official Gazette of BiH*, No. 44/03 and 52/04).

1.2 Direct Taxes

Direct taxes are charged on capital, workforce and property. The reform of direct taxes primarily pertains to profit tax and income tax. The main objective of these reforms is to simplify all taxes and harmonize them in the whole territory of Bosnia and Herzegovina, thus ensuring equal treatment of all taxpayers.

The basic laws regulating or defining the most important fiscal and para-fiscal forms, where taxpayers are companies, are:

- ❑ The Law on Corporate profit Tax
- ❑ Law on Personal Income Tax
- ❑ Law on Contributions
- ❑ Law on Income Tax

Note: Apart from direct taxes, fiscal burden also includes the contributions to tourist association and the charges for the use of forests, while membership fees paid to the chambers have not been obligatory since 1 January 2004. In addition, under the Law on protection and rescue of people, material goods against natural and other type of disasters (*Official Gazette of F BiH*, No. 39/03), and the Law on Waters (Art. 169 *Official Gazette of F BiH*, No. 70/06) general water fee of 0.5% on net salary is foreseen which, together with previously mentioned law, makes additional 1% on net salary.

1.2.1 Tax on corporate profit

After the indirect tax system reform, the change of corporate profit tax was initiated in both entities. In the Federation of BiH, the new law came into force on 1 January 2008 (*Official Gazette of F BiH*, No. 97/07). According to the new law, taxpayers are companies and other legal entities which undertake economic activity independently and continuously by selling products and providing services on the market for profit.

Taxpayer is the resident of the Federation of BiH who has earned profit in the territory and outside territory of F BiH. Taxpayer is also a non-resident who has earned profit in the territory of the Federation of BiH Profit tax rate is 10% .

a) Tax exemptions (incentives)

Taxpayer who generated more than 30% of total export income during the year for which profit tax is to be assessed, shall be exempt from profit tax payment for that year.

Taxpayer who, during a period of five successive years, invested in production the amount of at least 20 million KM in the territory of the Federation of BiH, shall be exempt from profit tax for the period of five years, beginning the first year of investment in which at least 4 million KM must be invested.

If a taxpayer does not reach the prescribed investment minimum in the period of five years, it will lose the right to tax exemption, and the unpaid profit tax shall be determined pursuant to this Law and increased by interest on arrears which is to be paid on untimely paid public revenues.

Tax payer employing more than 50% of disabled persons and persons with special needs among his/her employees for a period longer than one year shall be exempt from profit tax in the year during which more than 50% of his/her employees were disabled persons and persons with special needs.

b) Tax upon deduction

Tax upon deduction represents tax calculated on income generated by a non-resident in the territory of the Federation of BiH, which is novelty to become effective as of 1 January 2009.

Tax upon deduction shall be calculated and paid by payer when paying revenues.

Tax base on which tax upon deduction is calculated shall be the gross amount paid by the F BiH resident to the non-resident on the basis of:

- ☐ dividends, interests, copyrights and other intellectual property rights,
- ☐ compensations for market research services, tax consulting, auditing services,
- ☐ entertainment and sport events,
- ☐ insurance premium for insurance or reinsurance from risk in F BiH,
- ☐ telecommunication services between F BiH and other country, as well as all other services rendered in the territory of F BiH.

Tax upon deduction rate is 10%, while the dividend rate is 5%.

1.2.2 Taxation of physical persons

Physical persons residing or dwelling in the territory of F BiH (residents of F BiH) who earn their salaries by their work, shall under the Law on Personal Income Tax (*Official Gazette of F BiH*, No. 26/96, 27/97, 12/98 and 29/00). A physical person – non-resident of F BiH who has earned his/her salary in the territory of F BiH shall also be deemed to be a taxpayer.

Salary means personal and additional income received by a physical person on the basis of regular employment. Additional incomes are those earned by a physical person outside working hours and those earned by self-employed physical persons (Art. 2 of the Law on Personal Income Tax).

The salary tax rate in 2000 was reduced from 15% to 10%. The tax base is gross salary reduced by the foreseen social security contributions, charged on the insured person, that is, employee.

In April 2001, the Government of F BiH proposed a new reduction of salary tax rate from 10% to 5% (Law on Amendments and Supplements to the Law on Personal Income Tax, *Official Gazette of F BiH*, No. 16/01, 7/02 and 27/02). Given that the tax base for calculating salary tax is gross salary reduced by the contributions charged to the insured person (contributions taken from salary), the calculated salary tax rate is 3,4% on gross salary.

During the year 2007, the personal income taxation reform was initiated. The adoption of this law within the taxation system reform is aimed at overcoming variety and inconsistency in the existing tax legislation in the territory of F BiH, and avoiding multiple taxation of one and the same income, which currently exists as a consequence of the constitution-granted authority to both F BiH and cantons to create and implement the fiscal policy.

Apart from taxation of personal income, property income and property rights, copyrights, patents and technical improvements, agricultural activities, games of chance profit, including total income of physical persons, which is the current practice under the cantonal regulations, the new Law on Income Tax also regulates taxation of salary income, additional income, service agreement, etc.

The Law on Income Tax was adopted and published in the *Official Gazette of F BiH*, No. 10/08 of 5 March 2008.

According to the Law, income tax rate is 10%. The Law also stipulates the basic personal deduction from tax base in the amount of 300 KM per month, deduction for a dependent family member in the amount of 0.5 and 0.7% of the basic personal income, deduction for invalidity of a tax payer in the amount of 0.3% of personal income, voluntary life or health insurance in the amount of 0.7% of personal income. Tax deduction is also stipulated for medical expenses not covered by mandatory health insurance.

The application of the Law on Income Tax shall begin on 1 January 2009.

1.2.3 Contribution charges on business sector

Contributions are prescribed by the Law on Contributions (*Official Gazette of F BiH*, No. 35/98, 54/00, 16/01, 7/02, 27/01 and 6/03), while the Directive on the Calculation and Payment of Contributions sets forth the way in which compulsory contributions are calculated and paid for pension and invalidity insurance, health insurance and unemployment insurance.

There are two groups of contributions:

- contributions from personal income and other income, to be paid by the insured person (contributions from salary)
- contributions on paid personal income, to be paid by the employer (contributions on salary)

Contributions are calculated and paid by legal entities or physical persons residing in the Federation of BiH for their employees. If a self-employed person conducts business, professional or other activities as their primary occupation, that person too is obliged to calculate and pay contributions.

The established rates of contributions according to type and purpose are as follows:

a) *Contributions from salary:*

- the rate of contribution for pension and invalidity insurance is 17% on gross salary or 25% on net salary,
- the rate of contribution for health insurance is 13% on gross salary or 19,12% on net salary,
- the rate of contribution for unemployment insurance is 2% of gross salary or 2,94% of net salary.

b) *Contributions on salary:*

- the rate of contribution for pension and invalidity insurance is 7% of gross salary or 10.29% on net salary,
- the rate of contribution for health insurance is 4% on gross salary or 5.38% on net salary,
- the rate of contribution for unemployment insurance is 0,5% on gross salary or 0,74% on net salary.

The employer pays contributions at the cumulative rates.

The total cumulative rate of tax and contributions, i.e. the rate that also includes tax on salary, is 46.5% on gross salary or 63.97% on net salary.

The new Law on Contributions is expected to be adopted in near future.

VIII PRICES OF MUNICIPAL SERVICES FOR LEGAL ENTITIES IN THE TERRITORY OF SARAJEVO CANTON

No.	Description	Unit of measurement	Price in KM	Note
1.	Price of water and waste water drainage	m ³	3,09-3,25	<i>Price of water depends on the type of activity (production, craftsman activity, services, non-production activities.)</i>
	Connection			<i>Price of connection to water-supply and sewage system depends on more factors: existence of road network, distance of location from the existing system, type of project (housing, business, etc.), and demanded quantity of water, therefore, individual prices cannot be provided.</i>
2.	Heating Energy			
	Business premises without installed gauges	m ²	4,013	<i>Price is without VAT, payment for 7 months. Payment is made at the flat-rate.</i>
	Business premises with installed heating energy meter			
	fixed part	KM/kw	5,312	<i>Price is without VAT, payment for 12 months, monthly price.</i>
	variable part	KM/kwh	0,0857	<i>Consumption-based payment</i>
	Connection to central heating system			<i>Price of connection installment is calculated according to real costs</i>
	Compensation for connection to central heating system	KM/1 KW	10	<i>Price of central heating system connection installment is calculated according to real costs. Compensation for central heating system connection where there is no disposable energy is calculated according to real costs.</i>
3.	Price of gas			
	big consumers	5 m ³	0,866	
	small consumers	5 m ³	0,878	
	Connection		900	<i>Price of connection depends on the distance and profile of network, whether excavation must be made in public area, asphalt and similar. In the case excavation in public area must be made (up to 20 m) additional 600 KM are added to the price of the connection installment.</i>
4.	Electric energy			
	Zimska sezona			
	higher tariff	pf/kwh	15,52-25,93	
	lower tariff	pf/kwh	7,76-12,97	
	Summer season			<i>Price is without VAT. Price depends on the chosen tariff package, that is, whether engaged power is measured (I tariff package) or not measured (II tariff package)</i>
	higher tariff	pf/kwh	11,93-19,95	
	lower tariff	pf/kwh	5,97-9,97	
	Connection			
	above-ground connection		2.200-4.500	<i>Price of connection depends on engaged power (kw) and whether the connection is mono-phase or three phase connection.</i>
	underground connection		2.400-4.700	
5.	Telephone communications			
	fixed - subscription		14,36-19,14	<i>Price depends on connection (direct or shared)</i>
	mobile - subscription		15-100	<i>Payment for the use of GSM services</i>
	Phone calls			
	local	minutes	0,018	
	trunk calls	minutes	0,041-0,084	<i>Price depends on the period of intense and weak traffic, zone, distance, etc.</i>
	international	minutes	0,491-1,638	
	Connection fee		17,55-70,20	<i>Connection fee depends on the number of connections, for first connection the price is 70,20 KM</i>
6.	BiH net			
	- ADSL 1G	1024/128 Kb/s	22,23	
	- ADSL 3G	1024/128 Kb/s	29,25	<i>1 user account</i>
	- ADSL 9G	4096/384 Kb/s	52,65	
	ADSL MAX	512/192Kb/s	105,30	<i>1 user account. BH Telecom also offers other packages and services.</i>
7.	Removal of garbage	m ²	0,10-20,0	<i>Price of take-away depends on activity (catering and commerce activities, administrative premises, premises of humanitarian activities, news-stands, outdoor coffee shops, and business premises for other activities)</i>

IX PREFERENTIAL TREATMENT

In accordance with Article 3 of the Law on Direct Foreign Investment Policy in BiH, and other laws and agreements of BiH and the entity laws, foreign investors have the same rights and responsibilities as the residents of BiH.

BiH and entities will not discriminate foreign investors in any way, including but not limited to their citizenship, seat or residence, religion or state of the investment country of origin (Article 8 of the Law on Direct Foreign Investments in BiH).

Pursuant to Article 162(2) of the Law on Customs Policy of BiH, "Equipment placed on into free circulation, which is based on foreign investment, shall be exempt from custom duties in accordance with the Law on Direct Foreign Investment Policies of BiH".

BiH is a signatory country to numerous free trade agreements with the neighboring countries and has been negotiating the membership in CEFTA and WTO. Furthermore, companies operating in BiH enjoys the commercial system preferential status within EU. This agreement allows for all goods meeting European standards to be exported to any of 25 EU countries without quantity restriction and duty free until the end of 2010. Apart from EU countries, BiH enjoys the advantages of the export regime with countries such as USA, Japan, Turkey, Canada, Russia...

With the aim of attracting direct foreign investments the legislator, that is, the Parliament of F BiH, allowed domestic companies with foreign capital invested, as well as the companies which are 100% owned by the foreign nationals, a profit tax reduction by the percentage proportional to the investment of the foreign entity. This tax incentive is applied for the period of five years.

The taxpayer which generated more than 30% of total income during one year through exports is exempt from profit tax for the given year.

The taxpayer investing at least 20 million KM in production during the period of five successive years in the territory of F BiH is exempt from profit tax for the period of five years, beginning the first year of investment in which at least 4 million KM should be invested.

If a taxpayer does not reach the prescribed investment minimum in the period of five years, it loses the right to tax exemption, and unpaid profit tax is determined based on provisions of this Law increased by the interest on arrears on untimely paid public revenues.

The taxpayer having more than 50% of disabled persons and persons with special needs among his/her employees for longer than one year is exempt from profit tax for the year during which disabled persons and persons with special needs made more than 50% of his/her employees.

Free zones and the zone users are exempt from profit tax 100% for the period of five years of the business activity. It is, however, necessary to emphasize that apart from the mentioned preferences, there are still certain obstacles to the faster development of business undertaking. With the aim of improving business environment for domestic and foreign investments the measures and reforms are being implemented, aiming at reducing bureaucratic obstacles and unnecessary regulations so as to have new jobs opened and investors attracted in an easier and a faster way.

Foreign investors are exempt from import custom duties on the equipment considered to

be the investment capital (equipment cannot be more than 10 years old, and must comply with the technical standards). Equipment such as cars, machines for gambling and games of chance, cannot have the status of investment capital.

Tax liability reduction shall be applied to:

- Exemption from profit tax for tax payers generating more than 30% of total income through export, which is also the basis for the right to VAT refund.
- The taxpayer is exempt from profit tax for the period of five years beginning the first year of investment, provided that tax payer invests at least 20 million KM in the five-year period.
- A business unit of non-resident established outside the territory of F BiH, but in BiH, is exempt from profit tax for profit generated through the business activities in the territory of F BiH.

Conditions and method for VAT refund

Instructions about VAT refund regulates the conditions and method for the refund to diplomatic and consular, international organizations and members of these missions, as well as the VAT refund on the basis of supply of goods and services within the international assistance projects wherein BiH is obliged to exempt such projects from VAT by the international agreements.

