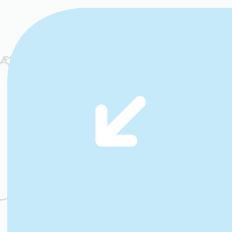
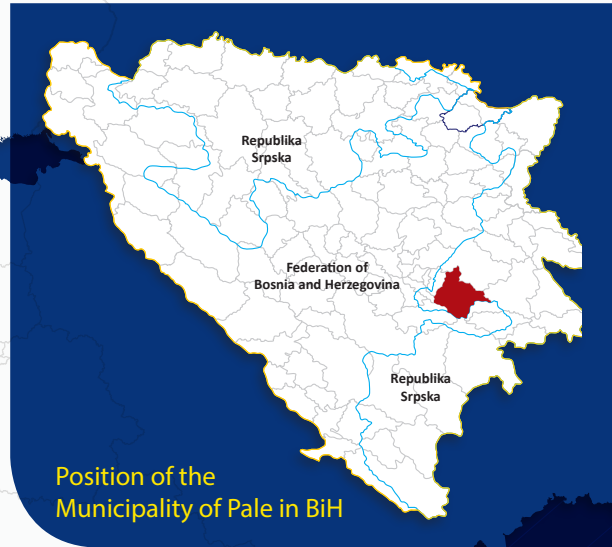
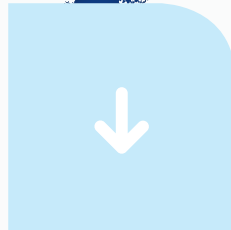


INVESTMENT PROFILE OF THE MUNICIPALITY OF PALE

.....
Excellent Opportunity for Investors



Position of Bosnia and Herzegovina (BiH) in Europe

PERSONAL IDENTIFICATION CARD OF THE MUNICIPALITY OF PALE

Official name	Municipality of Pale
Administrative affiliation	Republika Srpska, Bosnia and Herzegovina
Population	22,282 (45 inhabitants per km ²)
Address	Romanijska 15, Pale 71420, Republika Srpska, Bosnia and Herzegovina
Contact number	+387 (0) 57 223 459
Fax:	+387 (0) 57 223 061
E-mail	opstinapale@pale.rs.ba
Web	www.pale.rs.ba
CONTACT PERSON FOR INVESTORS	VEDRANA HRŠUM, M.Sc. Head of Department for Economy and Social Affairs Contact number: +387 (0) 57 223 004 Fax: +387 (0) 57 223 061 E-mail: vedrana.hrsum@pale.rs.ba



