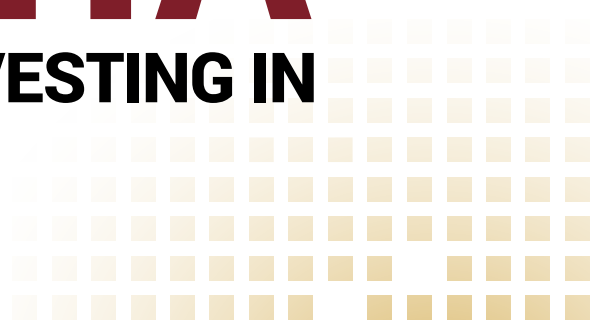




DERVENTA

MUNICIPALITY WORTH INVESTING IN





Position of Bosnia and Herzegovina in Europe

GEOGRAPHIC POSITION OF THE MUNICIPALITY OF DERVENTA

Official name	Municipality of Derventa
Administrative affiliation	Republika Srpska, Bosnia and Herzegovina
Population	27,404
Address	Trg oslobođenja br.3
Contact telephone number	053/315-106
Fax	053/315-105
E-mail	derv-nop@teol.net
Web	www.derventa.ba

CONTACT INFORMATION FOR INVESTORS:

Municipality of Derventa

Department for Economy and Social Affairs

- **Srdjan Nović**

Independent expert associate for local economic development

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E-mail: srdjann@derventa.ba

MUNICIPALITY OF DERVENTA

Municipality worth investing in

- The Municipality of Derventa is located in the north of BiH, very close to the border with Croatia (the EU), and it provides a perfect location for developing business operations in the immediate vicinity of the profitable European market, with a population of more than 500 million. Derventa is very well connected with the EU and centers in BiH, by road, rail, and river transport.
- Industrial zones “Derventa” and “Servicing and Utility Center” represent excellent opportunities for investing and business development. Investors have at their disposal the possibility to pay their liabilities that relate to compensation for the regulation of city construction land and the rent in installments.
- During the last 3 years, the sectors of metal processing, wood processing, manufacturing of leather and footwear, as well as manufacturing of plastics, have recorded positive trends and continuous growth, which is an excellent indicator that in the Municipality of Derventa all the preconditions are ensured that are necessary for the development of competitiveness in the economy.
- Continuous growth in processing industry proves that employers in Derventa have access to qualified workers who meet the needs of demanding markets.
- The Municipality is at the disposal of investors! The Municipality provides support to investors in selecting locations for investing, as well as during the process of investing, and it continues to provide support during business operations. We have simplified the processes for the issuance of documentation, shortened the time and reduced the costs of doing business, established the one stop shop system for procedures in the processes of construction and registration, so that you will realize your investment in a fast, easy and less expensive manner!

TRANSPORT INFRASTRUCTURE

Vicinity of eu markets and other South-East European countries

Derventa is situated in the north of Bosnia and Herzegovina, and it is characterized by good connections with the main transport corridors that connect the inland of the country with the EU. Derventa represents the node of primary routes Brod-Derventa-Doboj-Sarajevo-Ploče, as well as Bijeljina-Derventa-Banja Luka, through which Derventa is directly connected with the main road routes in the EU, as well as the administrative centers of Banja Luka and Sarajevo. In the immediate vicinity of Derventa there is the highway leading from Banja Luka to Doboj (31 km), the Zagreb-Belgrade highway (33 km), the “Pan-European Railway Corridor 10” (28 km), as well as the International Airport in Banja Luka (75 km). The vicinity of rail and road corridors in the Republic of Croatia / the EU, as well as good connections with inland centers, characterize Derventa as an especially favorable location for doing business.





Distance from main centers in the country and abroad

Banja Luka	85 km
Sarajevo	186 km
Zagreb (CRO)	217 km
Belgrade (SRB)	242 km
Budapest (H)	386 km
Trieste (I)	452 km
Vienna (A)	590 km
Munich (D)	763 km

Distance from key transport routes and ports

Banja Luka – Dobojski Highway	31 km
Zagreb – Belgrade Highway (CRO)	33 km
Rail terminal in Banja Luka	40 km
Pan-European rail corridor 10 (Zagreb – Belgrade)	28 km
International airport in Banja Luka	74 km
International airport in Tuzla	108 km
International airport in Sarajevo	186 km
International airport in Belgrade (SRB)	228 km
River port in Brčko	97 km
Port in Split (CRO)	342 km
Port in Ploče (CRO)	365 km



POSSIBILITIES FOR INVESTING IN VARIOUS SECTORS

The preferential sectors that are aligned with the potentials of the Municipality of Derventa are the following:

• PROCESSING INDUSTRY

(metal processing, wood processing, manufacturing of leather and products made from leather and manufacturing of products made from plastics)

• AGRICULTURE

• IT INDUSTRY

New investors in those sectors have at their disposal:

- Locations available for investing in industrial and business zones, including the greenfield locations planned in the Industrial zone in Derventa, as well as the Servicing and Utility Center.
- High-quality and price competitive labor force.
- Favorable geographic position, i.e. the vicinity of the EU market.

PROCESSING INDUSTRY

During the last 3 years, the sectors of metal processing, wood processing, manufacturing of leather and footwear, as well as the manufacturing of plastics, have been recording positive trends and continuous growth. The main characteristics of the key processing sectors:

- **29%** of enterprises are enterprises in processing industry.
- Around **33%** of revenues of the Municipality of Derventa are being executed in the processing industry.
- The processing industry executes the highest profit of **40%** and employs close to **48%** of the total number of employed persons in Derventa.
- **70%** of total exports are being realized by economic entities in the processing industry.