According to the provisions of Article 29(1) of the Law on Value Added Tax, the VAT refund is made for the supply of goods and services intended for:

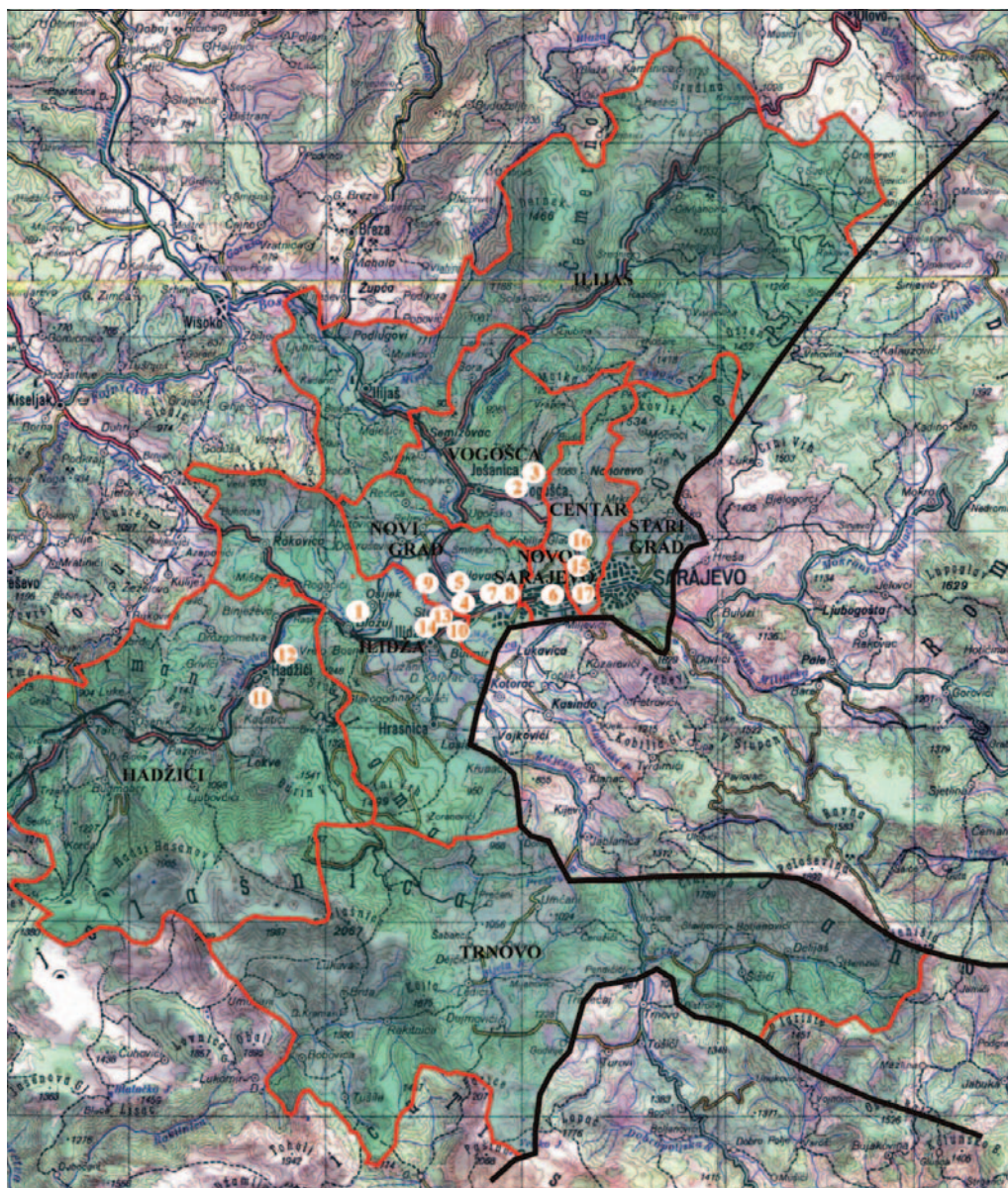
- official purposes of diplomatic and consular representation offices;
- official purposes of international organizations, if so stipulated by a treaty;
- personal needs of foreign staff of diplomatic and consular representation offices, including their family members and excluding local staff;
- supply of goods and services within international assistance projects.

The VAT refund application shall be submitted monthly with the Regional Center of the Indirect Tax Authority, as per the mission seat.

X BUSINESS ZONES

In accordance with the regulatory plans, the business zone locations have been planned in the municipalities of Centar, Hadžići, Ilidža, Novi grad, Novo Sarajevo and Vogošća. The establishment of business zones enables opening of new workplaces, use of resources (space, energy, infrastructure), and the employment of construction workforce for the zone equipping. A survey of the business zones under the regulatory plans is presented below, however, apart from the mentioned business zones, the drafting of the Regulatory Plan *Economic Zone Rajlovac* is also underway.

Consent must be obtained from the Federation Ministry for Spatial Planning and the Ministry of Energy, Mining and Industry for the facilities the operation of which jeopardize or may jeopardize the environment.



1. Regulatory Plan Energopetrol in Blažuj

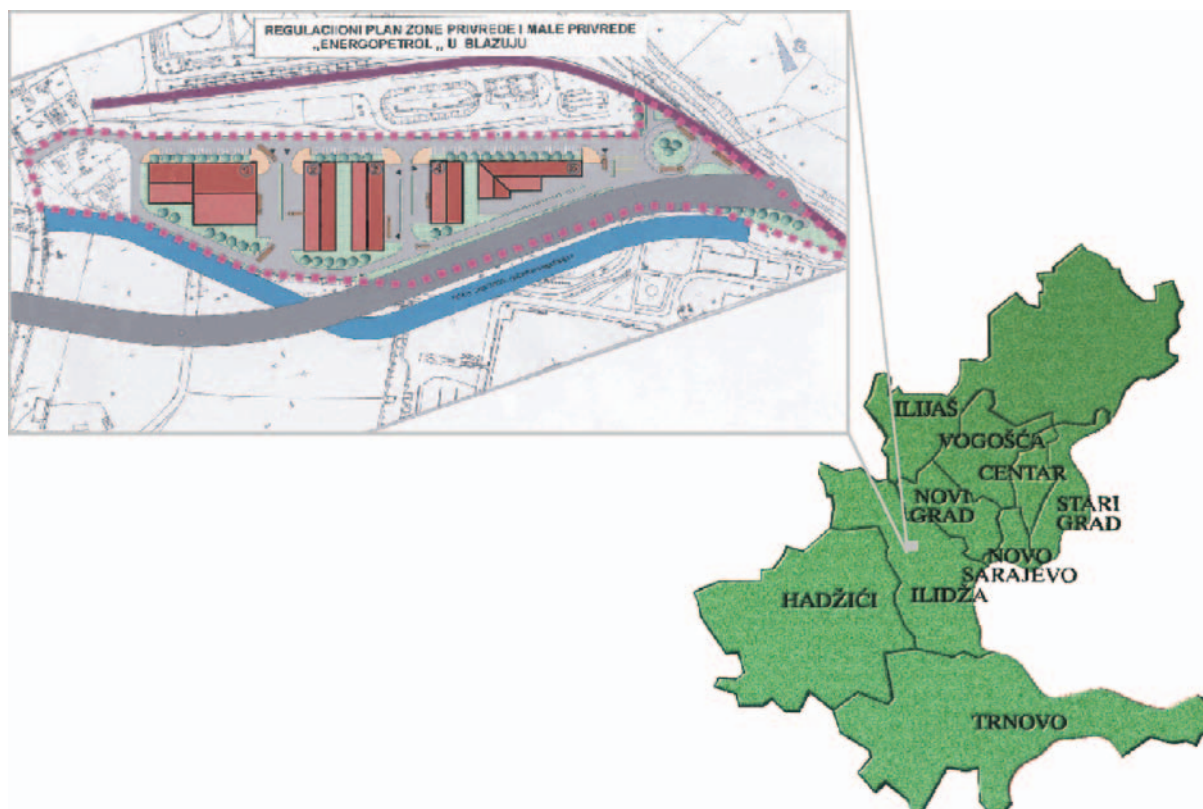
The location in the municipality of Ilidža occupies an area of 3.5 ha of relatively leveled terrain suitable for construction. The site has been defined in the Town Planning scheme as the business and small enterprises zone and all commitments determined by this plan have been assumed when *Energopetrol in Blažuj* Regulatory Plan was drawn up.

The current traffic and municipal services infrastructure is inadequate. Access to the site is planned via the existing road from the west, which is linked to the existing main road M 17.

The area is divided into five plots with an area of 2,500 to 5,000 m² so as to meet the minimum needs for the location of the industrial facilities ranging from 850 to 2,500 m². The construction coefficient (CC) is 0.32.

After inviting tenders, the municipality of Ilidža allocated the land under the terms as specified in the Regulatory Plan *Energopetrol in Blažuj*.

The Regulatory plan *Energopetrol in Blažuj* is published in the *Official Gazette of Sarajevo Canton*, No. 10/99, page 44.



2. Regulatory Plan Vogošća

Apart from the existing capacities occupying the area of 70 ha, expansion of this complex by additional 35 ha has been planned.

This site is intended for the following purposes: UNIS, Pretis, TAS, UTL, Trade center.

The expansion is anticipated by the Regulatory plan so that the ground plan area of all buildings amounts to 316.500 m², of which newly planned buildings cover the area of 157.520 m². Gross construction area of all buildings amounts to 435.000 m².

The purpose of the areas is planned as follows:

- | | |
|--|-----------|
| □ Industrial complex with the expansion of TAS and Pretis covers the area of | 98,00 ha. |
| □ Transformer Station (TS) Sarajevo 4 | 0,90 ha |
| □ Business zone | 6,19 ha |

The *Vogošća* Regulatory plan was adopted on 30 April 1991 in the Assembly of the Town of Sarajevo.

Note: It is necessary to exclude the area of 8,5 ha from this space due to already being treated through the Amendments and Supplements to the Regulatory plan *Industrial Complex Unis* in Vogošća.



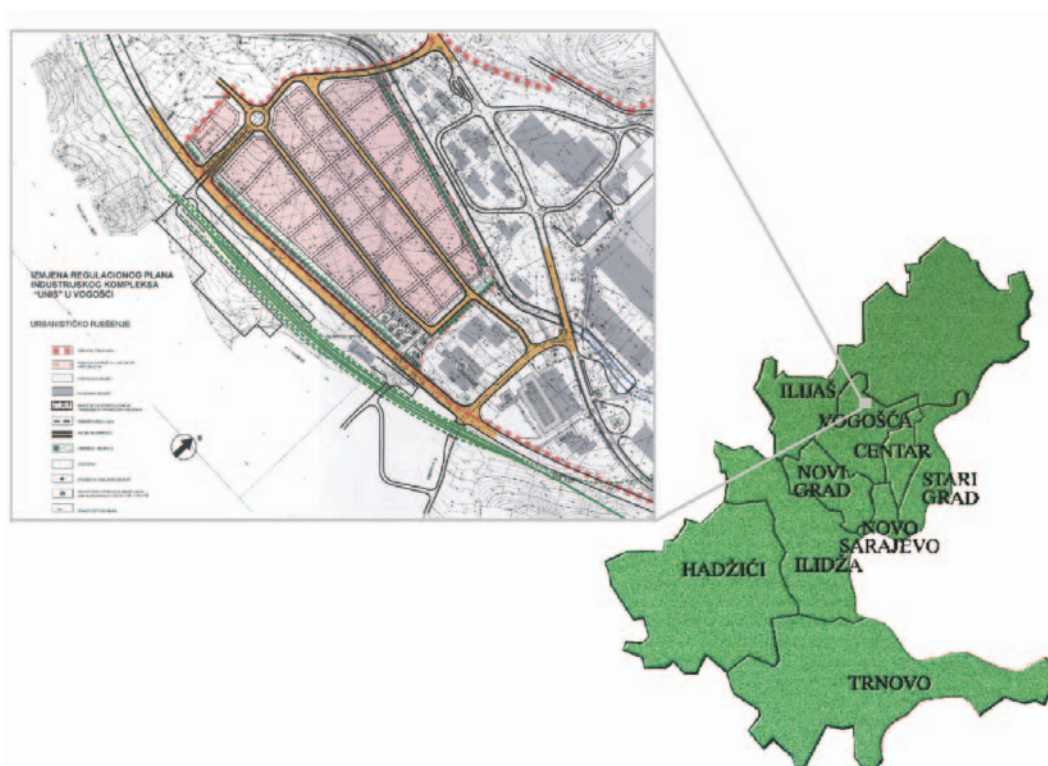
3. Amendments and Supplements to the Regulatory Plan - *Unis Industrial Complex in Vogošća*

The site is located in the municipality of Vogošća, south of the River Vogošća. It covers the area of 8.5 ha which is absolutely not built. The site is intended for the construction of business buildings and small companies as defined in the referenced realization plan and the Town Planning scheme.

The current municipal services and traffic infrastructure is very poor. Access to the site is planned via the *Brioni* resident area.

The area is divided into 29 plots ranging from 1,200 to 5,100 m² with the area of 50% maximum under the buildings. The maximum planned gross construction area is 63.741 m², and the construction coefficient (CC) is 0,5.

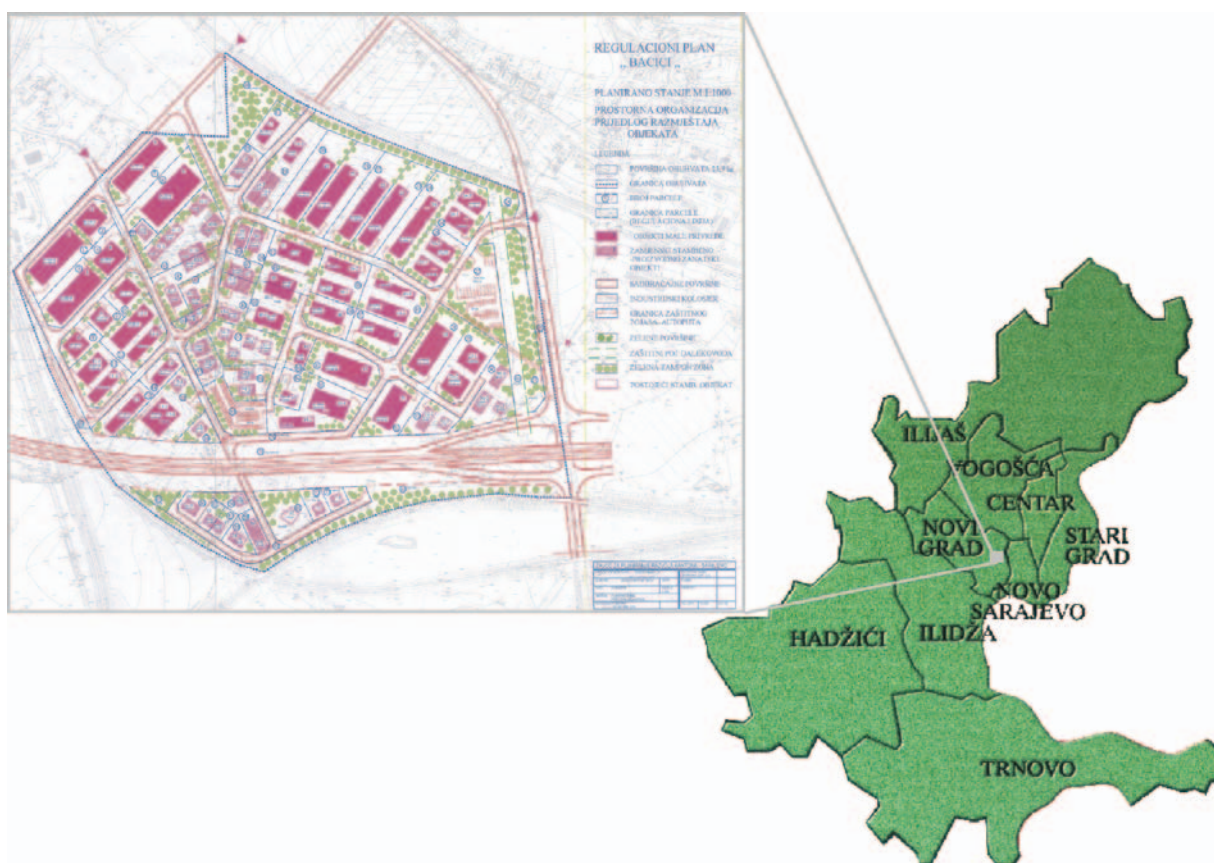
Amendments and supplements to the Regulatory Plan *Unis Industrial Complex in Vogošća* are published in the *Official Gazette of Sarajevo Canton*, 28/01, page 1.111.



4. Regulatory Plan *Bačići*

This site is in the Novi Grad municipality, west of the 12th transversal, occupying an area of 23.9 ha. This is a relatively flat terrain suitable for building. The site has been defined in the Town Planning scheme as a zone for business and small enterprises, and all commitments determined by this plan have been assumed when the *Bačići* Regulatory Plan was made. The current traffic and municipal services infrastructure is inadequate. Access to the site is planned via the 12th transversal.