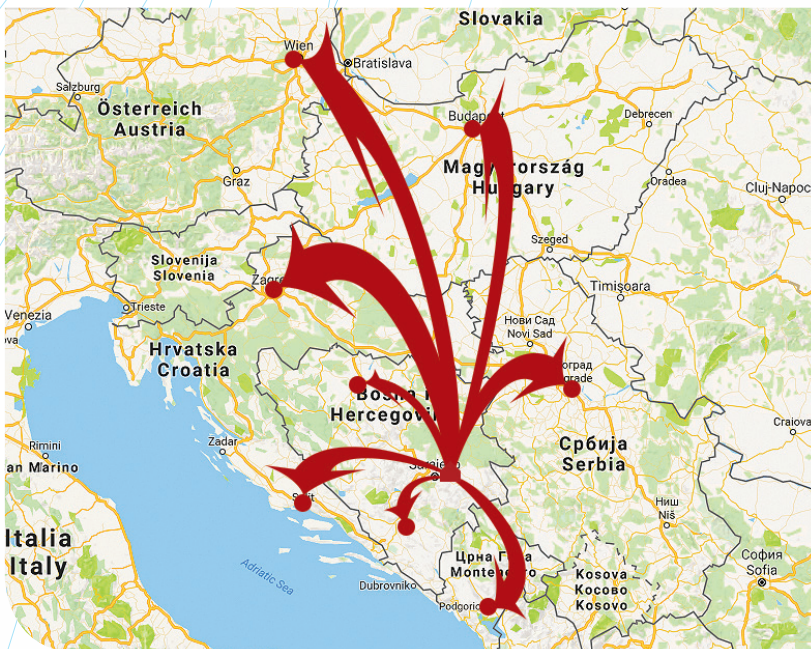
MUNICIPALITY OF PALE – NEW OPPORTUNITY FOR INVESTORS

- Qualified and inexpensive labor force suitable for the development of wood processing and metal processing industries. More than 2,800 persons are at the disposal in the labor market of this Municipality, of whom more than 20% have high educational qualifications.
- Available locations and facilities for investing and initiating metal processing and wood processing activities.
- Extraordinary wealth of natural heritage that favors the development of wood processing industry and tourism. Jahorina Olympic Center and other natural resources in Pale offer distinct opportunities for the development of tourism.

“ We will take care of you! The Municipality provides support to investors in the course of selection of locations for investment, as well as in the course of the process of investing, and continues to provide support even in the course of operations. We have simplified the procedures for the issuance of documentation, shortened the waiting periods, and reduced the costs of doing business, established the one stop shop system for procedures in the process of construction and registration, so that you can realize your investment in a fast, easy and inexpensive manner! ”

VICINITY OF EU MARKETS AND OTHER COUNTRIES OF SOUTH-EAST EUROPE

- The Municipality of Pale is situated in the eastern part of Bosnia and Herzegovina. The main railway station, an international airport, and connection to the main road corridor, i.e. Highway 5C, are all within the distance of 25 kilometers.



DISTANCE FROM MAIN CENTERS IN THE COUNTRY AND ABROAD

Sarajevo – Center	18 km
Mostar	149 km
Banja Luka	208 km
Split (HR)	326 km
Belgrade (SRB)	319 km
Podgorica (MNE)	255 km
Zagreb (HR)	420 km
Budapest (H)	576 km
Vienna (A)	794 km

DISTANCE FROM KEY TRANSPORT ARTERIES

Highway 5C	35 km
Rail Terminal in Sarajevo	18 km

DISTANCE FROM KEY AIRPORTS AND PORTS

Sarajevo	26 km
Mostar	154 km
Tuzla	130 km
Banja Luka	257 km
Dubrovnik (HR)	261 km
Belgrade (SRB)	273 km

River port in Brčko	202 km
Port of Ploče (HR)	215 km
Port of Bar (MNE)	316 km
Port of Split (HR)	326 km

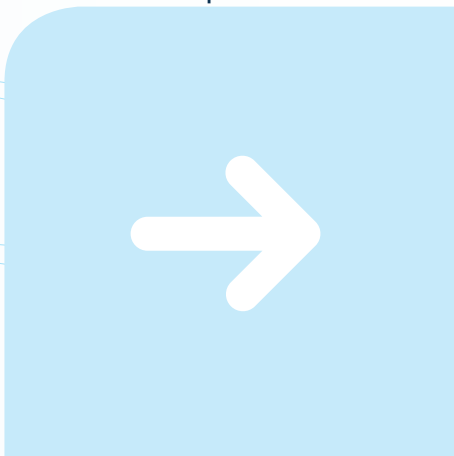


OPPORTUNITY FOR INVESTMENT IN VARIOUS SECTORS

According to strategic objectives that are based on available resources and potentials for growth and development, preferential sectors for the Municipality of Pale are tourism and processing industry, with a focus on metal processing and wood processing.

TOURISM

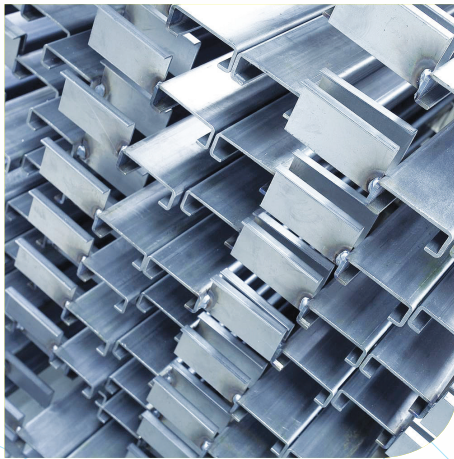
- The vicinity of the Jahorina Olympic Center with more than 40 km of well-regulated alpine skiing trails, 3 six-seaters, 1 two-seater, 3 ski-lifts and two lines with capacity of 13,000 skiers per hour.
- The vicinity of other centers for the development of both winter and summer tourism.
- Total accommodation capacities in the territory of the Municipality of Pale amount to more than 3,500 beds, and the most well-known hotels are Termag, Vučko, and Lavina. Well-developed services such as skiing schools and ski services.
- Very professional and inexpensive labor force available.