Metal processing

- 41% of total revenues of the metal processing sector are being collected through exports.
- 22 of 203 SMEs (10.8%) are operating in the metal processing sector, and, based on the number of enterprises, metal processing is the most frequent sector.
- 11% of the total number of employed persons in the territory of the municipality work in the metal processing sector.
- The average salary in the metal processing sector is 6.5% higher than the average salary in the Municipality of Derventa.
- The 4 largest companies employ 68.3% of the total number of employees in this sector.

Manufacturing of leather and products made from leather

- In the last three years, the sector of footwear manufacturing has been recording growth of revenues by 41.8%, growth of net profits by 41.2%, and growth in exports, by 44%
- 11% of total revenues of the municipality originate from the footwear manufacturing sector.
- 91.5% of total revenues in the footwear manufacturing sector are being executed through exports.
- The 8 largest companies in the footwear manufacturing sector employ 60.8% of the total number of employed persons in the processing industry.
- The 5 largest companies employ 95% of the total number of employees in this sector.

Wood processing

- The 2 largest companies in the wood processing sector in the Municipality of Derventa employ 76% of the total number of employees in this sector.
- Revenues by employee in the wood processing sector amount to BAM 144,000, which is the best result in the processing industry.

Manufacturing of products made from plastics

- 8 out of 203 SMEs, i.e. 3.9% are operating in the sector of manufacturing of products made from plastics.
- The sector of manufacturing of products made from plastics executed 59.4% of its total revenues from exports.
- The 2 largest companies in the sector of manufacturing of products made from plastics in the Municipality of Derventa employ 91% of the total number of employees in this sector.

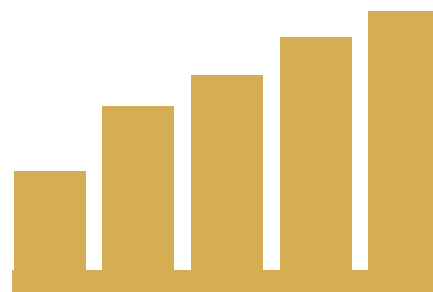
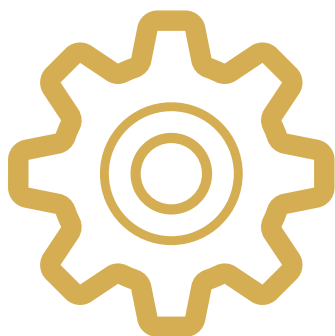


AGRICULTURE:

- Of the total surface area of the land, 35,671 hectares are agricultural land, while forests occupy 12,636 hectares, and those resources represent the basis for development of agriculture in the Municipality of Derventa.
- Of the total surface under forests, around 10,094 hectares are in private ownership, while around 2,542 are in state ownership.
- Price competitive labor force, large surfaces of arable land, vicinity of processing plants, and a relatively good trend of development, classify the Municipality of Derventa among municipalities with the largest potential for agricultural development in the country.

IT INDUSTRY

- In the “information and communication” sector, there are 6 companies operating, and they employ 38 persons
- The most recent indicators show a trend of growth in the number of companies, but also in the interest of young people, primarily, for doing business in this sector
- High-quality labor force that is available in Derventa and municipalities that gravitate towards Derventa (7 municipalities with more than 200,000 inhabitants)
- Vicinity of larger regional and educational centers
- Attractive and favorable locations for investing in this sector of the economy



LOCATIONS FOR INVESTING

The investment locations listed below are situated in industrial zones that are, in the regulation plans, clearly differentiated as "INDUSTRIAL ZONE" and "SERVICING AND UTILITY CENTER"

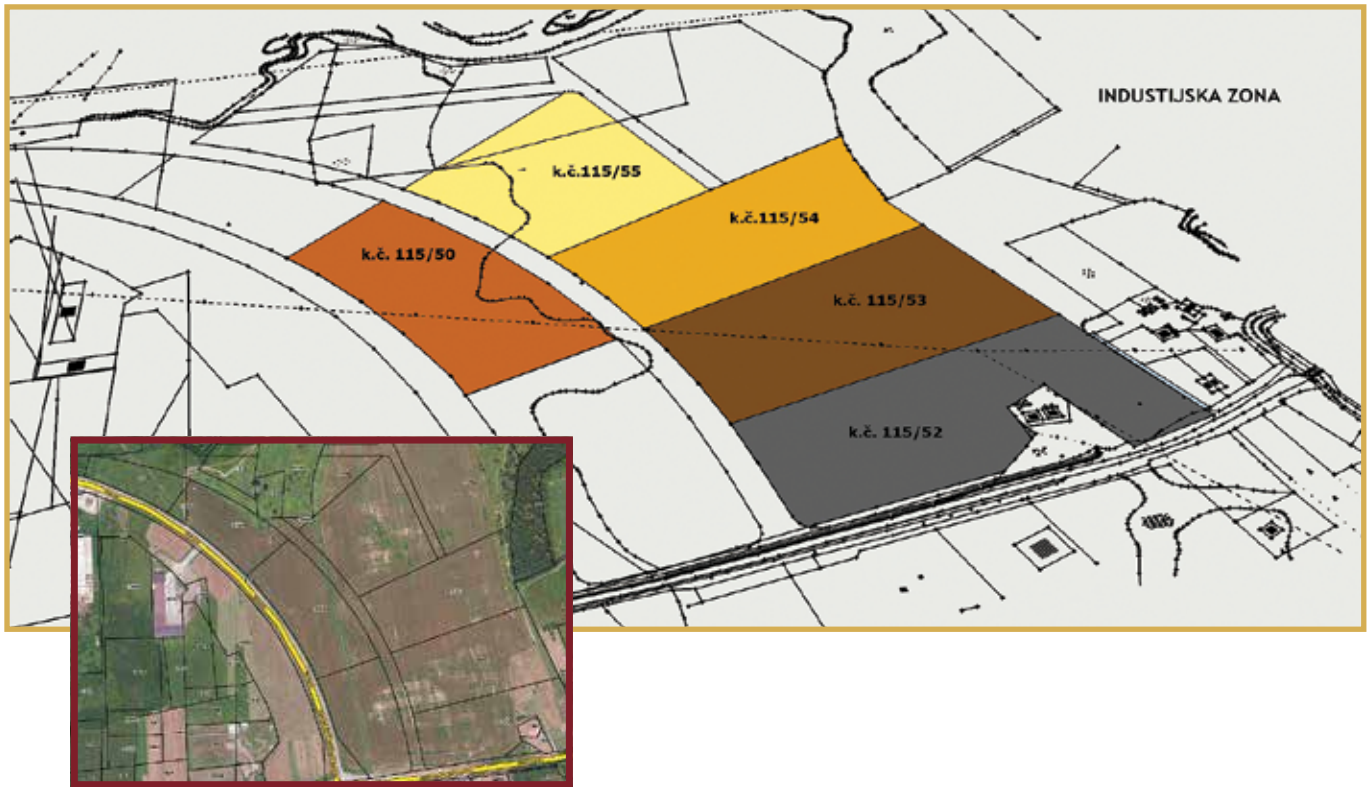
In the "Industrial Zone of Derventa" there are currently 25 active users of the zone, and they employ around 2,640 workers, while in the "Servicing and Utility Center" there are 2 users of the zone that are currently active and they employ 3 workers.