The *Bačići* Regulatory plan is published in the *Official Gazette of Sarajevo Canton*, No. 13/02, page 643.



5. Regulatory Plan *Rajlovac III*

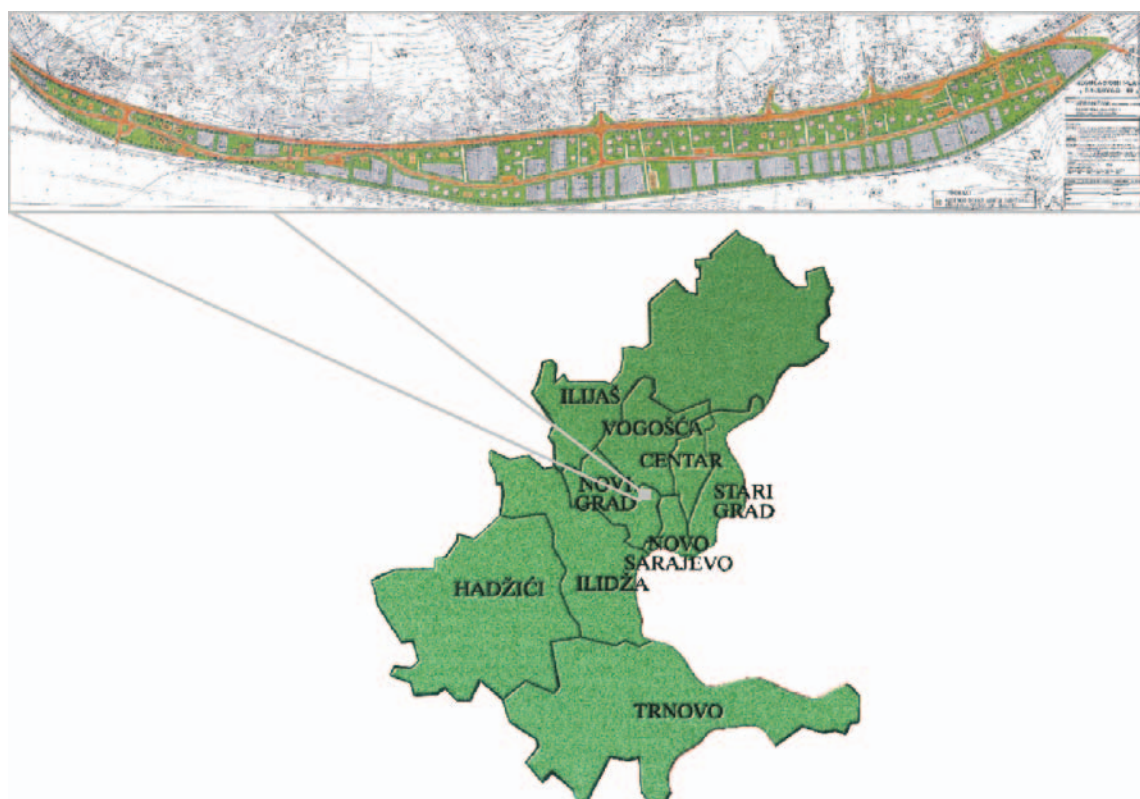
The site is located in the Novi Grad municipality and defined in the Town Planning scheme as the zone for business and small enterprises. It covers an area of 29.0 ha. It is situated between the main road (Safeta Zajke Street) and the Sarajevo-Zenica railway line. In addition to the manufacturing plants and warehouses which cover 9,4 ha, the resident-business buildings might also be constructed in the remaining area. Access to the plots is temporarily ensured from the main road, pending the construction of the access road.

The municipal services infrastructure is inadequate, and it is planned to upgrade it to meet the needs of the entire area.

Industrial facilities categorized as clean-industries are planned for this site. Thirty new plots for business facilities are planned to be built, ranging from 1,500 to 7,500 m² in size. There is the possibility for two or more plots to merge so as to create a single larger lot, depending on the production process or interests of the owner.

The estimated number of employees in regard to larger plots would be about 50. The maximum gross construction area for the site as a whole is 93.556 m², and the construction coefficient (CC) is 0,31.

The Regulatory plan *Rajlovac III* is published in the *Official Gazette of Sarajevo Canton*, No. 13/02, page 643.



6. Amendments and supplements to the Regulatory Plan *Centar Novo Sarajevo*

Within framework for the amendments and supplements to the Regulatory Plan *Centar Novo Sarajevo* which covers the area of 93.3 ha of the central part of the municipality of Novo Sarajevo, the following purposes are planned for the area:

<input type="checkbox"/> business zones	37.07 ha
<input type="checkbox"/> housing-business zones	20.11 ha
<input type="checkbox"/> zones of small businesses and economy	15.91 ha

The basic direction for the development of this area pertains to the construction of public infrastructure which will function as the secondary town centre of Novo Sarajevo, in terms of its purpose and architecture. It is also possible to construct a construction with the capacities of highly-accumulative technology and the supporting programs to be complementary to the programs of public infrastructure. In the focus of the new construction is the business zone at the location of *Vaso Miskin Crni*, which is situated along North longitudinal and the Kolodvorska Street, between the Hamdije Čemerlića and Ložionička Streets. The area of this business zone is 14.30 ha.

The areas where construction of buildings is planned are defined by the regulatory and construction lines, maximum height and maximum gross-construction area, and the estimated number of garage-parking places within the construction site. The planned total maximum gross-construction area is 335.300 m², and the planned number of stories ranges between six and eighteen. The construction plots are connected with the planned secondary traffic communications which are linked to already existing primary town communications. The Plan was adopted on 19 December 2007 in the Assembly of the town of Sarajevo and published in the *Official Gazette of Sarajevo Canton* No. 3/08.



7. Regulatory plan *Alipašin most I*

The scope defined by this plan is related to the area between X and XI transversal, north longitudinal and the Meša Selimović Boulevard, and it belongs to the municipalities of Ilidža and Novi Grad.

From the geomorphologic aspect, this area is very suitable for construction of high-rise and low-rise buildings, workshops, traffic communications and other facilities. The total area covers 13,8 ha.

Traffic and municipal services infrastructure is still inadequate.

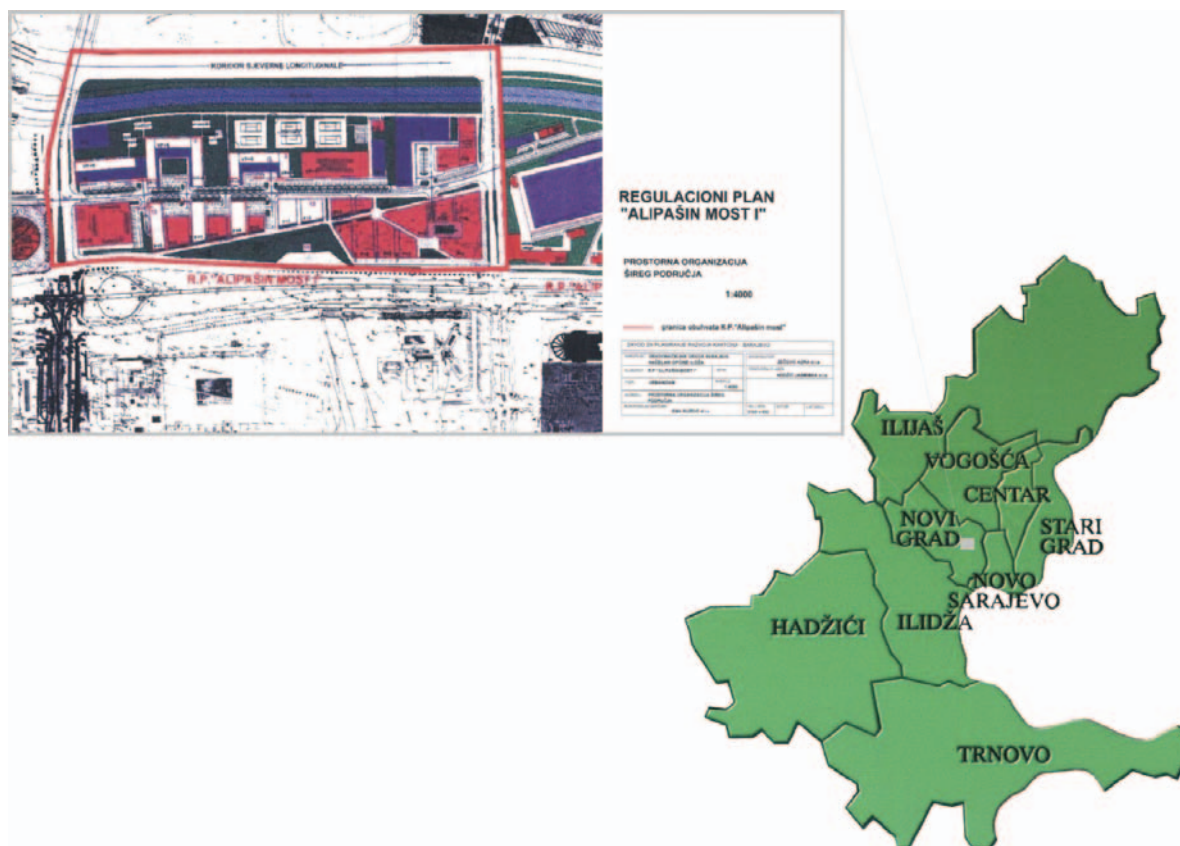
Total gross construction area is 18.952 m².

Construction coefficient (CC) is 0,13, and construction rate is 10%.

The whole site is divided to:

- | | |
|--|----------------------------|
| <input type="checkbox"/> Zone for business and small enterprises | (P= 40.400m ²) |
| <input type="checkbox"/> Business zone | (P= 24.476m ²) |
| <input type="checkbox"/> Town Square | (P= 5.100 m ²) |
| <input type="checkbox"/> Traffic areas | (P=51.722 m ²) |
| <input type="checkbox"/> River Miljacka riverbed | (P=6.302 m ²) |

The Regulatory Plan is published in the *Official Gazette of Sarajevo Canton* No. 11/01, page 547.



8. Regulatory plan *Alipašin most II and III*

The Regulatory Plan covers a part of the Sarajevo's Plain by the River Miljacka and is limited with the existing traffic communications of IX and X transversal, east-west direction, the Meša Selimović Boulevard and a new planned route of the Džemala Bijedića north-south longitudinal. This site covers the area of 13,16 ha and is easy to access from the main traffic directions.

The following purposes are planned for the areas:

<input type="checkbox"/> Business programs	P= 46.010m ²
<input type="checkbox"/> Industrial programs	P= 14.870m ²
<input type="checkbox"/> Riverbed and the protection area of the regulation of Miljacka	P= 19.674m ²
<input type="checkbox"/> Traffic Areas	P= 51.109m ²

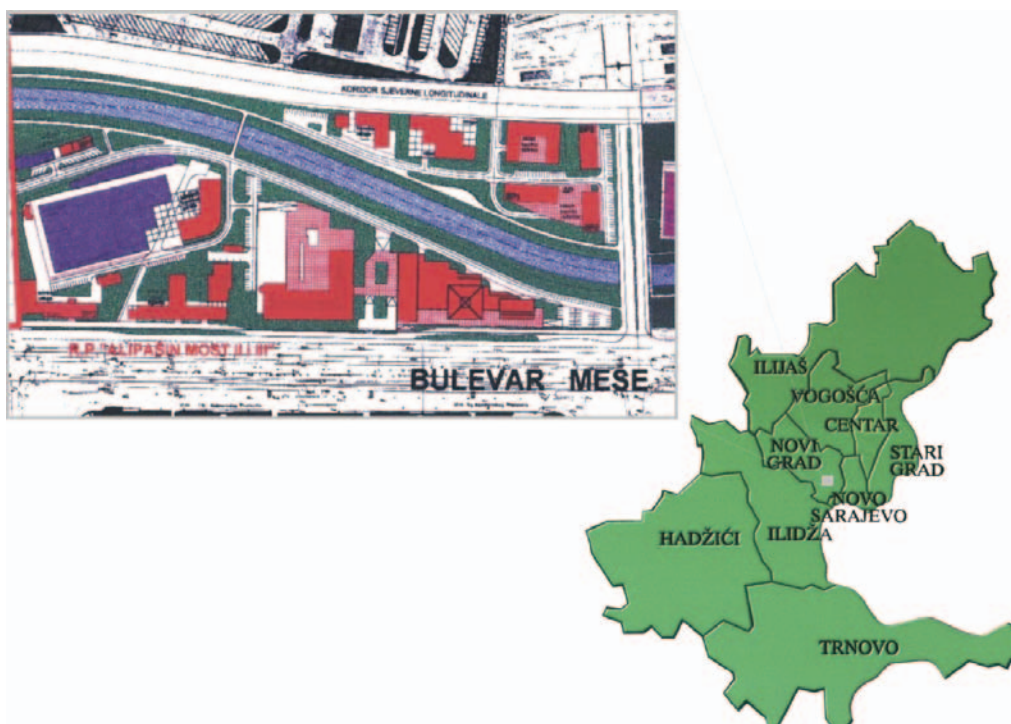
Total construction land is 60.880 m².

Gross construction area is 102.732 m², and construction coefficient is 0,78.

The Town Planning scheme of the town of Sarajevo for the period 1986-2015 defines that the areas at this location should be intended for the business and small enterprises zone, however, as currently planned, there is the possibility for the trading and catering facilities to also be built within the service rendering programs.

According to the Regulatory Plan, new construction is foreseen as enlargement and expansion of the capacities or as completion of already started construction by the existing user.

The Regulatory Plan is published in the *Official Gazette of Sarajevo Canton*, No. 17/01, page 801.



9. Regulatory Plan *Donje Telalovo polje*

The area studied by the Regulatory Plan of the economic zone *Donje Telalovo polje* covers 33.6 ha and is situated on the north of the administrative territory of Novi Grad, between the town highway route and the railway track in the vicinity of the *Rajlovačka* barracks.

Of total available land, 55% of the area is defined as the economy and small businesses zone, that is, 39.4% of the area pertains to the production capacities zone, while 10.14% is intended for the duty free zone.

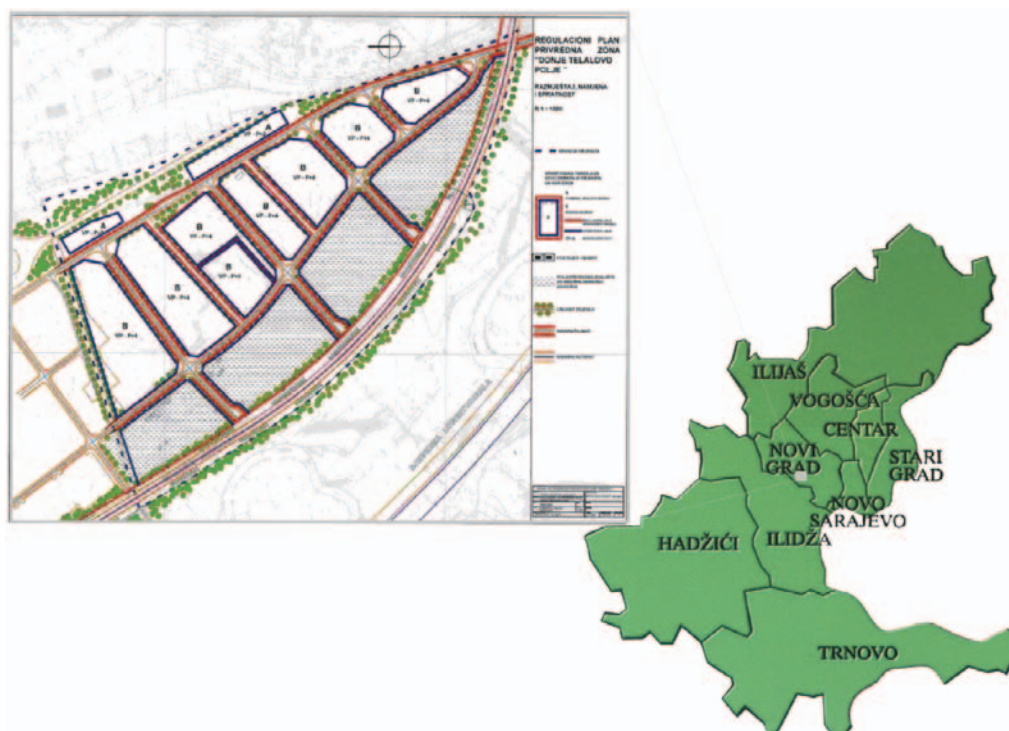
Areas where the construction of buildings is planned are defined by the construction plot, allowed maximum and minimum ground-plan, that is, gross-construction area and the number of stories from the ground floor to the ground floor plus four stories.