METAL PROCESSING

- Currently unused existing infrastructure available, suitable for this type of processing activity (manufacturing halls, warehousing premises, and a significant part of infrastructure).
- Tradition that ensures high quality labor force. More than 500 persons in the records of the unemployed, with metal processing occupations. Currently around 60 workers are engaged in this area.



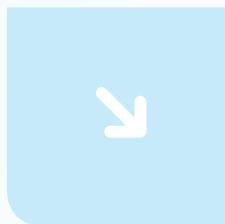
WOOD PROCESSING INDUSTRY

- High quality base of raw materials, tradition, and availability of high quality labor force.
- Currently unused existing infrastructure available, suitable for this type of processing activity.
- There are 70 entities doing business in wood processing and currently employing around 4,300 persons, producing, for the most part, cut timber, semi-finished products, and furniture, and selling their products to external markets, for the most part.
- Wood processing has been recording a continuous trend of expansion of production with higher phases of processing.



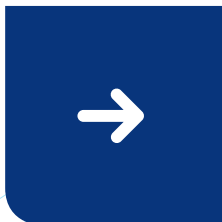
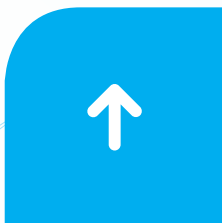
LOCATIONS FOR INVESTMENT

Brownfield

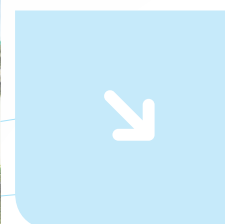
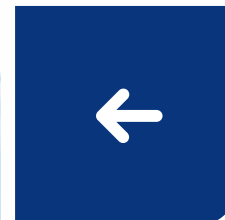


„FAMOS“ Koran	
Location:	Right along the M-5 Primary Road Sarajevo-Ljubogošta-Pale-Mesići, 3 km away from the center of Pale.
Tip zone	Brownfield, Business zone covered under the “Famos” Regulation Plan
Area size:	The total area size of the location amounts to 84,408 m ² , while the total area of existing facilities amounts to 22,695 m ² .
Raspoloživo zemljište i objekti	<p>Constructed facilities (with corresponding parcels) that are available are:</p> <ul style="list-style-type: none"> • Facility No. 1 – manufacturing hall-earmarked, with net area size of: 3,794 m², • Facility No. 4 – hall for repairs, with net area size of: 6,230 m², • Facility No. 5, 5a, and 6 – maintenance plant, with net area size of: 1,260 m², • Facility No. 7 and 47 – boiler room and coal storage, with area size of: 1,409 m² and 1,800 m², • Facility No. 9 – hall for production of camshafts, with net area size of: 2,424 m², • Facility No. 21 – administrative building, with net area size of: 1,536 m², • Facility No. 23 – hall for turbo-compressors, with net area size of: 2,754 m², • Facility No. 26 – PDM hall, with net area size of: 4,992 m², • Facility No. 44 – substation and compressor station, with net area size of: 160+168 m²x1/2, • Facility No. 51 – accumulator station, with net area size of 150 m², • Facility No. 53 – internal diesel station, with net area size of 150 m², • Facility No. 54 – new social restaurant, with net area size of: 3,375 m², • Facility No. 58 – water treatment device, with net area size of: 135 m², • Facility No. 59 – entry gate, with net area size of: 180 m², • Facility No. 67 – cooling tower, with net area size of: 30 m². <p>Available facilities and land in the industrial zone of Famos Koran with the area size of 61,713 m² comprising of the following cadastral particles, under the old survey:</p> <ul style="list-style-type: none"> • cadastral particle No. 2550/5 with area size of 1,803 m², • cadastral particle No. 2542/2 with area size of 901 m², • cadastral particle No. 2542/14 with area size of 852 m², • cadastral particle No. 2542/13 with area size of 2,398 m², • cadastral particle No. 2542/5 with area size of 2,538 m², • cadastral particle No. 3088/3 with area size of 569 m², • cadastral particle No. 2542/24 with area size of 2,403 m², • cadastral particle No. 2542/3 with area size of 560 m², • cadastral particle No. 2542/26 with area size of 3,297 m², • cadastral particle No. 2542/1 with area size of 48,303 m², • cadastral particle No. 2544/3 with area size of 627 m², <p>KOSP Pale, Land Registry Folio 7115.</p> <p>Note: The aforementioned facilities are housing used devices and equipment. Information on equipment are available with the bankruptcy administrator.</p>
Infrastructure:	Internal paved roads in the length of 1,500 meters, corresponding parking spaces, power substation on the location with power grids, utility infrastructure, heating plant using solid fuel, and other accompanying content.
Ownership:	Municipality of Pale has full ownership over the listed locations.
Contact person:	Mayor of Pale Municipality, Tel. 057/223-459
Investment opportunities:	Purchase, lease
Suitability for the purpose	Processing industry, especially favorable for metal processing and wood etc.