In these zones there is the total of 10 locations that are free for investing.





INDUSTRIAL ZONE



SERVICING AND UTILITY CENTER








Detailed information about investment locations:

Location name: "INDUSTRIAL ZONE"	
Location:	Industrial zone is located along the primary road M.14.1 (Kninska Street), and it is 30 km away from the Banja Luka – Doboj highway and 32 km away from the Zagreb – Belgrade highway.
Type:	Greenfield.
Surface area:	The total surface area of the zone is 95.225 m ² Development coefficient of 0.75 (facilities could be constructed with total surface area of up to 12,000 m ²) and the degree of utilization of 40-50% at the maximum (surface area of facilities at ground floor, up to 8,000 m ²).
Ownership:	In the ownership of the Municipality in 100%
Infrastructure:	Power: already present, high voltage line (DV 10kV) crosses through the parcel. Water supply: water available from the city water supply system, at the distance of around 330 m, and industrial water is not available, but a well could be dug. Sanitation: not available, the Regulation Plan of "Industrial zone" includes a collector planned with ø800 through the planned transport route. Telecommunications: not available, there is a connection near the location in question. Access roads: do not exist, the Regulation Plan of "Industrial zone" includes access planned through the future servicing transport route inside of the location. Gas supply connection: not available; the Physical Space Development Plan of Republika Srpska for the period until 2025 envisages the construction of the gas pipeline that would lead through Derventa. District heating: not available; the Physical Space Development Plan envisages an option of constructing district boiler plants, however no precise deadline is provided.
Documentation:	Regulation Plan: available. In order to realize an investment, it is necessary to perform conversion of agricultural land in construction land, as well as to ensure corresponding consents and permits: <ul style="list-style-type: none"> • Location requirements / Urban planning and technical requirements (Application for the issuance of the location requirements is submitted in the premises of the Municipal Administration of Derventa, desk hall No. 6, Department for Physical Space Regulation, the deadline for resolving a case is 8 days). • Construction permit (Department for Physical Space Regulation, the deadline for resolving a case is 10 days). • Ecological permit (Department for Physical Space Regulation, the deadline for resolving a case is 15 days).
Suitability for purpose:	The locality convenient for all processing activities that have no adverse impact on the environment.
Investment opportunities:	Purchase.
Price of sale of lease of the land:	A Decision of the Commission shall determine the starting price of construction land. The starting price at the occasion of the most recent sale amounted to BAM 10 /m ² .








Available parcels on the location "INDUSTRIAL ZONE":

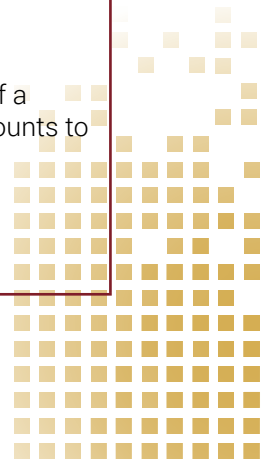
<p>PARCEL No. 1 Industrial zone Derventa</p>		<p>Surface area of parcel No. 1 (Cadastral Particle 115/50) amounts to 16,159 m².</p> <p>The maximum surface area of a facility that could be built amounts to 8,000 m².</p>
<p>PARCEL No. 2 Industrial zone Derventa</p>		<p>Surface area of parcel No. 2 (Cadastral Particle 115/55) amounts to 20,045 m².</p> <p>The maximum surface area of a facility that could be built amounts to 10,000 m².</p>
<p>PARCELA Br. 3 Industrial zone Derventa</p>		<p>Surface area of parcel No. 3 (Cadastral Particle 115/54) amounts to 21,034 m².</p> <p>The maximum surface area of a facility that could be built amounts to 10,000 m².</p>
<p>PARCEL No. 4 Industrial zone Derventa</p>		<p>Surface area of parcel No. 4 (Cadastral Particle 115/53) amounts to 20,138 m².</p> <p>The maximum surface area of a facility that could be built amounts to 10,000 m².</p>
<p>PARCEL No. 5 Industrial zone Derventa</p>		<p>Surface area of parcel No. 5 (Cadastral Particle 115/52) amounts to 17,849 m².</p> <p>The maximum surface area of a facility that could be built amounts to 8,900 m².</p>