The planned total average ground-plan area is 50.574 m², and average gross-construction area is 147.014 m².

The primary traffic communication is the town highway (Sarajevo bypass), which will be, when finished, the south, that is, south-west border of the area covered by the Regulatory Plan. The secondary road network is designed so as to make all planned capacities fully accessible.

Municipal infrastructure is insufficient, so this Plan includes realization of such infrastructure in order to meet the needs of the planned capacities.

The Regulatory Plan *Donje Telalovo polje* is published in the *Official Gazette of Sarajevo Canton*, No. 18/05.



10. Regulatory Plan Stup-Nukleus

Total area covered by the *Stup-Nukleus* Regulatory Plan amounts to 192,2 ha, and is entirely located in the Municipality of Ilidža. This is the area situated along the main town traffic communication from the Meše Selimovića Boulevard to the International Airport.

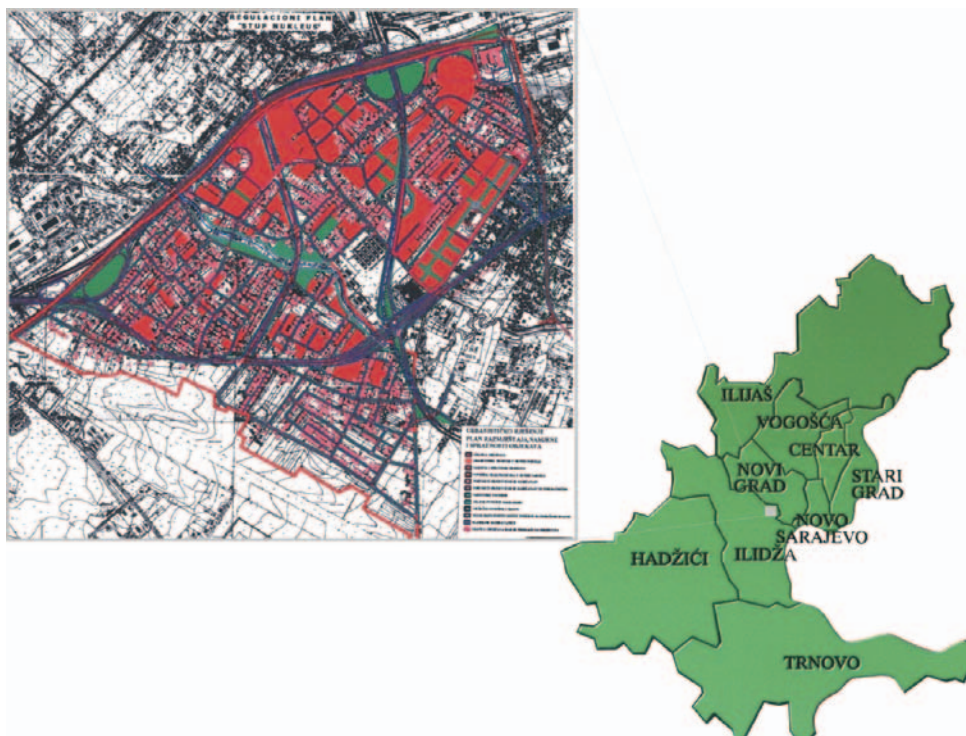
According to the Town Planning scheme of the town of Sarajevo, the *Stup-Nukleus* Regulatory Plan belongs to the secondary center with mostly resident-business purposes and a very important network of primary town traffic communications. (XI, XII, XIII transversal, and South longitudinal).

The construction fund in the area is about 55%, while construction of dwelling-business buildings is planned on not built areas in order to gradually form the Center as planned. According to the presented design, all existing buildings and newly-planned plots on which the buildings will be constructed, have the access to the vehicular serviced roads or over vehicular road-pedestrian accesses. The buildings with semi-functional purpose are planned to be built on the planned construction plots, wherein the ground floor and the first floor are intended for business and public contents and other floors are intended for dwelling.

On the whole free area, the construction in size as follows is possible:

□ ground plan area under buildings	110.670 m ²
□ gross construction area of resident floors	440.711 m ²
□ number of resident units	5.876
□ average area of one resident unit	
□ number of floors minimum P+2 maximum P+6	
□ gross construction area of business program	131.259 m ²

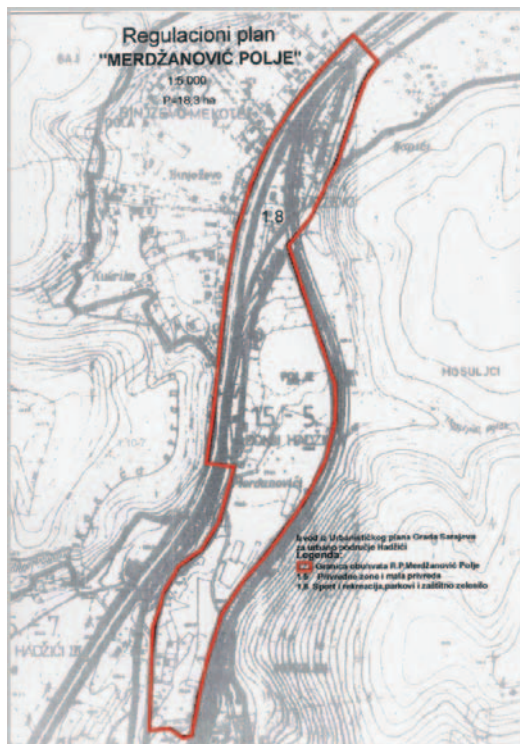
The Regulatory Plan was adopted on 26 September 2002 in the session of the Municipality Council of Ilidža.



11. Regulatory Plan Merđanović polje

The site is located in the Municipality of Hadžići and is limited by the River Zujevina and the railroad trucks Sarajevo-Ploče, covering the area of 18,3 ha with the relatively leveled terrain suitable for construction. This site is defined by the Town Planning scheme of the town of Sarajevo for the urban area of Hadžići as the business and small enterprises zone and the sport and recreation zone, and all obligations determined by the referenced plan will be assumed during the development of the Regulatory Plan *Merđanović polje*.

The favorable position of the site relative to the town in general, good accessibility and relatively favorable natural conditions (slope, capacity of terrain, climate, etc.) make this area attractive for construction of business buildings and complexes. The current traffic and municipal services infrastructure is inadequate. Access to the site is planned to take place from the existing main road M17. The predominant part of the area is the public land, which makes it even more favorable from the aspect of realization of business zone. The area is divided into plots of 900,0 m² to 5000,0 m² as per minimum requirements for a location intended for industrial and business facilities.



12. Regulatory Plan *Donji Hadžići II and III – Garovci*

The site is situated in the Municipality of Hadžići and it covers the area of 23,9 ha with a relatively flat terrain suitable for construction. This site is defined by the Town Planning scheme of the town of Sarajevo for the urban area of Hadžići as the business and small enterprises zone and the individual residents zone, and all obligations determined by the referenced plan have been assumed during the development of the *Donji Hadžići II and III – Garovci* Regulatory Plan.

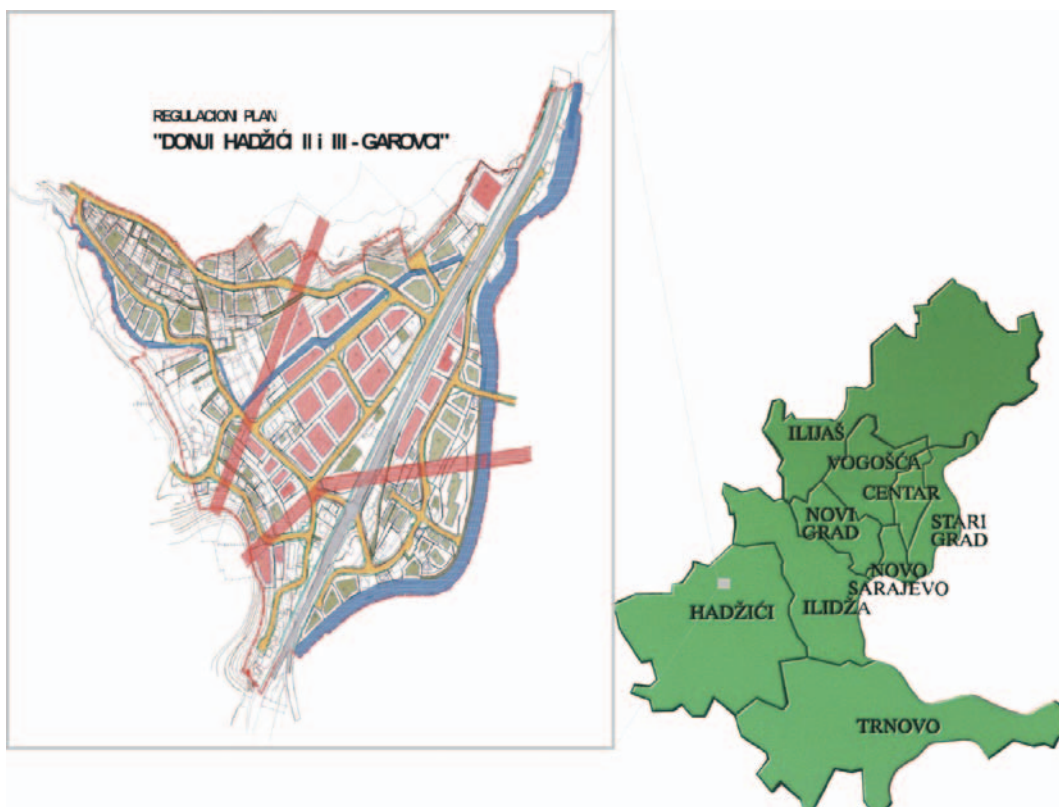
The current traffic and communal services infrastructure is inadequate. Access to the site is foreseen from the existing main road M17.

The site is split to two zones:

- Zone for business and small enterprises 8,8 ha
- Resident-business-industrial zone 12,7 ha

with plots ranging from 450,0 m² to 5000,0 m² according to the minimum needs for a location intended for the industrial and business buildings ranging from 50,00 m² to 1500,0 m².

The Draft Regulatory Plan *Donji Hadžići II i III- Garovci* has been the subject of public discussion.



13. Regulatory Plan *Stari Stup*

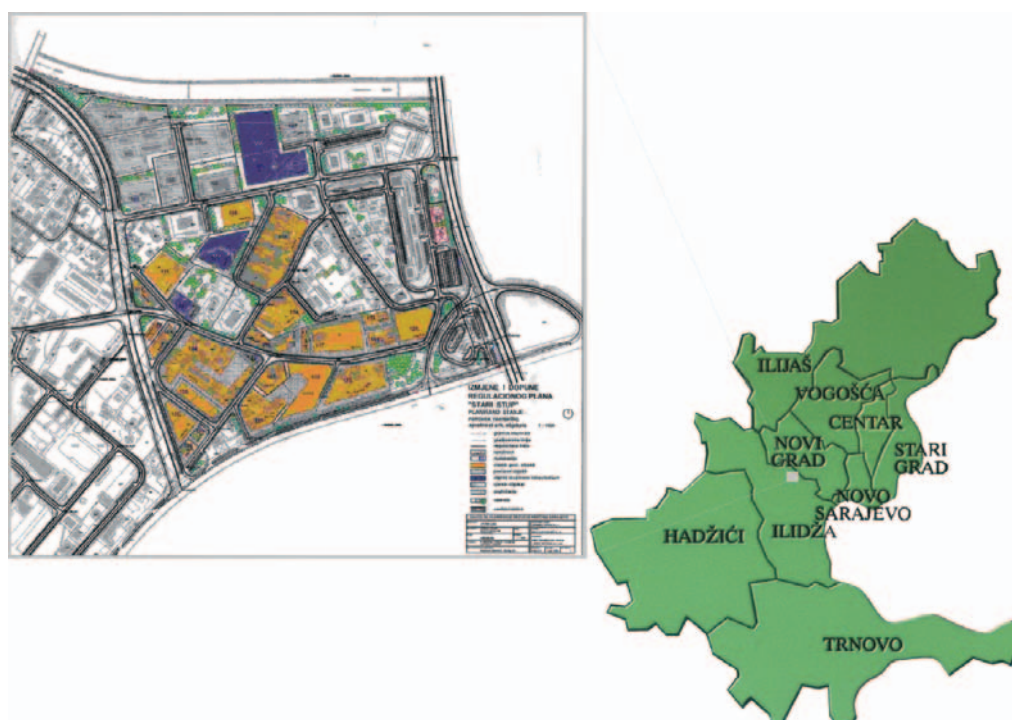
The Regulatory Plan *Stari Stup* is bordered by the main city road, the Meše Selimovića Boulevard to the south and Kurta Šorka Street (XII transversal) to the east, by the route of XIII transversal to the west and Sarajevo-Ploče railway and the Miljacka River to the north. This area is a part of the municipality of Ilidža. Total area covered by this Regulatory Plan is 27.5 ha. The location is defined by the Town Planning scheme partly as the economy and small business zone, and partly as the housing-business zone *Stari Stup*. This area, together with the areas of *Stup-Nukleus* and *Stup I*, constitutes the secondary town center of Sarajevo. Municipal infrastructure is insufficient, therefore, the realization of such infrastructure is planned so as to meet the needs of the planned capacities.

In this area, 34 new plots are planned of average size approximately ranging from 200 m² to 2.000 m², with the possibility of enlargement (or division) of the plots, depending on the interests of owner.

New construction is distributed so that the housing-business and business projects are lined along the main road, therewith along the Meše Selimovića Boulevard it is planned to form street frontage with maximum number of six floors (P+6).

Total maximum gross-construction area is 328.947 m², of which 93.635 m² is allocated for business projects, 133.442 m² for housing, while 44.698 m² is allocated for social projects. Maximum number of floors ranges between ground floor plus three (P+3) and ground floor plus six (P+6). Construction coefficient is 1.2, construction rate is 0.25, and population density is 200 inhabitants per ha.

The Regulatory Plan *Stari Stup* was published in the *Official Gazette of Sarajevo Canton*, No. 29/06.



14. Regulatory Plan *Stup I*

The Regulatory Plan *Stup I* is bordered by the main town road the Meše Selimovića Boulevard to the south, to the east by the XIII transversal corridor, to the west by Pijačna Street and to the north by the Sarajevo-Ploče railway track and the Miljacka River. This area is part of the municipality of Ilidža. Total area covered by this Plan is 36.76 ha.