PODGRAB	
Location:	Settlement of Podgrab (14 km away from the center), along the M-5 primary road, former factory of parquet and wooden joinery.
Tip zone	Brownfield
Area size:	Total area size of 5.00 hectares
Available parcels	Total available area: 56,645 m ² Area size of facilities on offer: 150 m ² – 10,600 m ²
Infrastructure:	The location has available a power grid, utility infrastructure, and other supporting infrastructure.
Ownership:	Private ownership "MILKUS" DOO Pale 1/2 and "NOVOREZ" DOO Pale 1/2
Investment opportunities:	Purchase, lease
Suitability for the purpose	There are three processing firms on this locality. The locality is favorable for the construction of processing plants, especially for metal processing and wood processing.
Contact person:	Vedrana Hršum, M.Sc. Head of Department for Economy and Social Affairs Contact telephone number: +387 (0) 57 223 004 Fax: +387 (0) 57 223 061 E-mail: vedrana.hrsun@pale.rs.ba



FORMER SCOUTS' CENTERS „BUDUĆNOST“	
Location:	Kalovita brda Pale
Tip zone	Brownfield
Area size:	Area size of the facilities (infield) amounts to 14.434 m2 (Land Registry Folio 6741)
Available facilities	Total area size of facilities amounts to 2.718 m2 (gross) 2.417 m2 (net)
	a. Facility A 615,00 m2
	b. Facility B-O1 428,00 m2
	c. Facility B-O2 528,00 m2
	d. Facility B-O3 122,00 m2
	e. Facility B-O4 126,00 m2
	f. Facility B-O5 580,00 m2
	g. Boiler room 42,00 m2
	h. Garages 90,75 m2
	i. Kiosk 15,00 m2
Infrastructure:	Access to the location facilitated by a road. The location has available utility and power infrastructure.
Ownership:	Municipality of Pale.
Investment opportunities:	Purchase
Suitability for the purpose	Construction of facilities for hotel and/or apartment accommodation. Ideal for recreational tourism in summertime.
Contact person:	Vedrana Hršum, M.Sc. Head of Department for Economy and Social Affairs Contact telephone number: +387 (0) 57 223 004 Fax: +387 (0) 57 223 061 E-mail: vedrana.hrsun@pale.rs.ba