Location name: "SERVICING AND UTILITY CENTER"	
Location:	Servicing and utility center is located along the primary road M. 14.1 Derventa-Srbac, and it is 31 km away from the Banja Luka – Doboj highway and 28.5 km away from the Zagreb – Belgrade highway.
Type:	Greenfield.
Surface area:	Total surface area of the zone is 23,295 m ² Development coefficient of 0.75 (facilities could be constructed with total surface area of up to 12,000 m ²) and the degree of utilization of 40-50% at the maximum (surface area of facilities at ground floor, up to 8,000 m ²).
Available parcels:	In the "Servicing and Utility Center", there are 5 free parcels for investing. The smallest parcel is with the total surface area of the land of 4,252 m ² , while the largest has the surface area of 5,445 m ² .
Ownership:	In the ownership of the Municipality in 100%
Infrastructure:	<p>Power: already present, high voltage (DV 10kV). Total installed power of existing transformer stations 10/0.4 kV on DV 10 kV Derventa – Kalenderovci amounts to 4996 kVA. Medium voltage 10 kV, and low voltage 400 V. The closest substation at 10/0.4 kV is at around 600 m.</p> <p>Water supply: water available from the city water supply system, at the distance of around 10-15 m, and industrial water is not available, but a well could be dug.</p> <p>Sanitation: not available, under the Regulation Plan of "Industrial zone" a collector is planned from the Derventa brook to the edge of the Industrial Zone, Ø 1000 mm – 2000 mm, while the summary collector with Ø 300 mm is planned through the planned transport route.</p> <p>Lighting: not available.</p> <p>Telecommunications: not available, there is a connection in the vicinity of the location in question.</p> <p>Access roads: Under, the Regulation Plan of "Servicing and Utility Center" there is a connection, access planned through the future servicing transport route inside of the location.</p> <p>Gas supply connection: not available; the Physical Space Development Plan of Republika Srpska for the period until 2025 envisages the construction of the gas pipeline that would lead through Derventa.</p> <p>District heating: not available; the Physical Space Development Plan envisages an option of constructing district boiler plants, however no precise deadline is provided.</p>
Documentation:	<p>Regulation Plan: available. In order to realize an investment, it is necessary to perform conversion of agricultural land in construction land, as well as ensure corresponding consents and permits:</p> <ul style="list-style-type: none"> • Location requirements / Urban planning and technical requirements (Application for the issuance of the location requirements is submitted in the premises of the Municipal Administration of Derventa, desk hall No. 6, Department for Physical Space Regulation, the deadline for resolving a case is 8 days); • Construction permit (Department for Physical Space Regulation, the deadline for resolving a case is 10 days); • Ecological permit (Department for Physical Space Regulation, the deadline for resolving a case is 15 days).
Suitability for purpose:	The locality convenient for all processing activities that have no adverse impact on the environment
Investment opportunities:	Purchase
Price of sale of lease of the land:	A Decision of the Commission shall determine the starting price of construction land. The starting price at the occasion of the most recent sale amounted to BAM 10 /m ²



Available parcels on the location “SERVICING AND UTILITY CENTER”:

<p>PARCEL No. 6 Industrial zone: “Servicing and Utility Center”</p>		<p>Surface area of parcel No. 6 (Cadastral Particle 115/56) amounts to 4,308 m².</p> <p>The maximum surface area of a facility that could be built amounts to 825 m².</p>
<p>PARCEL No. 7 Industrial zone: “Servicing and Utility Center”</p>		<p>Surface area of parcel No. 7 (Cadastral Particle 115/55) amounts to 4,252 m².</p> <p>The maximum surface area of a facility that could be built amounts to 825 m².</p>
<p>PARCEL No. 8 Industrial zone: “Servicing and Utility Center”</p>		<p>Surface area of parcel No. 8 (Cadastral Particle 115/64) amounts to 4,496 m².</p> <p>The maximum surface area of a facility that could be built amounts to 825 m².</p>
<p>PARCEL No. 9 Industrial zone: “Servicing and Utility Center”</p>		<p>Surface area of parcel No. 9 (Cadastral Particle 115/29) amounts to 4,794 m².</p> <p>The maximum surface area of a facility that could be built amounts to 825 m².</p>
<p>PARCEL No. 10 Industrial zone: “Servicing and Utility Center”</p>		<p>Surface area of parcel No. 10 (Cadastral Particle 115/63) amounts to 5,445 m².</p> <p>The maximum surface area of a facility that could be built amounts to 825 m².</p>





BUSINESS ENVIRONMENT

The business environment in the Municipality of Derventa is characterized by continuous growth in the number of SMEs, and especially growth in the number of entities in the processing industry, as well as by growth in executed revenues, operational and efficient cooperation of the municipality and entrepreneurs, good inter-municipal and regional cooperation, as well as transparent and incentive policies of the local authorities.