The location is defined by the Town Planning scheme partly as the economy and small business zone, and partly as the housing-business zone *Stari Stup*. This area, together with the areas of *Stup-Nukleus* and *Stari Stup*, constitutes the secondary town center of Sarajevo.

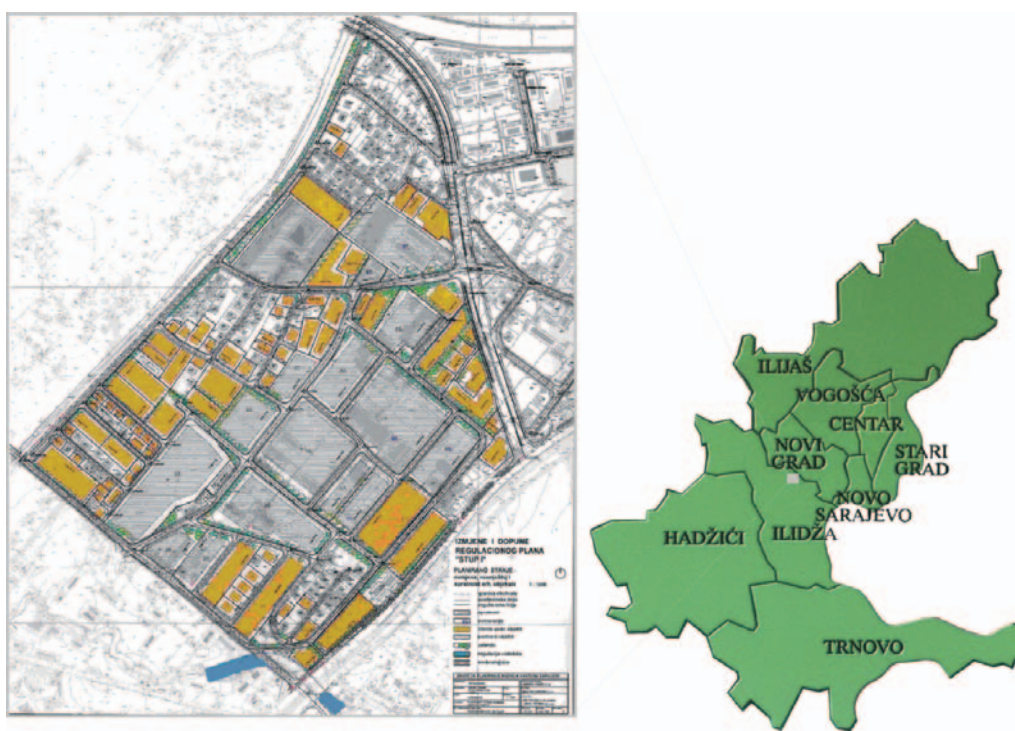
Municipal infrastructure is insufficient, therefore, the realization of such infrastructure is planned so as to meet the needs of the planned capacities.

In this area, 99 new plots are planned of average size approx. from 200 m² to 6.500 m², with the possibility of enlargement (or division) of plots, depending on the interest of owner.

New construction is distributed so that the housing-business and business projects are lined along the main road, therewith along the Meše Selimovića Boulevard it is planned to form street frontage with maximum number of six floors (P+6).

Total maximum gross-construction area is 613.437 m², of which 281.839 m² is allocated for the business projects, 163.060 m² for housing-business projects, while 37.303 m² is allocated for individual housing. Maximum number of floors ranges between the ground floor plus three (p+3) and the ground floor plus six (P+6). Construction coefficient is 1.2, construction rate is 0.25, and population density is 200 inhabitants per ha.

The Regulatory Plan *Stup I* was published in the *Official Gazette of Sarajevo Canton* No. 29/06.



15. Regulatory Plan *Sarajevogas – Bosnalijek*

This Plan covers the area of 13.3 ha of the administrative territory of the municipalities of Center and Novo Sarajevo. The location is entirely a working zone with administrative, trade-warehousing, production and service-supply functions.

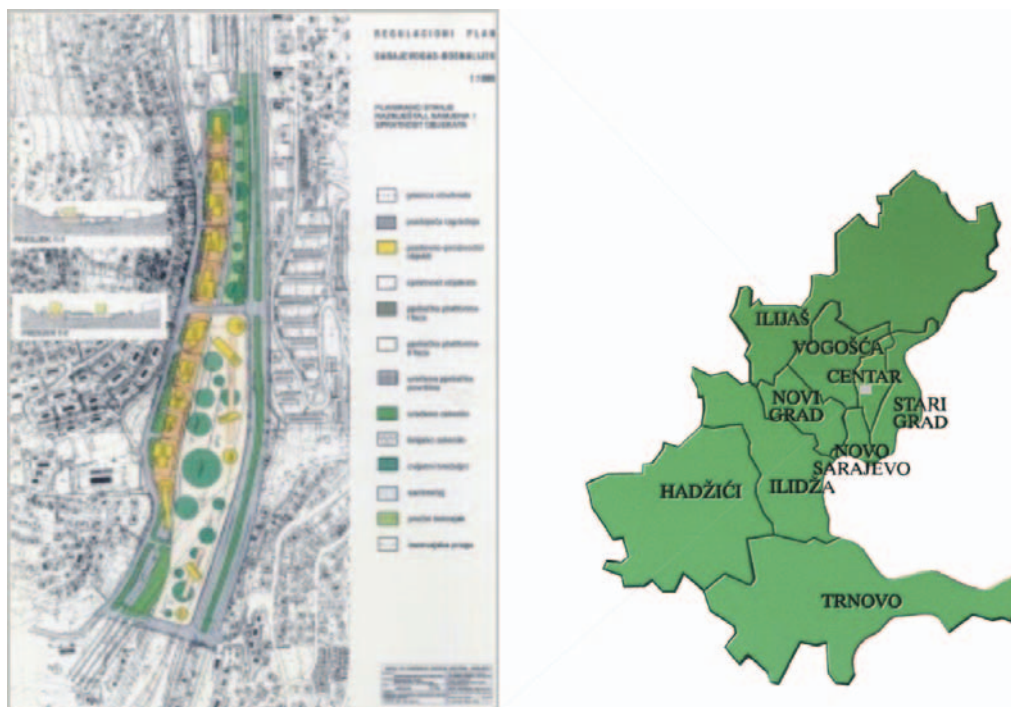
This concept includes interventions which can be divided into two groups:

First group is simple tree-dimensional structure of platform with freely standing projects lined along the north-south direction in the zone between M. Ef. Pandže Street and the service road along the railway tracks;

Second group is platform to be formed above the railway track, which stretches from the I transversal route to the east to the service road along the railway tracks to the west, while from the north and the south it is limited by bridges connecting I transversal and the M. Ef. Pandže Street. On this platform which connects well the hillside settlements at the same time forming the railway service hall, it is planned to have a more prominent structure of buildings in the zone along the I transversal.

Total planned gross-construction area is 104.626m², with construction coefficient of 0.79.

Sky-scraping, freely standing projects – pavilions – situated on both platforms should by their volume, setting and form enable and stimulate transversal movements and communication between two settlements on the surrounding hillsides. In terms of its functionality, the proposed concept with the use of natural advantages of the terrain in a simple, efficient and economically optimal way will meet the demands of the users of space by forming the warehousing and parking space to the extent required for functioning of the whole system. Also, construction of the second platform above the railway track of the service station *Sušica* will in a functional manner form a highly-qualitative service hall space for the BiH railways.



16. Amendments and supplements to the Regulatory Plan *Poslovna zona Šip*

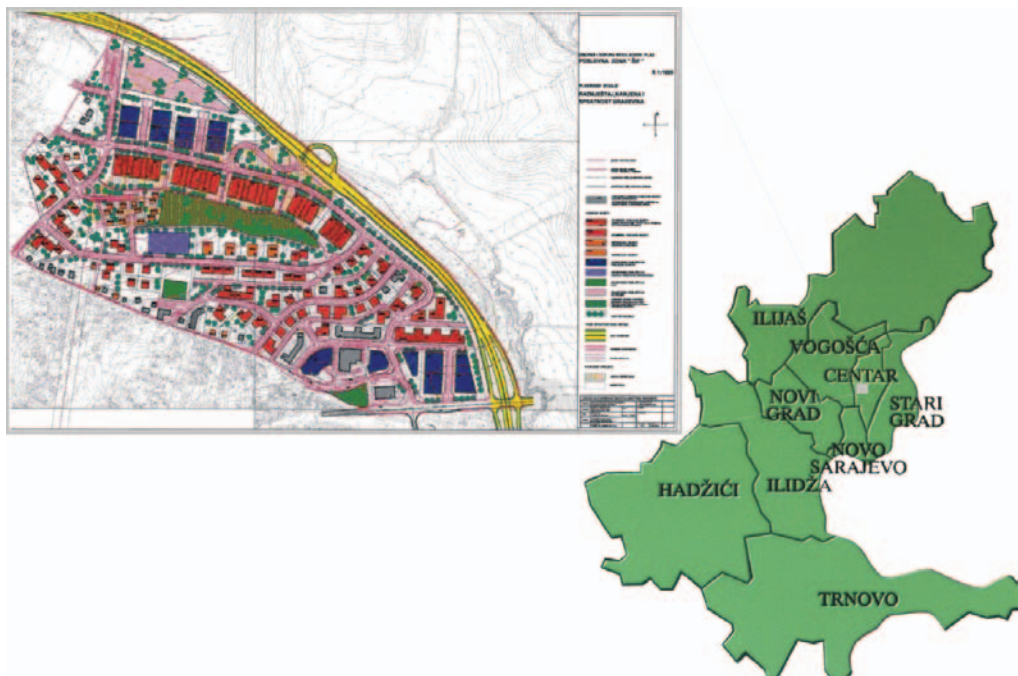
The business zone *ŠIP* is situated in the northern part of the Municipality of Center, between the Alipašina Street and the future I transversal route, across the town cemetery *Bare*. The area covered by this Plan is 32.9 ha, divided to the following purposes: business zone, housing-business zone, zone of individual housing, zone of social infrastructure, and zone of arranged green areas.

The areas where construction of buildings is planned are defined by the regulatory and construction lines, maximum number of stories, maximum gross-construction area, and by the estimated number of garage-parking places on the construction plot.

Total planned maximum gross-construction area of business buildings is 59.716 m².

The construction plots are connected with the planned and partially constructed secondary roads wherein one traffic communication is connected with I transversal and the Alipašina Street, and another with the D. Bikića Street.

Amendments and supplements to the Regulatory Plan of business zone *ŠIP* was published in the *Official Gazette of Sarajevo Canton*, No. 6/07.



17. Amendments and supplements to the Regulatory Plan *Gradski centar Marijin dvor phase II*

The area included in the amendments and supplements to the Regulatory Plan *Gradski centar Marijin dvor* phase II covers 46.7 ha and is bordered from the east by the Hamzo Humo Street, from the north by the Silvija Strahimira Kranjčevića Street, from the west by the Franca Lehara Street, and from the south by the River Miljacka, wherein the area of the Holliday Inn hotel of 2.23 ha has been addressed in the Amendments and Supplements to the Plan (phase I). Spatial organization is defined by quadrants "A", "B", "C" and "D", by the existing and future projects of greatest importance for the town and the state: state institutions, Country Museum, City Museum, Concert Hall, trade-service, financial, and tourist capacities, etc.

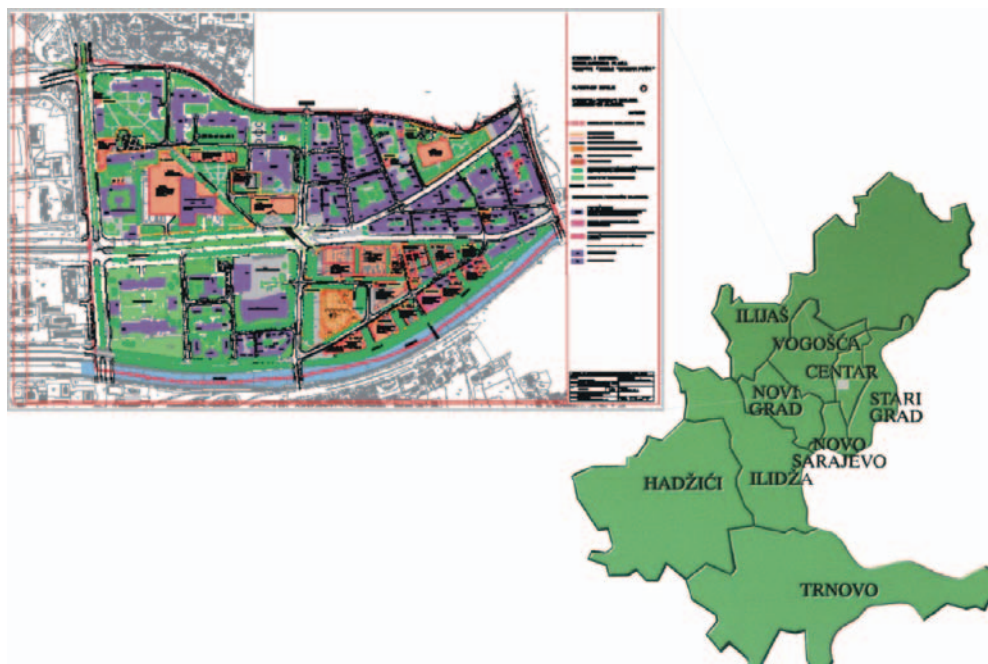
According to spatial organization, the land is used as:

□ housing zone	2.19 ha
□ housing-business zone	8.56 ha
□ business zone	13.75 ha

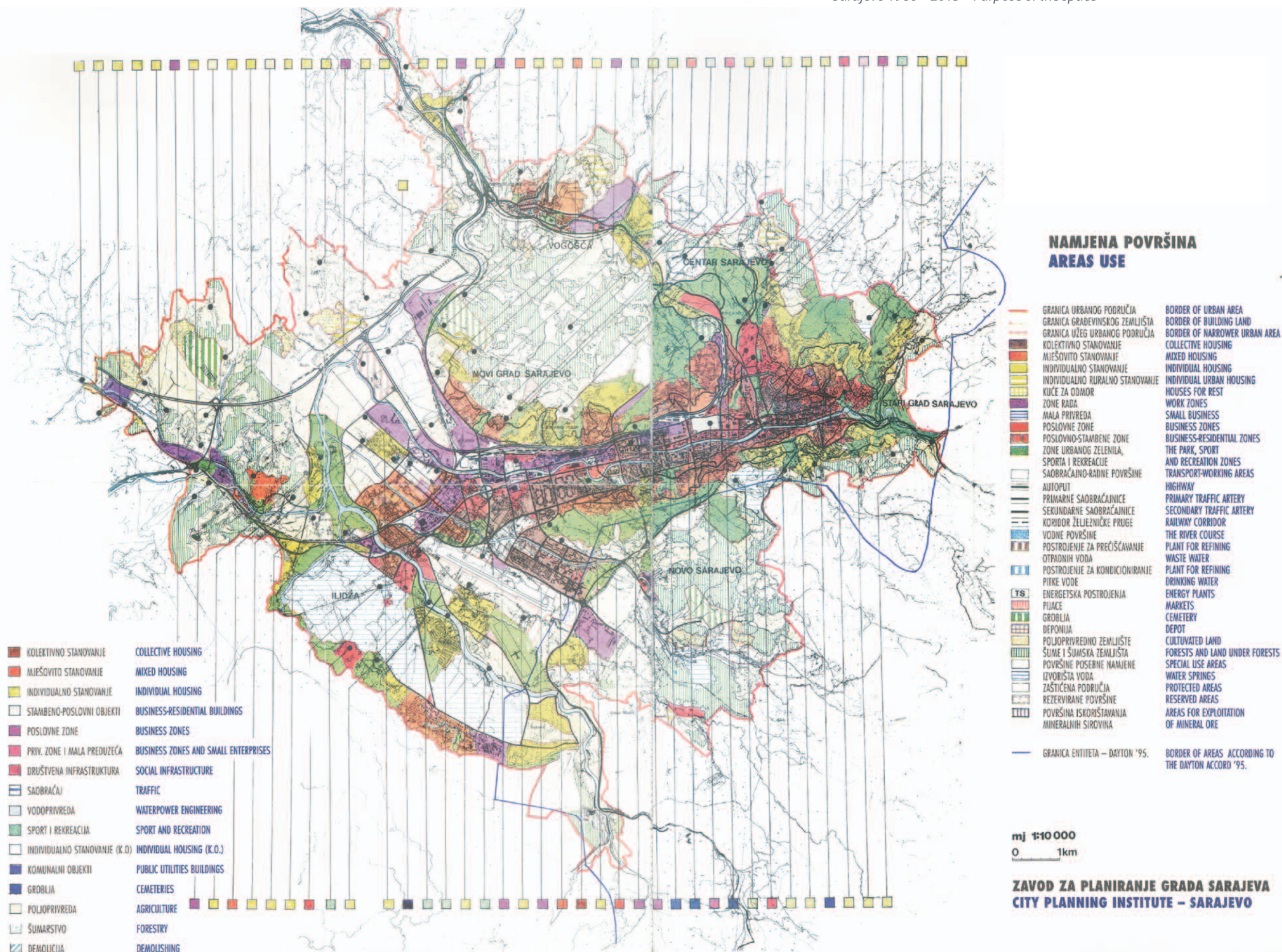
In quadrant A, on the planned construction plots (A1, A2, A3 and A5) of total area of 9.678 m², it is planned to construct 36.838 m² of gross-construction area for business projects.