Greenfield

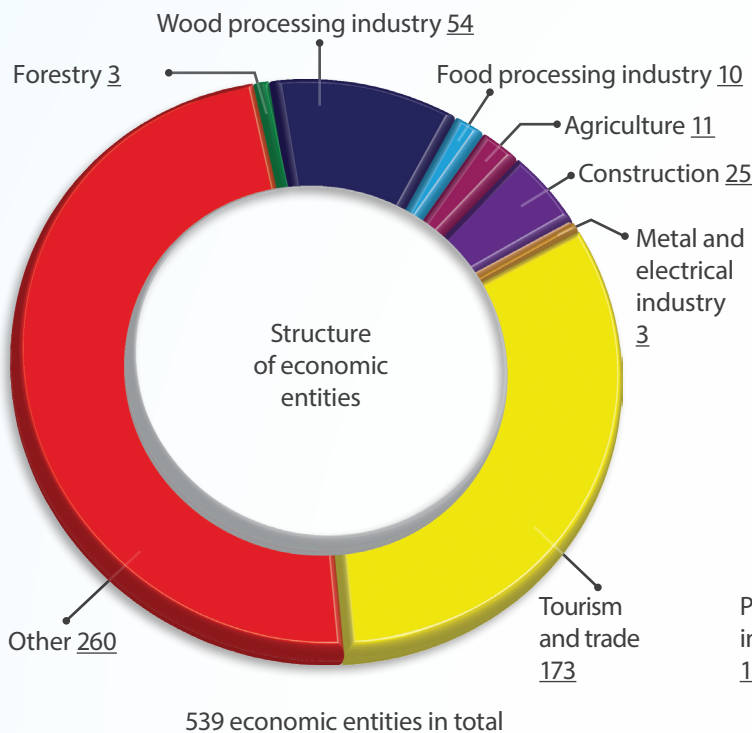
DVORIŠTA	
Location:	Zone II construction land
Area size:	Around 100 hectares of available land.
Infrastructure:	Unpaved road, available power grid and water supply network. Sanitation network is planned (so far there are septic tanks). Sports infrastructure for biathlon and Nordic skiing.
Ownership:	Parcels that are available for the purpose of construction of tourism facilities are mostly in private ownership, while road sections and the biathlon track with the shooting range are in state ownership.
Investment opportunities:	Purchase, lease
Suitability for the purpose	Regulation plan has been developed, there is an opportunity for the construction of tourism facilities for accommodation of the apartment village type and hotels, there are three hotels so far, with floor structure of P+2+2Pk, on the land in the ownership of Republika Srpska and the Municipality of Pale. Ideal for summer and wintert tourism, land configuration mostly level, with lots of hiking trails and bicycle trails.
Contact person:	Vedrana Hršum, M.Sc. Head of Department for Economy and Social Affairs Contact telephone number: +387 (0) 57 223 004 Fax: +387 (0) 57 223 061 E-mail: vedrana.hrsum@pale.rs.ba