Review of business entities in the Municipality of Derventa

Economic entities (up to 49 employees)	186	202
Economic entities (50 – 249 employees)	13	
Economic entities (more than 250 employees)	3	
Independent entrepreneurs		494
TOTAL		696

Source: APIF, 2017



Dominant industries by number of economic entities

Area of activity	Number of business entities		Total	%
	Legal persons	Entrepreneurs		
Wholesale and retail trade; repair of motor vehicles	59	197	256	36.78
Processing industry	59	63	122	17.53
Activities of providing accommodation, preparing and serving food, hotel industry and hospitality industry	0	96	96	13.79
Construction	10	26	36	5.17
Transport and warehousing	20	25	45	6.47
Expert, scientific, and technical activities	14	21	35	5.03
Agriculture, forestry and fishing	15	14	29	4.17
Information and communication	6	0	6	0.86
Other	19	52	71	10.20
TOTAL	202	494	696	100

Source:APIF, 2017

Review of business entities in the processing industry

Name of activity in the processing industry	Number of enterprises	%
Manufacturing of finished metal products, excluding machines and equipment	18	30.51
Manufacturing of foodstuffs	5	8.47
Wood processing and processing of products made from wood and cork, excluding furniture	5	8.47
Manufacturing of computers, electronic and optical products	3	5.08
Printing and copying records	1	1.69
Manufacturing of products made from rubber and plastics	8	13.56
Manufacturing of textiles	1	1.69
Processing of paper and products made from paper	3	5.08
Manufacturing of chemicals and chemical products	3	5.08
Manufacturing of leather and products made from leather	7	11.86
Manufacturing of base metals	3	5.08
Manufacturing of motor vehicles, trailers, and semi-trailers	1	1.69
Manufacturing of concrete, cement and gypsum	1	1.69
TOTAL	59	100.00

Source:APIF, 2017

Review of main branches of the economy by revenues (in BAM thousand)

Economic area	Executed revenues	Executed revenues in %
Wholesale and retail trade, repair of motor vehicles and motorcycles	181,409	45.29
Processing industry	126,405	31.57
Transport and warehousing	25,807	7.27
Agriculture, forestry and fishing	20,997	5.24
Other	45,842	10.63
TOTAL	400,462	100.00

Source:APIF, 2017

Number of employees by areas of economic activities

Area	Number of employees	%
Wholesale and retail trade, repair of motor vehicles and motorcycles	1,308	20.01
Public administration and defense, mandatory social insurance	250	3.82
Processing industry	2,981	45.61
Activities of providing accommodation, preparing and serving food, hotel industry and hospitality industry	225	3.44
Transport and warehousing	181	2.77
Agriculture, forestry and fishing	96	1.47
Health care and social work activities	185	2.83
Education	506	7.74
Financial activities and insurance activities	56	0.86
Expert, scientific, and technical activities	202	3.09
Construction	132	2.02
Information and communication	47	0.72
Other	367	5.60
TOTAL	6,536	100.00

Source: Tax Administration of Republic of Srpska, 2017

Scope of exports and imports, and coverage of imports with exports in the Municipality in the last 3 years (in BAM thousand)

Year	Scope	Exports	Imports	Balance
2015	477,867	251,506	226,361	+ 25,145
2016	568,919	335,836	233,083	+102,753
2017	567,178	301,948	265,230	+36,718

Source: Foreign Trade Chamber of Bosnia and Herzegovina, 2017

Share of economy of the Municipality in total revenues of RS. Financial indicators by annual accounts for 2016.

	Total revenues in BAM	Net result in BAM
The Municipality	400,462,574	+21,399,173
Republika Srpska	18,725,000,000	+560,787,000

Source:APIF, 2016



HUMAN RESOURCES – PRICE COMPETITIVE LABOR FORCE

Review of the number of employees

- Number of employees employed by legal persons **5,507**
- Number of employees employed by independent entrepreneurs **1.029**



Employed

6,536 persons

Source: Tax Administration of Republic of Srpska, 2017

Average monthly gross and net salaries



Average monthly paid
01.12.2016

RS
Gross
BAM 1,344
Net
BAM 836

The Municipality
Gross
BAM 987
Net
BAM 658

Average monthly paid
01.12.2017

Gross
BAM 1,331
Net
BAM 866

Gross
966 KM
Net
BAM 653

Average monthly gross and net salaries by worker in activities under review in 2017

Area	Gross salary in BAM	Net salary in BAM
Average salary in the Municipality of Derвента in 2017	966.00	653.00
Average salary in the processing industry (2016 data)		
Metal processing	1,052.00	702.00
Manufacturing of leather and products made of leather	781.00	490.00
Wood processing	688.00	435.00
Manufacturing of plastics	1,015.00	632.00

Number of unemployed persons

DESCRIPTION	TOTAL	Women	%
Stock on record	1,443	607	42.01

Qualification, gender, and age structure of unemployed persons, as of the date of May 31, 2018

Qualification structure		TOTAL	Women	%
0	No schooling	0	0	0.0
1	Non-qualified workers	347	108	30.3
2	Semi-qualified – primary school qualifications	38	17	44.7
3	Qualified workers	501	150	29.9
4	Technicians, secondary school qualifications	400	241	60.3
5	Highly qualified workers	14	3	21.4
6-1	College level qualifications	15	9	60.0
7-1	University level qualifications 180 ECTS	40	27	67.5
7-2	University level qualifications 240 ECTS, 4, 5 or 6 years	80	51	63.8
7-3	Master 300 ECTS	8	4	50.0
7-4	Master of Science under old curricula	0	0	0.0
8	PhD.	0	0	0.0
Total		1,443	607	42.1

Age structure	TOTAL	Women	%
15 to 18 years of age	1	0	0.0
18 to 20 years of age	11	6	54.5
20 to 24 years of age	126	62	49.2
24 to 27 years of age	106	61	57.5
27 to 30 years of age	113	59	52.2
30 to 35 years of age	153	82	53.6
35 to 40 years of age	133	54	40.6
40 to 45 years of age	160	62	38.8
45 to 50 years of age	162	55	34.0
50 to 55 years of age	188	70	37.2
55 to 60 years of age	175	58	33.1
60 to 65 years of age	115	38	33.0
Total	1,443	607	42.1