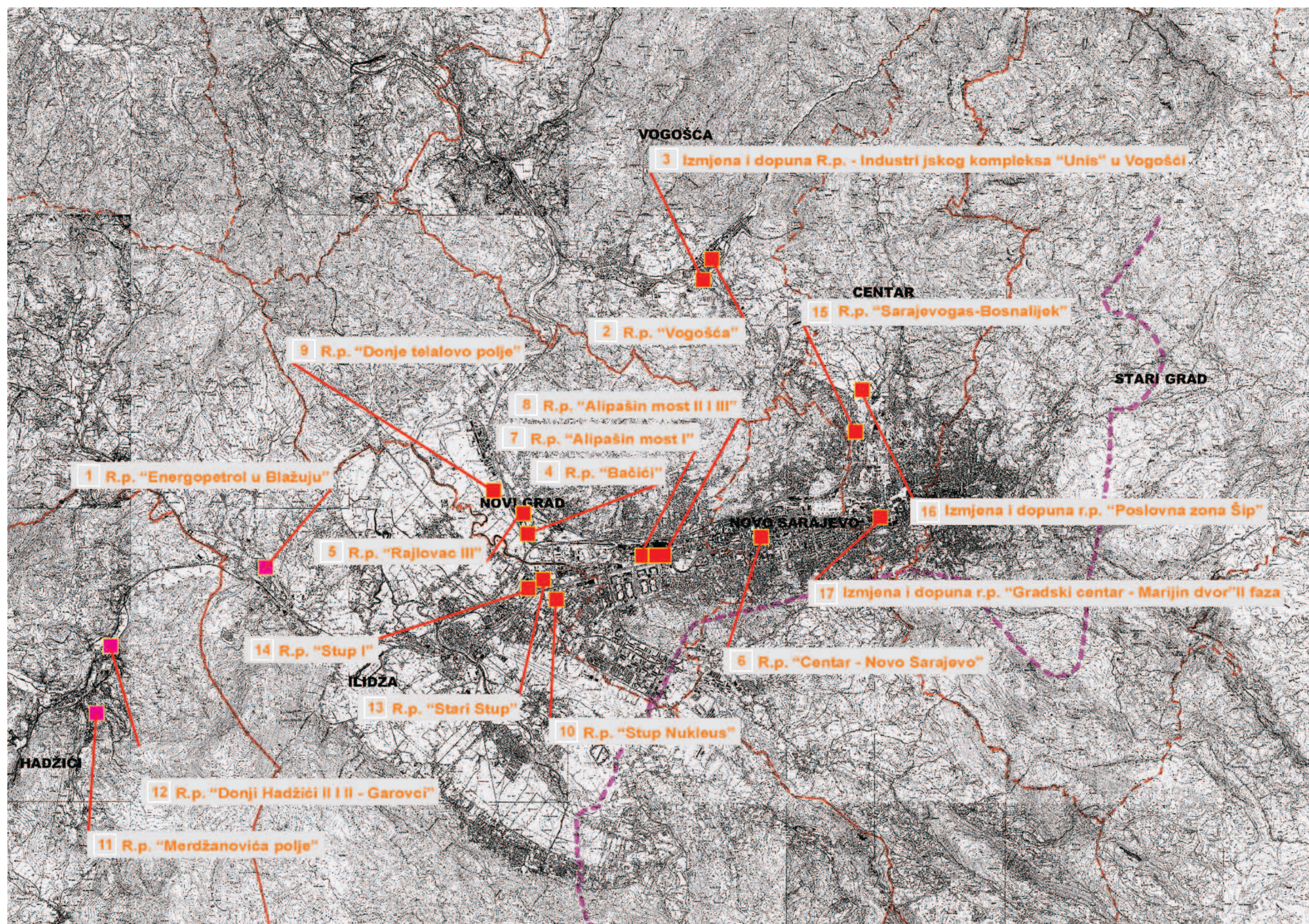
The quadrant B area is today one of the most attractive locations in the historic center of the town of Sarajevo. On the construction plots (B1-B14) of total area of 46.304 m² it is planned to construct 146.490 m² of gross-construction area. With exception of the construction plots B1 and B4, B13 and B14, the planned gross-construction area on other plots can be divided into 60% for business purposes and 40% for housing purposes.

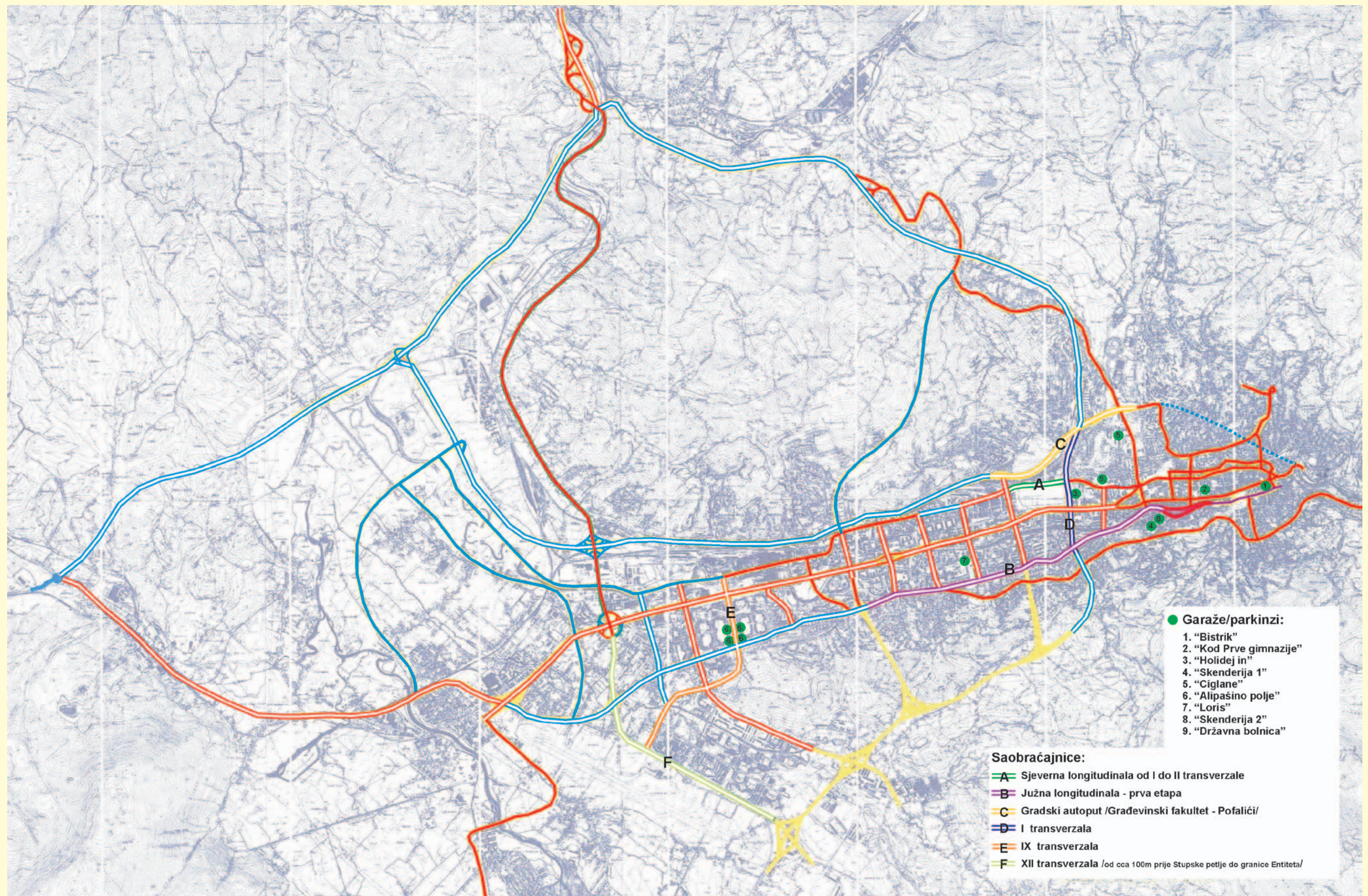
In quadrants C and D, the most important intervention pertains to the modern interventions aiming at improving the architectural value, rehabilitation and reconstruction of the existing buildings. The amendments and supplements to the Regulatory Plan *Gradski centar Marijin dvor* phase II were published in the *Official Gazette of Sarajevo Canton*, No. 28/07.



Map 6. Town-planning scheme of the town of Sarajevo for the urban area,
Sarajevo 1986 – 2015 - Purpose of the space







XI TRAFFIC

Sarajevo Canton traffic load is extensive, particularly on the whole length of the development longitudinal east-west direction. All town communications are very crowded. The planned roads are primary the town communications, and their construction will reduce the traffic load, connect better some areas of municipalities in Sarajevo Canton, reduce air pollution, and similar.

Planned roads

1. Project Title	North longitudinal from I to VII transversal road
Project Goal	Solving the traffic jams in the central part of Sarajevo Canton
Project Description	Construction of two road lanes with dividing zone, public illumination and accompanying infrastructure
Impact of project on environment	Saving of fuel, reduction of air pollution and reduction of traffic jams
Project estimated value	8.200.000 KM
Period of implementation	24 months
Location of the project	Municipality Novo Sarajevo
Project documents	Implementation project completed, works under way
2. Naziv projekta:	South longitudinal first stage
Project Goal	Solving the traffic jams in south parts of Sarajevo Canton
Project Description	Construction of four road lanes and unleveled intersections Hrasno and Aneks
Impact of project on environment	Saving of fuel, reduction of air pollution and reduction of traffic jams
Project estimated value	22.500.000 KM
Period of implementation	36 months
Location of the project	Municipalities Novo Sarajevo and Novi Grad
Project documents	Concept design completed and audited
3. Naziv projekta:	Town highway (Faculty of Civil Engineering-Pofalići)
Project Goal	Solving the traffic jams in the north parts of Sarajevo Canton
Project Description	Completion of objects and construction of one road lane from tunnel Ciglane to Pofalići
Impact of project on environment	Saving of fuel, reduction of air pollution and reduction of traffic jams
Project estimated value	40.000.000 KM
Period of implementation	36 months
Location of the project	Municipalities Centar and Novo Sarajevo
Project documents	Required documents completed

4. Naziv projekta:	I transversal
Project Goal	Realization of high-quality entrance-exit communication road connecting middle and east part of Sarajevo with the north of the country
Project Description	This project improves the conditions for connection of Sarajevo-North with half of the town, unloads the jammed Alipašina St., connects left and right bank of River Miljacka, and provides connection with three main longitudinal communication roads
Impact of project on environment	Saving of time in the movement of citizens, improvement of ecological conditions and reduction of traffic jams
Project estimated value	211.047.422 KM
Period of implementation	24 months
Location of the project	Municipalities of Centar, Novo Sarajevo and Vogosca
Project documents	General project completed
5. Naziv projekta:	IX transversal
Project Goal	Solving the traffic jams in the north part of Sarajevo Canton
Project Description	Construction of two road lanes with dividing zone, public illumination and accompanying infrastructure
Impact of project on environment	Saving of fuel, reduction of air pollution and reduction of traffic jams. Saving of time in the movement of citizens, improvement of ecological conditions and reduction of traffic jams.
Project estimated value	16.795.591 KM
Period of implementation	36 months
Location of the project	Municipality Novi Grad
Project documents	Concept design completed
6. Naziv projekta:	XII transversal (from app.100 m before Stupska loop and reaching the entity border)
Project Goal	Goal of the project is to eliminate traffic jam on Stupska loop and Sarajevo Airport. Upgrade of Stupska loop and its completion, construction of one more road lane reaching entity border, and solving all traffic connections issues in this area.
Project Description	XII Transversal represents one of the two communication roads for Origin-Goal (O-G) traffic towards north and it is the single communication road for transit traffic in the north-southwest and south direction and vice versa
Impact of project on environment	Saving of fuel, reduction of air pollution and reduction of traffic jams
Project estimated value	40.000.000 KM
Period of implementation	24 months
Location of the project	Municipalities of Ilidža and Novi Grad
Project documents	Project documents completed

Sarajevo suffers from insufficient number of parking places, especially in the town municipalities. Potential locations for the construction of public garages are planned in the municipalities of Centar, Stari Grad, Novo Sarajevo and Novi Grad. The planned number of parking places exceeds 4.400.