“Cekovića kuća” – the oldest house in Pale

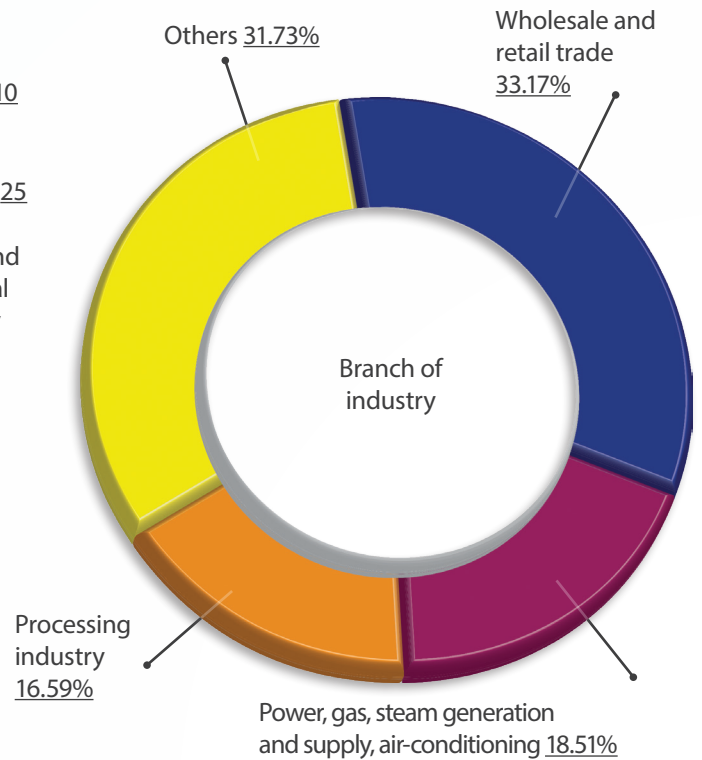


BUSINESS ENVIRONMENT

Review of business entities in the Municipality of Pale in 2015



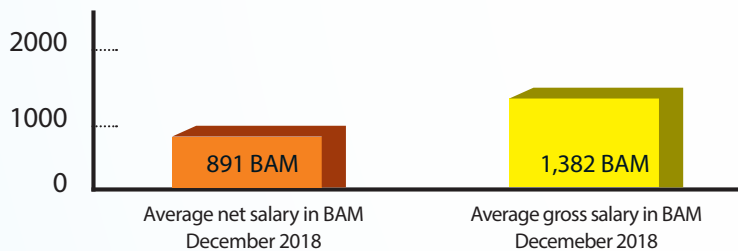
Dominant branches of industry based on total revenues executed in 2014