Structure of unemployed persons by occupations – active labor force on offer

Degree of professional qualifications	Occupation		Total number of unemployed persons
No occupation	No occupation.	347	347
Semi-qualified – primary school qualifications	Semi-qualified – primary school level workers	38	38
Qualified workers	Welder	71	501
	Salesperson	65	
	Cook	32	
	Car mechanic	29	
	Driver of freight vehicles	30	
	Cobbler	22	
	Waiter	28	
	Lathe operator	24	
	Ready to wear tailor (clothes, knitted materials, textiles)	31	
	Electricity mechanic	27	
	Other	142	
Technicians	Economic technician	72	400
	Agricultural technician	37	
	Electricity technician-energy technician	36	
	Grammar school graduate	32	
	Computer technician	26	
	Retail and wholesale technician	25	
	Mechanical technician	23	
	Nursing technician	16	
	Other	133	
Highly qualified workers	Total	14	14
College level qualifications	Total	15	15
University level qualifications	Economist	14	128
	Grade school teacher	10	
	Master 300 ECTS	8	
	Other	96	
UKUPNO			1.443

Source: Employment Bureau of RS of the date of May 31, 2018.

Number and structure of pupils in high schools in the 2017/2018 school year

Educational institution	Vocation /Number of pupils	Total
PUBLIC INSTITUTION VOCATIONAL AND TECHNICAL SCHOOL IN DERVENTA	VOCATION: ECONOMY, LAW AND TRADE	171
	Administrative and legal technician	50
	Trade technician	71
	Economic technician	50
	VOCATION: AGRICULTURE AND FOOD PROCESSING	179
	Veterinarian technician	27
	Agricultural technician	152
	VOCATION: MECHANICAL ENGINEERING AND METAL PROCESSING	76
	Welder / metal processing by cutting	76
	VOCATION: HOSPITALITY INDUSTRY AND TOURISM	84
	Waiter	57
	Cook / waiter	27
	PUBLIC INSTITUTION HIGH SCHOOL CENTER "MIHAJLO PUPIN" DERVENTA	GRAMMAR SCHOOL
General vocation		163
ELECTRICAL TECHNOLOGY		268
Computer technician		121
Information technology technician		24
Mechatronics technician		50
Electricity and energy technician		73
TEXTILES AND LEATHER INDUSTRY		20
Cobbler	20	
TOTAL		961





INVESTMENT INCENTIVES OF THE MUNICIPALITY OF DERVENTA

- Possibility of paying the compensation for regulation of city construction land and the rent in installments
- Incentives in agriculture

The envisaged allocation of incentives from the 2017 budget of the Municipality of Derventa amounts to 350.000 BAM

Detailed information on incentives in the Municipality of Derventa are available at:

<http://www.derventa.ba/derventa/index.php?pismo=cir&url=podsticaji>

Information on incentives at the level of Republika Srpska and Bosnia and Herzegovina can be found on the following links:

- **InvestSrpska**

<http://www.investsrpska.net/index.aspx?PageID=436&menuID=215&langid=2>

- **FIPA**

http://www.fipa.gov.ba/informacije/povlastice/strani_investitori/default.aspx?id=141&langTag=bs-BA

SERVICES FOR INVESTORS

Construction of the business environment is the primary task of the municipality of Derventa

The Municipality of Derventa has established a one stop shop system for all administrative procedures that concern the process of construction and registration of business activities.

- The Municipality of Derventa provides to domestic and external investors aftercare support, for the purpose of faster elimination of obstacles faced by existing investors. Support is being realized through the Cooperative Network for Investor Aftercare Support, which includes institutions on all levels of government in BiH. This form of support to investors in the Municipality of Derventa has been in existence since 2013.
- The Economic Council of the Municipality of Derventa is the platform for dialogue between the private and the public sector and for improvements in the business environment, as well as identification of obstacles to which the municipal administration can objectively react. The Economic Council has been active since 2017 and comprises 21 members, including representatives of privately-owned companies, the educational sector, the financial sector, and municipal administration.
- Regulatory reform project has been realized and, in this manner, administrative procedures have been simplified, costs reduced, and faster and easier access facilitated for business people and citizens to municipal services through the Electronic register of administrative procedures.
- The Municipality of Derventa provides to all potential and existing investors comprehensive support in the realization of planned investments through a contact person who is in charge of servicing with information and of organizing meetings between the competent authorities and investors with the objective of simplifying and accelerating the realization of planned investments.

Detailed information about the investment climate in RS and BiH can be found on the websites:

- **Republika Srpska Government / Invest Srpska** <http://www.investsrpska.net/>
- **Foreign Investment Promotion Agency in BiH (FIPA)** <http://www.fipa.gov.ba/>

Electronic registers with a detailed review of permits and licenses that are necessary for investors in Republika Srpska and Bosnia and Herzegovina are accessible on the following links:

- **The Municipality of Derventa** <http://www.derventa.ba/derventa/index.php?pismo=cir&url=podsticaji>
- **Republika Srpska Government** <http://www.regodobrenja.net/index.php?jezik=1>
- **Ministry of Foreign Trade and Economic Relations of BiH**
<http://rap.mvteo.gov.ba/egfVwOdlukaJedinice.aspx>

Other steps for registration of a business entity with an emphasis on procedures that are being performed at the level of the Municipality are:

ENTERPRISE REGISTRATION (Official Gazette of RS 76/13 and 44/16).	Registration is simple and inexpensive and can be completed in 3 days in the Agency for Intermediary, Information Technology and Financial Services (APIF). The starting capital for opening a limited liability company amounts to BAM 1.
REGISTRATION OF ENTREPRENEURS	In the Municipality of Derventa a fee amounting to BAM 15 is paid for opening an entrepreneurial store, a store can be opened in two (2) days with the minimum documentation necessary.
LOCATION REQUIREMENTS	<p>The time necessary for issuance is 8 days from submitting a comprehensive application, and the competent authority is the Department for Physical Space Regulation.</p> <ol style="list-style-type: none"> 1. Municipal administrative fee for issuance of location requirements – BAM 20 2. Compensation for the costs of preparation of urban planning documentation for the issuance of location requirements is determined for: 1) residential facilities, in such a manner that the determined construction value of the facility is multiplied by 0.08%, while the minimum compensation amounts to BAM 80; 2) residential and commercial facilities - the determined construction value of the facility is multiplied by 0.08% for the residential part, and by 0.20% for the commercial part, while the minimum compensation amounts to BAM 100; 3) for commercial facilities - the determined construction value of the facility is multiplied by 0.20% and the minimum compensation amounts to BAM 100; 4) facilities referred to under Article 125 of the Law on Construction – BAM 70. 3. If the expert opinion and the urban development and technical requirements are developed by an authorized organization, the costs of preparation of the urban technical documentation are paid in the amount of BAM 70.



CONSTRUCTION PERMIT	<p>Construction permit – the issuance takes 10 days, from the date of submitting a comprehensive application, and the competent authority is the Department for Physical Space Regulation. The price depends on the zone.</p> <ol style="list-style-type: none">1. Contribution for financing the task of surveying and establishment of the real estate cadaster – 0.3% of the price of civil works based on the bill of quantity2. Approval for construction is paid according to the value of the facility based on the bill of quantity, specifically: 1. up to BAM 100,000 – 0.3% of the value of the facility based on the bill of quantity, 2. exceeding BAM 100,000 – 0.5% of the value of the facility based on the bill of quantity, but not more than BAM 10,000.3. Rent: The base used for calculating the rent is the average final construction price of 1 m² of residential and commercial space for 2016, in the amount of BAM 680. The base is multiplied by the coefficient, which, by zones, amounts to the following: a) zone I - 6%, b) zone II - 5%, c) zone III - 4%, d) zone IV - 3%, e) zone V - 2%, f) zone VI - 1%. Zone I is determined in full as the zone suitable for construction, in which infrastructure is fully developed in compliance with physical space regulation documents, and the rent is additionally increased by 10%.4. Regulation of city construction land: The level of the fee is determined by unit of useful surface area of the facility (BAM/m²) contained in the project design on the basis of which the construction permit is being issued, specifically in percentages of the amount of costs of regulation of city construction land which is determined in Article 2, Paragraph 1. Decisions, by zones:<ul style="list-style-type: none">• for zone I - 22%, which amounts to BAM 34.14 /m²,• for zone II - 18%, which amounts to BAM 27.94 /m²,• for zone III - 14%, which amounts to BAM 21.73 /m²,• for zone IV - 10%, which amounts to BAM 15.52 /m²,• for zone V - 8%, which amounts to BAM 12.42 /m²,• for zone VI - 4%, which amounts to BAM 6.21 /m².
TECHNICAL ACCEPTANCE CERTIFICATE	<p>Deadline for resolving a case: 8 days from the date of submitting a comprehensive application. The competent authority is the Department for Physical Space Regulation.</p> <ol style="list-style-type: none">1. Municipal administrative fee: BAM 100.2. Compensation for inspection of technical documentation of the facility: Article 11. The level of the compensation is determined in gross amount for: 1. Residential facilities, so that the determined construction value of the facility under this decision is multiplied with 0.25% for facilities of up to 200 m² and by 0.20% for the balance of the surface area that exceeds 200 m². The minimum amount of the compensation is BAM 200. 2. Commercial facilities, whose purpose is trade, hospitality industry, crafts and services within the listed areas, social activities, manufacturing, warehousing, sports fields, religious facilities etc. so that the determined construction value of the facility under this decision is multiplied with: 0.40 % for facilities of up to 500 m² and 0.30 % for the balance of the surface area that exceeds 500 m². The minimum amount of the compensation is BAM 300.3. Petrol stations at the level of 0.6% of investment value. The minimum amount of the compensation is BAM 1,800.4. Base stations of mobile telephony in the amount of BAM 1,600.5. Roads, water supply networks and sanitation in the amount of: BAM 1.30 /m¹ - up to 500 m¹, BAM 1.00 /1m¹ - for each additional 1 m¹ from 501-1000 m¹, BAM 0.30 /1m¹ - for each additional 1m¹ from 1001 m¹ - 2000 m¹, BAM 0.10 /m¹ - for each additional 1 m¹ from 2000 m¹.6. Pillar substations in the amount of BAM 800.00. All other substations in the amount of BAM 1,200.7. Energy and telecommunication cables in the amount of BAM 1.5 /m¹ - up to 1,000m¹, BAM 1.00 /1m¹ - for each 1m¹ from 1,001m¹ - 2,000m¹, BAM 0.30/1 m¹ - for each 1m¹ from 2,001 m¹ - 4,000 m¹, BAM 0.10 /1m¹ - for each 1 m¹ from 4,001 m¹.8. Auxiliary facilities in the gross amount of BAM 150.9. Other facilities (bridges, dams, boiler rooms, substations, regulation of squares, dykes, channels, playgrounds, schools, kindergartens, water accumulations and other facilities), as well as reconstruction of facilities by investment value: - for facilities of up to BAM 100,000 - 0.60%, for the balance BAM 100,000 - 200,000 of investment value, - 0.50 %, - for the balance BAM 200,000- 500,000 of investment value - 0.40%, - for the balance BAM 500,000-1,000,000 of investment value - 0.30 %, - for the balance exceeding BAM 1,000,000 of investment value - 0.30 %.