Potential locations for construction of public garages

No	Name of Garage	Planning documents	Location/ Municipality	Completed project documents	Area of base m ²	Number of floors	Total Area m ²	No. of Parking Places (estimation)
1	"BISTRIK"	Project Program of reconstruction of town center and Regulatory Plan <i>Left bank of river Miljacka-Bistrik</i>	Under the existing parking/Centar	Based on the Project Program of reconstruction of town center it is necessary to make a Town planning Design	5.650	Minimum three underground	16.950	350
2	"NEAR I GYMNASIUM"	Project Program of reconstruction of town center and tender for architectural town planning design of public garages in central City area	Within courtyard of I Gymnasium/ Center	Necessary to make the Town planning Design	2.578	Sports hall, playground with two or three underground floors for parking	Two or more undergr. floors. 2 floors 6.840 or three floors	233 or 352
3	"HOLIDAY INN"	Regulatory plan <i>Marijin dvor</i>	To the north from Technical School and Holliday Inn hotel/Center		3.270	2 underground floor	6.540	260
4	"SKENDERIJA"1	Town planning design of KSC SKENDERIJA, Study: Analysis of spatial-technical possibilities of location for collective garage on Skenderija – phase I and Town planning design project SKENDERIJA	Next to SRC Skenderija/Center	Adoption of the Draft Town Planning Design is underway	2.300	6 floors (2SP3)	11.500	432
5	"CIGLANE"	Regulatory Plan Settlement <i>Đuro Đaković</i>	Under the existing parking/ Center	It is necessary to make corrections to the Plan	3.600	At least three underground floors	10.800	400
6	"ALIPAŠINO POLJE"	Regulatory Plan Alipašino polje	Garages are situated along IX transversal/ Novi Grad/The space of existing parking	Town Planning Designs will be made based on Regulatory Plan <i>Alipašino polje</i>	4 parking places x 4.800m ²	Existing parking places kept plus at least two underground floors	4 parkinga +4 x 9.600	postojeći parking+4 x 360
7	"LORIS"	Regulatory Plan Hrasno I	Garage is situated on the east side of settlement Hrasno / Novo Sarajevo	Regulatory Plan <i>Hrasno I</i>	5.440	2 underground floors	10.880	550
8	"SKENDERIJA"2	Town Planning Design Skenderija	On the east side of KSC Skenderija/ Center		2.500	2 undergrounds floors	5.000	200
9	THE STATE HOSPITAL	Project program of the reconstruction of city center	Within the existing location of State Hospital/Center	Making of the Regulatory Plan <i>Crni vrh</i> is under way	5.440	1 underground floor	5.440	450

XII Tourism, Sport and Recreation

1. Recreation-sport area *Bentbaša*

The site includes the area of 150 ha. It is located in the attractive part of Sarajevo, in the territory of the Municipality of Stari Grad, and the fact that it is put under protection as cultural-historical and natural heritage, is indicative of its extraordinary attraction.

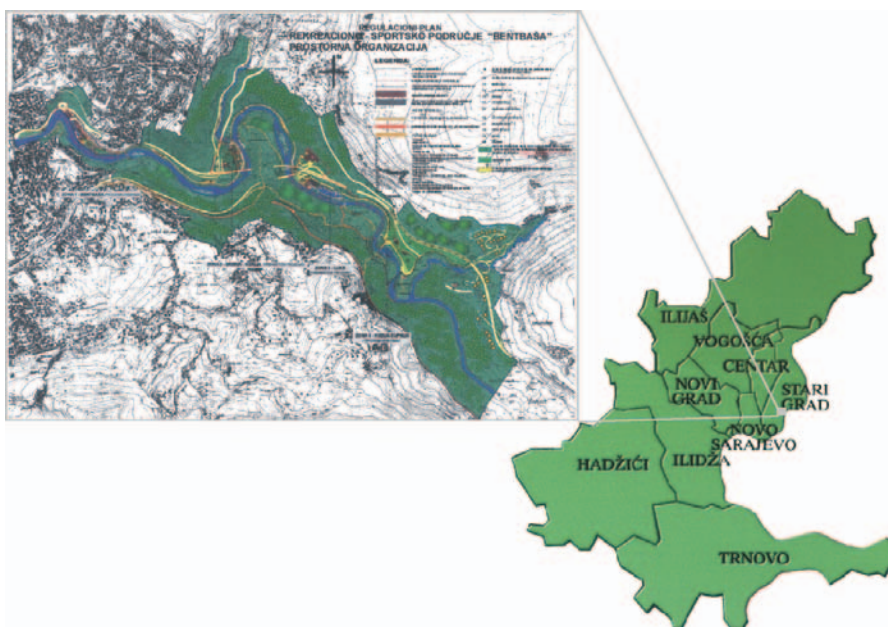
It is very important for the development of tourism, sports and recreation in the Sarajevo territory, and the cultural activities, country tourism, agriculture and other complementary activities contributing to total development.

Regional organization tends to fully respect the existing elements and natural environment, and not to ruin the existing ambient by introducing new elements.

Central area is characteristic of the River Miljacka bank, where the main facilities enabling the gathering and socializing of the visitors are located. The whole area is planned to be used for recreation, walking activities, picnics, beaches and swimming areas accompanied by the supporting facilities (restaurants, hotel capacities), pedestrians resting zones, cyclist zones, recreation and amateur sports activates, cultural activities, development of country tourism and agriculture. Around 70 % of the whole area is green and park land.

The area is divided to 5 zones for construction and arrangement:

- Bentbaša - restaurant, hotel, sport swimming pool, sport terrains,
- Dariva-Korija - hotel capacities, tennis club, tennis terrains, mini golf
- Luke - climbing, access to caves *Toplik* and *Šehova korija*, sightseeing of canyon of river Miljacka
- Kozija ćuprija - town swimming pools, restaurants, coffee-bars, rest rooms, Individual
- housing zone - country tourism, agriculture



2. Town Park *Betanija*

Town Park *Betanija* is the green area which will be entered in urban register of the town as the area connecting the space used for different purposes – housing, business projects, sports-recreational and entertainment projects, and it represents the area complementary to other town functions.

The planned commitment to create such an area in this space is fully justified from the aspect of Sarajevo achieving the status of an ambient of pleasant living. The creation of this green area will enrich the town in terms of giving the additional contribution to its attributes as metropolis.

The town park *Betanija* will promote public space as highly urbanized, very attractive and organized space for mass use.

The Town Park with total area of 141 ha will provide the visitors with the possibility to spend their free time in physical, education and emotional recreational activities.

The landscape-shaped concept is basically a composition which is primarily based on the defined biological component (tall greenery, short greenery, grassy, grass-flowery natural and horticultural formed areas, Arboretum *Slatina*) and the architectural component.

Natural dynamics of the terrain enables the introduction of the recreational projects (cycling and gym tracks, tennis courts, universal areas, ski and sledging tracks, golf courses, etc.)

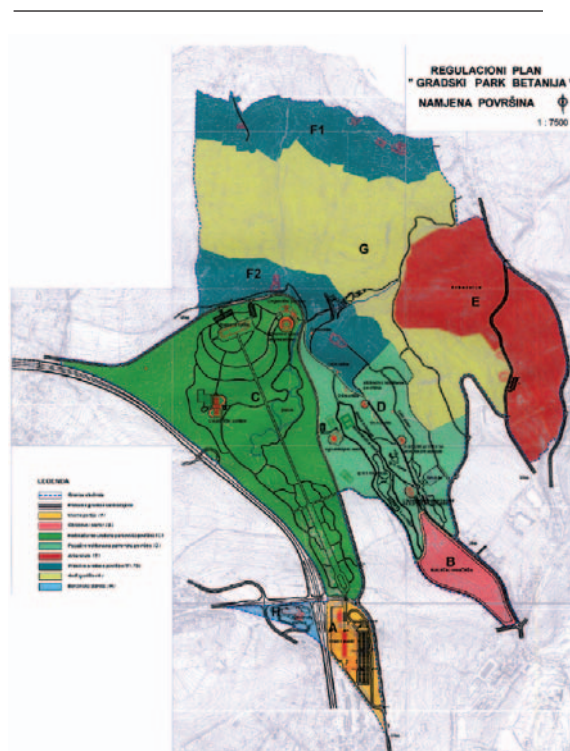
The Park will also have cultural, educational and catering-tourist programs.

Some activities have already been initiated in relation to the Park creation:

- Realization of **Golf Course** in the north-east part of the Park is underway, and takes places in phases,
- Activities to make planning document for **Arboretum Slatina** are also underway,

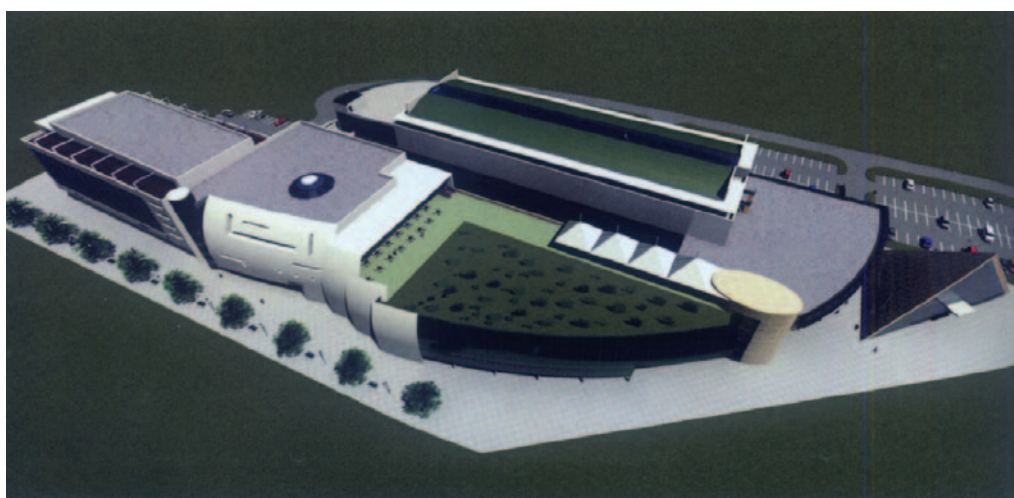
Entrance site, with attractive location in the south part of Town Park and good transportation accessibility, as important focal point of the Park and the commercial center, offers the possibility of constructing the catering-accommodation-tourist capacities (app. 17.700 m²), business and cultural-educational projects (app. 4.300 m²), specialized trade projects (app. 16000 m²), congress center (app. 5.300 m²), administrative and services capacities (app. 2.500 m²), underground garage (app. 12.600 m²), total gross-construction area app. 59.000 m².

According to the Spatial Arrangement Concept the important forming element of the Park is the **lined greenery – alley**,



Regulatory Plan Town Park *Betanija*- Area Used





Town Planning Design for Entrance Site Lot /3D model/

compositional axis of the same length as the main pedestrian communication – 739 m, stretching from the main entrance – Entrance site, to nodal – imposing point located in the north-eastern part of the Park (toponym Kula, height 600 m of altitude – planned Palm House).

The trees planting project has been developed for this central alley, which represents the direction of the development of the architectural-landscape structure, that is, the skeleton of the Park's architecture.



The Composition Main Axis - Alley - Planting Project

In this stage of documents drafting, the elements of the biological component and the conditions for planting have been determined.

Decorative trees to be planted in the alley will be lined along both sides of the path, and special care was given to its selection, with taking into account their aesthetic visage, form of trees, color of flowers, smell, as well as the attractiveness during spring, summer and autumn.

Apart from the decorative-aesthetic role, the alley also has sanitary-hygienic role, and at the same time it represents an oasis designed for passive and active recreation of citizens.

The referenced parameters of the composition of the alley should be taken into account when drafting the documents for the rest of the Park's ensemble so that the Park with already designed elements such as alley, golf courses, Entrance site lot, represents a homogenous and functional complex.

XII GEOGRAPHICAL INFORMATION SYSTEM

Geographical information system (GIS) is information technology which manages spatial information and which, based on such information, presents the real world in a digital form.

Sarajevo Canton Planning Institute have had the GIS Department for the past ten years. During these ten years, there has been an extensive effort to collect data in the field of spatial planning. All data existing in an analogue form has been scanned, geo-coded and stored in GIS database. Sarajevo Canton Planning Institute has at its disposal 9 servers and 90 computers, 3 plotters of large format, 3 scanners of large format, as well as numerous printers and smaller scanners.

GIS database contains numerous and diverse data related to spatial planning, from layers to regulatory plans, town planning design, Town Planning Scheme, Spatial Plan, GIS database of expert opinions, public investments, etc.

For the past five years, the project has been implemented under the title *Connecting Municipalities and Sarajevo Canton Planning Institute*, based on which those employed in departments for urban planning in all municipalities in the territory of Sarajevo Canton have access to GIS information from geographic database situated in the Sarajevo Canton Planning Institute. The use of this data has already become a practice and necessity, as it enables fast access to information, fast response to citizens, and faster administration.

The process of continuous improvement of GIS department as well as actualization and filling in of GIS database is the objective and duty of the Sarajevo Canton Planning Institute. Approximation to EU requires the introduction of e-Government, and state institutions must be ready for it. The Sarajevo Canton Planning Institute with its infrastructure, trained staff, data in electronic form, connections with other cantonal institutions, is ready for e-Government. Apart from the municipalities connected with the Institute, other government institutions, such as the Ministry of Spatial Planning and the Town Administration, also use GIS data from the Sarajevo Canton Planning Institute. Some municipal institutions (Electro-distribution, Sarajevo GAS) use the Institute's GIS data for review.

Existing connections with other government institutions are as presented in Figure 3.

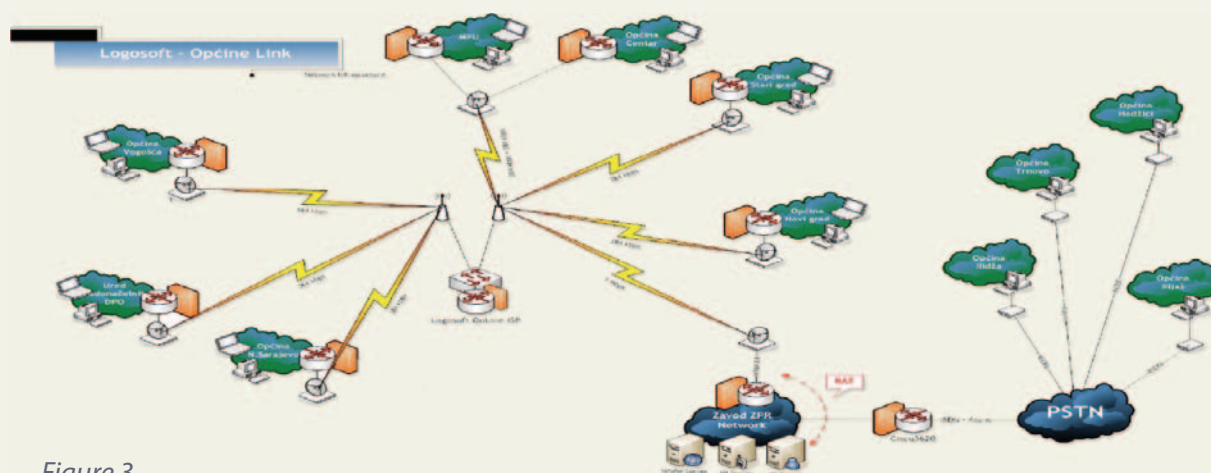


Figure 3

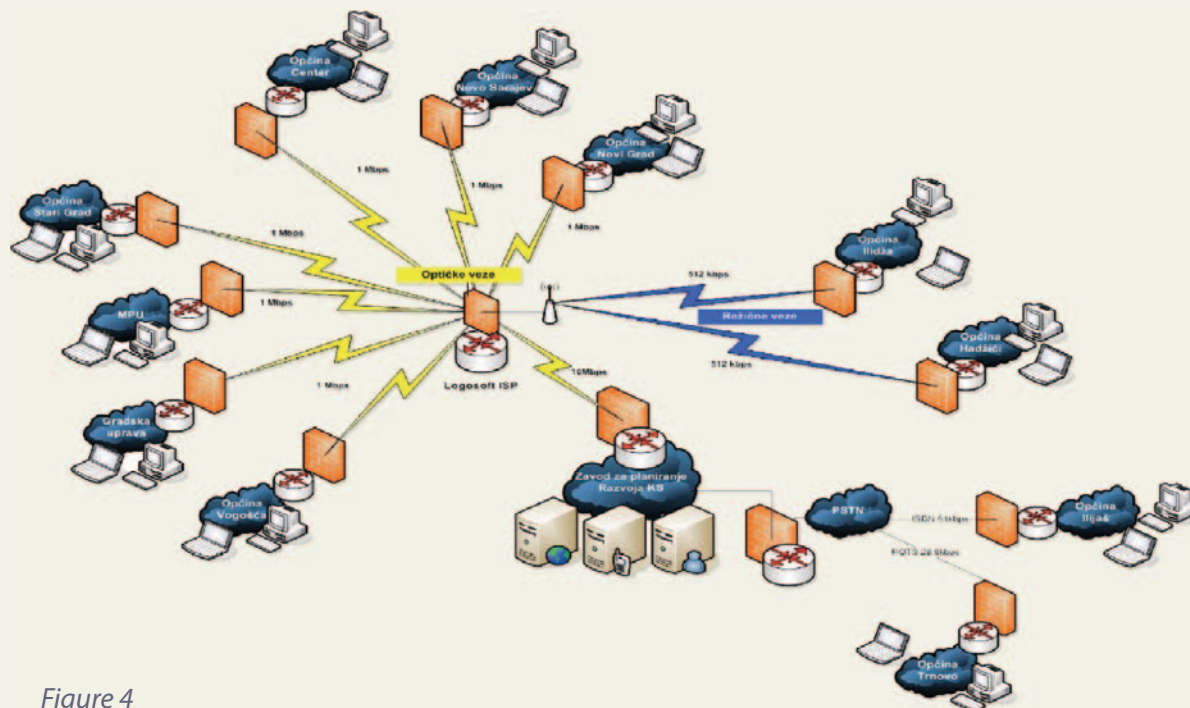


Figure 4

Therefore, most municipalities have been connected with the Sarajevo Canton Planning Institute with wireless connection of 384 kbps, while some peripheral municipalities of Sarajevo Canton have used ISDN connection through public network or modem connection.