PRICES OF UTILITIES WITHIN THE SCOPE OF COMPETENCE OF THE MUNICIPAL ADMINISTRATION

Water supply and sanitation

Description	Price for legal persons and independent entrepreneurs
Compensation for connection to the water supply network	683.76 – 3,750.00 (price for the profile of the connection) + VAT (the price is formed from the price for the profile of the connection plus the useful surface area $m^2 \times \text{BAM } 1.20$) + VAT
Water supply including VAT	BAM 1.90 / m^3 + VAT= BAM 2.23 / m^3 Flat rate calculation – performed based on the application by $m^3 \times$ price For the real sector: Number of employees $\times 4 m^3$ -cafes, pizzerias, and restaurants up to $50 m^2=15 m^3$
Compensation for connection to the sanitation network	Connection point = BAM 600.00 Commercial and residential buildings: Price of a connection point (BAM 600.00) + BAM 100 per business facility + total useful surface area \times BAM 1.10 / m^2 + VAT
Sanitation including VAT	BAM 1.00 / m^3 + VAT = BAM 1.17 / m^3 – the basis for calculation is the quantity of water consumed

Solid waste collection and disposal

Poslovni potrošači	Category of “independent entrepreneurs, institutions and enterprises”
Enterprises, banks, insurance companies, pharmacies, hospitality industry facilities, restaurants, shops with electrical and plumbing materials, cosmetic, stationary and paper equipment	BAM 0.60 / m^2
Mixed goods stores, fruit and vegetables stores	BAM 0.80 / m^2
Offices agencies, boutiques and crafts stores	BAM 0.40 / m^2
Waste collection in containers –disposal by m^3	BAM 28.00 / m^3
Solid waste, industrial waste	BAM 33.00 / m^3

Calculation for waste collection and disposal in a flat rate amount

Crafts stores	Flat rate BAM 15.00
Hospitality industry and retail shops, agencies, law firms and notary offices, bureaus and bookkeeping agencies, offices	BAM 25.00
Kiosks for newspapers, photocopying shops, video clubs, fun games etc.	BAM 8.55
Abattoirs and butcher shops up to $25 m^2$	BAM 25.00
Abattoirs and butcher shops exceeding $25 m^2$	BAM 35.00



OTHER RELEVANT INFORMATION AND LINKS:

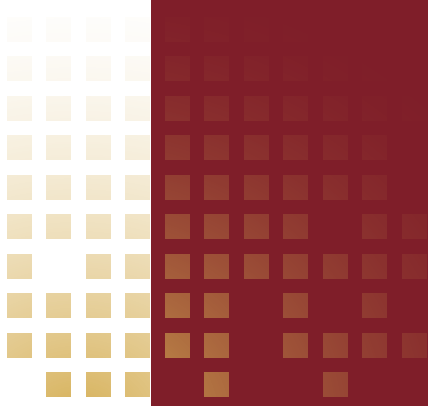
Strategic documents of the Municipality:

- 2015-2020 Municipality of Derventa Adult Education Strategy;
- 2014-2020 Municipality of Derventa Rural Development Strategy;

Useful links:

- The Municipality Derventa, www.derventa.ba
- Republika Srpska Government (RS), www.vladars.net
- RS Government's Portal, Invest in Srpska, www.investsrpska.net
- RS Chamber of Commerce, <http://komorars.ba/>
- Republic Agency for Small and Medium Enterprise Development of RS, www.rars-msp.org/
- Banja Luka Stock Exchange, www.blberza.com
- Foreign Investment Promotion Agency in BiH; FIPA, www.fipa.gov.ba
- Indirect Taxation Authority, www.uino.gov.ba

In Derventa there are 8 banks, 8 law firms, 14 accounting offices, and 3 real estate agencies doing business.



INVESTORS' EXPERIENCES

"Cooperation of the 'Sanino' Ltd. company from Derventa with the local community has been strong and has lasted from the beginning of the company's operations. Through the years of development of the 'Sanino' Ltd. company from Derventa, the Municipality has kept up with all our processes of investing and has worked continuously on creating a better business environment for all entrepreneurs, which is one of the key factors for the operations and development of our company. In modern times, municipal administrations are expected to be open, flexible in responding to the needs of the business people, and capable of resolving our demands quickly. This municipal administration has shown that it meets those expectations and has facilitated this company to realize good business deals and resolve specific problems even in the times of the economic crisis."

"I would like to commend the Municipality of Derventa and the employees in the Municipal Administration of Derventa for how they are treating the business people who do business in the territory of this Municipality, primarily because of their efficiency, as well as their kindness and the effort they are investing with the objective of achieving improvements in the entire social community."

Radovan Pazurević,
General Manager of "Sanino" Ltd. Derventa

"As one of the members of the Economic Council of the Municipality of Derventa and the general manager of the "Mreža Network" Ltd. Company, I would like to commend all the activities in the operations of the Municipality of Derventa and to use this opportunity to thank the competent team that has been working on improving the conditions for doing business in the territory of the Municipality of Derventa, as well as on resolving all the issues faced by both the economic entities and the citizens of this Municipality. It is absolutely very important, in these times full of challenges and toadying, that the local community has found a way and that it is, quite independently, forging its path through this labyrinth called BiH, and it is to be expected that the team, strengthened by younger additions, which is currently present in the local administration, would progress even more in the coming period, and that the future is indeed theirs and that they should be supported."

Zoran Tošić,
general manager of "Mreža Network", Ltd. Derventa



British Embassy
Sarajevo



The investment profile was developed as part of the Local Investment-friendly Environment (LIFE), which is being implemented by the World Bank Group in partnership with the UK Government, the Council of Ministers of Bosnia and Herzegovina, the Federation of BiH Government, and the Republika Srpska Government. The project has been funded by UK aid from the UK government; however, the views expressed do not necessarily reflect the UK government's official policies. The findings, interpretations, views and conclusions expressed herein do not reflect the views of the Executive Directors of the World Bank Group or the governments they represent.