It is planned in this year to connect majority of municipalities by optical connection of speed 1 Mbps. Some peripheral municipalities will be connected with wireless connection of 512 kbps.

The planned scheme will look as presented in Figure 4.

In the following months all data of public character will be accessible by the Internet to citizens and all interested institutions. Future work will also focus on exchange of data between all institutions, and the possibility of documents exchange (where permitted by law) at the level of database or in any electronic form.

Sarajevo Canton Planning Institute keeps track of the trends of development of both hardware and software. Currently, a new GIS server and new GIS internet server are being procured and made operational, which will enable the use of data available to the Institute not only for review but also for editing (where necessary).

GIS is present in all areas of life as 80% of all phenomena in life and nature have the location value. Due to this, database can be easily made concerning investing, information about certain location, coverage by the planning documents. With application currently used for search of cadastral plots in the territory of Sarajevo Canton all information is easily and quickly obtainable for citizens, and both foreign and local investors.

ANNEXES

Annex 1

Bosnia and Herzegovina Regulations

- General Framework Agreement for Peace in Bosnia and Herzegovina, Annex IV, Constitution of BiH,
- Framework Law on Privatization of Companies and Banks in BiH (*Official Gazette of BiH*, No. 14/98, 12/99, 14/00),
- Law on Customs Policy of BiH (*Official Gazette of BiH*, No. 21/98, 34/00, 10/02),
- Law on Direct Foreign Investment Policy in BiH (*Official Gazette of BiH*, No. 17/98, 13/03),
- Law on Foreign Trade Policy (*Official Gazette of BiH*, No. 7/98, 35/04)
- Law on Foreign Investment Promotion Agency in BiH (*Official Gazette of BiH*, No. 16/98),
- Decision on Establishment and Operation of the International Representation Offices in BiH (*Official Gazette of BiH*, No. 15/03)
- Directive on Determining Reciprocity in the Process of Direct Foreign Investments (*Official Gazette of BiH*, No. 18/98),
- Rulebook on Contents, Completion and Submission of Documents in the Customs Procedures (*Official Gazette of BiH*, No. 16/98)
- Law on Concessions (*Official Gazette of BiH*, No. 32/02),
- Law on Free Zones in BiH (*Official Gazette of BiH*, No. 3/02),
- Law on Statistics of BiH (*Official Gazette of BiH*, No. 59/02 and 26/04),
- Law on Survey of Cadastre and Real Estate (*Official Gazette of SR BiH*, No. 22/84, 12/87, 26/90, 36/90, 4/93 and 13/94)
- Law on Misappropriation (*Official Gazette of SR BiH*, No. 6/78- refined text)
- Law on Construction Land in Urban Settlements (*Official Gazette of SR BiH*, No. 24/68)
- Law on Central Bank of Bosnia and Herzegovina (*Official Gazette of BiH*, No. 1/97, 29/02, 8/03, 123/03, 14/03 and 76/06)
- Law on Indirect Taxation System of BiH (*Official Gazette of BiH*, No. 44/03 and 52/04)
- Law on Sale Tax on Goods and Services (*Official Gazette of BiH*, No. 62/04, 48/05 and 72/05)
- Law on Excise Tax (*Official Gazette of BiH*, No. 62/04, 48/05 and 72/05)
- Law on Value Added Tax (*Official Gazette of BiH*, No. 9/05)
- Decision on Single Registry of Transaction Accounts of BiH (*Official Gazette of BiH*, No. 27/04, 15/06 and 31/06)
- Decision on the Establishment of the Agency for Statistics of BiH (*Official Gazette of BiH*, No. 16/98)
- Decision on Classification of Activities of BiH (*Official Gazette of BiH*, No. 84/06)
- Law on Insurance Agency of BiH (*Official Gazette of BiH*, No. 12/04)
- Law on Administration (*Official Gazette of BiH*, No. 32/02)
- Law on Administrative Procedure (*Official Gazette of BiH*, No. 29/02 and 12/04)

Annex 2

Regulations of the Federation of Bosnia and Herzegovina

- Constitution of the Federation of Bosnia and Herzegovina with Amendments I-XXVI
- Annex to the Constitution of the Federation of Bosnia and Herzegovina (*Official Gazette of F BiH*, No. 1/94, 13/97, 16/02, 22/02, 52/02, 18/03, 63/03, 9/04, 20/04, 71/05 and 72/05)
- Law on Spatial Planning and Land Use in F BiH (*Official Gazette of F BiH*, No. 2/06),
- Law on Construction Land of F BiH (*Official Gazette of the FBiH*, No. 67/05)
- Law on Companies (*Official Gazette of BiH*, No. 23/99, amendments 45/00, 2/02, 6/02, 29/03 and 68/05)
- Directive on Conditions that Company or Other Legal Entity is Obligated to Meet Concerning the Number of Employees in Order to Conduct the Registered Activity (*Official Gazette of F BiH*, No. 15/98 and 5/99)
- Law on Standard Classification of Activities in F BiH (*Official Gazette of F BiH*, No. 6/95), confirmed by the Parliament of F BiH (*Official Gazette of F BiH*, No. 14/97),
- Decision on Standard Classification of Activities in F BiH (*Official Gazette of F BiH*, No. 28/98 and 47/98),
- Standard Classification of Activities (*Official Gazette of F BiH*, No. 28/98, corrections 36/98),
- Law on Privatization of Companies (*Official Gazette of F BiH*, No. 27/97, 8/99, 32/00, 45/00, 54/00, 61/01, 28/04, 44/04 and 42/06),
- Law on the Privatization of Banks (*Official Gazette of F BiH*, No. 12/98, 29/00 and 37/01)
- Law on Concessions (*Official Gazette of F BiH*, No. 40/02 and 61/06),
- Law on Registration of Legal Entities in F BiH (*Official Gazette of F BiH*, No. 27/05 and 68/05)
- Law on Bankruptcy Proceedings (*Official Gazette of F BiH* No. 29/03, 32/04 and 42/06),
- Law on Liquidation Proceedings (*Official Gazette F BiH*, No. 29/03),
- Law on Foreign Trade (*Official Gazette of F BiH*, No. 2/95, 14/97 and 61/01),
- Customs Policy Law (*Official Gazette of F BiH*, No. 2/95, 3/95 and 18/96),
- Law on Free Zones (*Official Gazette of BiH*, No. 2/95 and 14/97)
- Law on Interest on Arrears Rate (*Official Gazette of F BiH*, No. 27/98, 52/01),
- Law on Banks (*Official Gazette of F BiH*, No. 39/98, 32/00, 48/01, 7/02, 41/02, 58/02, 09/03 and 28/03),
- Law on Banking Agency of F BiH (*Official Gazette of F BiH*, No. 9/96, 27/98, 20/00, 45/00, 58/02 and 19/03),
- Law on Foreign Exchange Transactions (*Official Gazette of F BiH*, No. 35/98),
- Law on Trade (*Official Gazette of F BiH*, No. 64/04 and 12/05)
- Law on Sales Tax on Goods and Services (*Official Gazette of F BiH*, No. 49/02, 37/03, 14/04, 39/04)
- Law on Securities (*Official Gazette of F BiH*, No. 39/98, 36/99),
- Law on the Commission for Securities (*Official Gazette of F BiH*, No. 39/98, 36/99 and 33/04),
- Law on the Securities Registry (*Official Gazette of F BiH*, No. 39/98, 36/99 and 33/04),
- Law on Funds and Investment Funds Management Companies (*Official Gazette of F BiH*, No. 41/98, 36/99, 36/00, 50/03 and 70/04),
- Law on Payments Transactions

- (Official Gazette of F BiH, No. 32/00, 23/03),
- Law on Financial Operations (Official Gazette of F BiH, No. 2/95, 13/00 and 29/00),
 - Law on Accountancy (Official Gazette of F BiH, No. 2/95, 14/97 and 12/98),
 - Codex of Accountancy Principles and Standards (Official Gazette of F BiH, No. 50/98, 52/99, 54/00 and 47/01),
 - Law on Chambers of Commerce of the Federation (Official Gazette of F BiH, No. 35/98 and 34/03),
 - Law on Statistics in F BiH (Official Gazette of F BiH, No. 63/03),
 - Law on Obligatory Relations (Official Gazette of R BiH, No. 2/92, 13/93 and 13/94), Applicable as the Federation Law pursuant to Art. IX.5 of the Constitution of the Federation of Bosnia and Herzegovina (Official Gazette of F BiH, No. 1/94 and 29/03),
 - Law on Checks (Official Gazette of F BiH, No. 32/00),
 - Law on Promissory Note (Official Gazette of F BiH, No. 32/00 and 28/03),
 - Law on the Insurance of Property and Persons (Official Gazette of SR BiH, No. 2/95, 9/95, 44/95, and 2/96 and Official Gazette of F BiH, No. 6/98, corrections 41/98),
 - Law on Organization of the Administrative Authorities of F BiH (Official Gazette of F BiH, No. 35/05),
 - Law on Notaries (Official Gazette of F BiH, No. 45/02),
 - Law on Administrative Procedure (Official Gazette of F BiH, No. 2/98),
 - Law on the Recognition of Public Documents in the Territory of F BiH (Official Gazette of the F BiH, No. 4/98),
 - Law on Labor (Official Gazette of F BiH, No. 43/99, 32/00, 29/03),
 - Law on Corporate Profit Tax (Official Gazette of F BiH, No. 32a/97 and 29/00),
 - Law on Citizens Income Tax (Official Gazette of F BiH, No. 26/96, 27/97, 12/98, 29/00, 54/00, 16/01, 7/02, 27/02, 6/03),
 - Law on Contributions (Official Gazette of F BiH, No. 35/98, 54/00, 16/01, 37/01 and 1/02),
 - Law on Forests (Official Gazette of F BiH, No. 20/02, 29/03 and 37/04)
 - Law on Roads of F BiH (Official Gazette of F BiH, No. 6/02 and 18/02)
 - Law on Foreign Investments in the Federation of BiH (Official Gazette of F BiH, No. 61/01, 50/03)
 - Directive on the Implementation of the Law on Customs Policy of BiH (Official Gazette of F BiH, No. 59/01, 6/04)
 - Law on Free Zones (Official Gazette of F BiH, No. 2/95, 14/97, 37/04)
 - Law on Foreign Trade (Official Gazette of F BiH, No. 2/95 and 14/97)
- ### Annex 3
- #### Regulations of Sarajevo Canton
- Constitution of Sarajevo Canton (Official Gazette of Sarajevo Canton, No. 1/96, 2/96, 3/96, 16/97, 14/00 and 4/01 and 28/04),
 - Law on Taxes of Sarajevo Canton (Official Gazette of Sarajevo Canton, No. 8/02-refined text, 1/03, 8/03, 25/05 and 25/06),
 - Law on Spatial Planning and Environment Protection (Official Gazette of Sarajevo Canton, No. 7/05) This Law regulates the issues of spatial planning, environment protection and construction in Sarajevo Canton
 - Law on Concessions of Sarajevo Canton (Official Gazette of Sarajevo Canton, No. 21/03),
 - Law on Temporary Use of Public Areas in Sarajevo Canton (Official Gazette of Sarajevo Canton, No. 6/02 and 21/03).

- Law on Forests of Sarajevo Canton (*Official Gazette of Sarajevo Canton*, No. 4/99).
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- Law on Sales Tax on Real Estate and the Rights of Sarajevo Canton (*Official Gazette of Sarajevo Canton*, No. 23/05 and 25/06)
- Law on Labor of Sarajevo Canton (*Official Gazette of Sarajevo Canton*, No. 19/00)
- Law on Organization and Scope of Operation of the Administrative Authorities of Sarajevo Canton (*Official Gazette of Sarajevo Canton*, No. 7/08)
- Law on Spatial Planning and Land Use of F BiH (*Official Gazette F BiH*, No. 2/06)
- Law on Construction Land in Urban Settlements (*Official Gazette of SR BiH*, No. 24/68)
- Law on Organization of Administrative Authorities in F BiH (*Official Gazette of F BiH*, No. 35/05),
- Law on Administrative Procedure (*Official Gazette of F BiH*, No. 2/98)
- Law on Independent Cantonal Administrative Institutions (*Official Gazette of Sarajevo Canton*, No. 14/97, 7/98, 13/99 and 28/01)
- Law on Construction Land of F BiH (*Official Gazette of F BiH*, No. 67/05),
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- Law on Sales Tax on Real Estate and the Rights (*Official Gazette of Sarajevo Canton*, No. 23/05 and 25/06),
- Law on Temporary Use of Public Areas in Sarajevo Canton (*Official Gazette of Sarajevo Canton*, No. 20/04)
- Decision on reduction of compensations for the town construction land allocated to be used and the fees for the arrangement of the urban construction land (*Official Gazette of Sarajevo Canton*, No. 11/01 and 22/02)

Annex 4

Regulations governing construction, planning and the use of construction land

- General Framework Agreement for Peace in Bosnia and Herzegovina, Annex IV, Constitution of BH
- Constitution of the Federation of Bosnia and Herzegovina with amendments I through CVIII, Annex to the Constitution of the Federation of Bosnia and Herzegovina (*Official Gazette of F BiH*, No. 1/94, 13/97, 16/02, 22/02, 52/02, 18/03, 63/03, 9/04, 20/04, 71/05 and 72/05),
- Constitution of Sarajevo Canton (*Official Gazette of Sarajevo Canton*, No. 1/96, 2/96, 3/96, 16/97, 14/00, 4/01 and 28/04)
- Law on Ownership-Legal Relations (*Official Gazette of F BiH*, No.6/98 and 29/03),
- Law on Transformation of Public Property (*Official Gazette of R BiH*, No. 33/94)
- Law on Real Estate (*Official Gazette of SR BiH*, No. 38/78, 38/78, 4/89, 29/90, 22/01, 21/92, 3/93, 13/94 and 18/94),

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