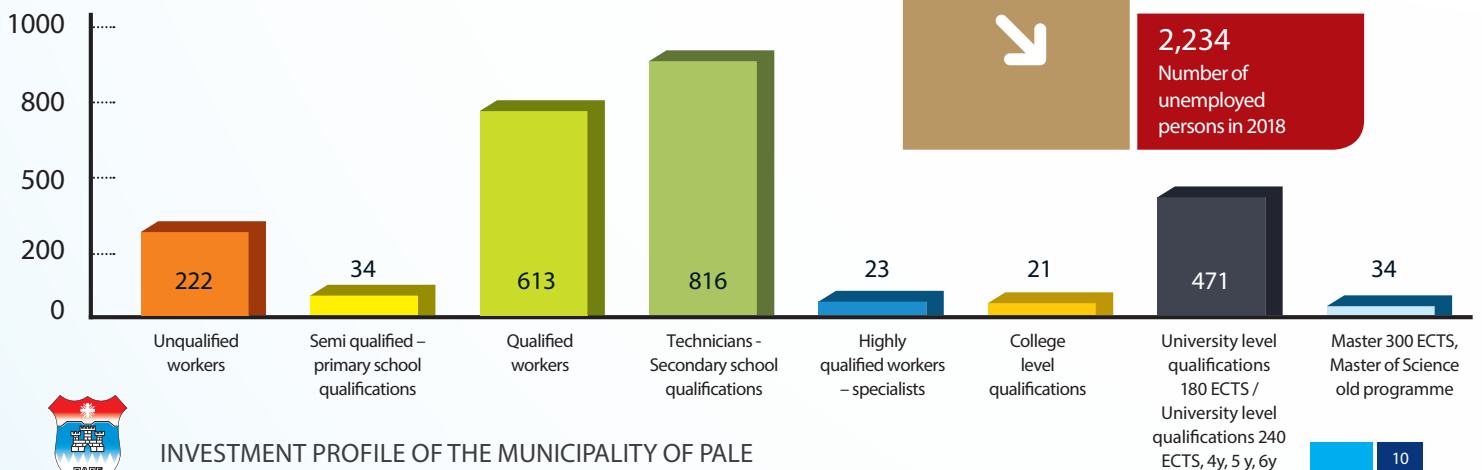
HUMAN RESOURCES

High quality and inexpensive labor force available

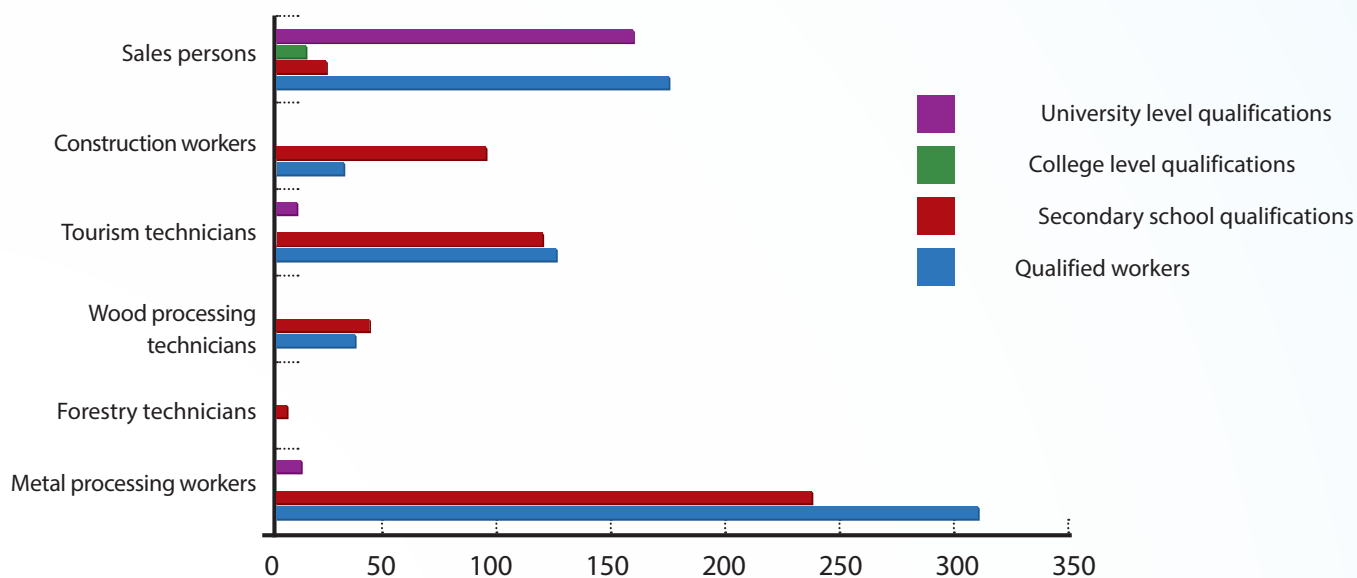
Review of employment, price of labor, and available labor force in the Municipality of Pale



Review of the number and structure of unemployed persons:

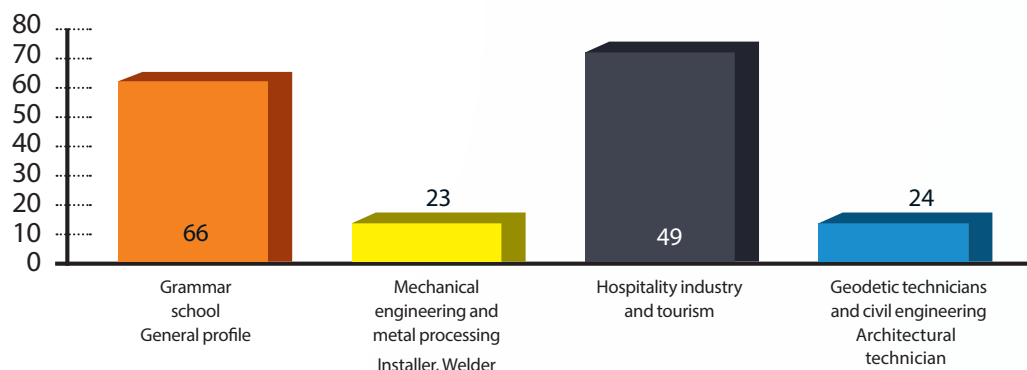


Review of available labor force in the Municipality of Pale

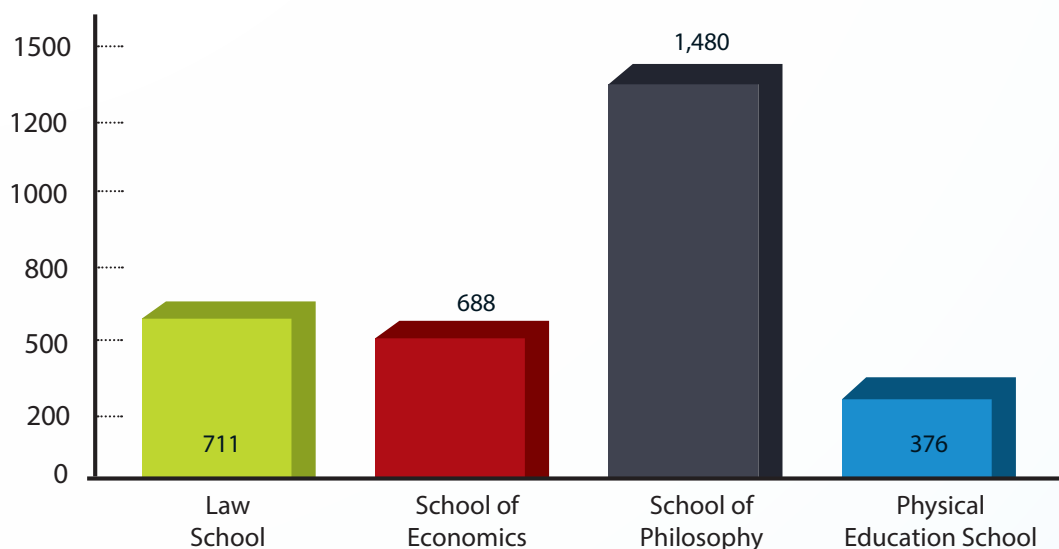


In the territory of the Municipality of Pale there is the Secondary School Center of Pale with four educational profiles, as well as the University that is operating in Pale, and in the immediate vicinity there are the Universities in Istočno Novo Sarajevo and Sarajevo.

Secondary School Center in Pale – Review of pupils enrolled in the 2015/16 school year



University in Pale – Review of students enrolled in the 2015/16 school year



INCENTIVES FOR INVESTMENTS IN THE MUNICIPALITY OF PALE

- Grants for micro investments in manufacturing and agriculture – from the Rural Areas - Competitiveness Development Project – RCDP – in 2019, 25 plastic greenhouses of 50 m² will be financed, with municipal co-financing of 30%, and under the project the Ministry shall finance 40%, while beneficiaries shall finance 30%, and women shall be financed 10% additionally under the project.
- Delayed payment for up to one year for the payment of compensation for costs of regulation of construction land and payment of rent (applies to all construction zones, i.e. for all listed locations. Does not apply to zone I, which covers the narrower locality of Jahorina).
- Detailed information on incentives in the Municipality of Pale are available at:
<http://www.pale.rs.ba/lista-podsticaja>

SERVICES FOR INVESTORS

The Municipality of Pale is committed to continuous improvements in the business environment

- The Municipality of Pale has established the one stop shop system for all administrative procedures that relate the process of construction and registration of business activity.
- The Municipality of Pale provides aftercare to domestic and foreign investors, which is realized through the Cooperation Network for Aftercare for Investors and implemented in cooperation with all the relevant institutions at all the levels of government in BiH
- In 2015 the Municipality of Pale formed its Economic Council, with the objective of establishing a dialogue between the private and the public sector, for the purpose of improvement of business environment. The Economic Council comprises 17 members. i.e. representatives of privately owned companies, the sector of education, the sector of finance, and the municipal administration. The Council is to be credited with the adoption of numerous conclusions and proposals for improvements in the economic ambience in the Municipality of Pale.
- Municipality of Pale provides to all potential and existing investors comprehensive support in the realization of planned investments, through the contact person who is in charge of servicing information needs and organization of meetings between competent institutions and investors, with the objective of simplification and accelerated realization of planned investments.

Detailed information on investment climate in RS and BIH are available on the following websites:

- Municipality of Pale: <http://www.pale.rs.ba>
- Republika Srpska Government /Invest Srpska: <http://www.investsrpska.net/>
- Foreign Investment Promotion Agency of BiH (FIPA): <http://www.fipa.gov.ba/>

Electronic registries with a detailed review of permits and licenses that are necessary for investors in Republika Srpska and Bosnia and Herzegovina are available at the following addresses:

- Republika Srpska Government:
<http://www.regodobrenja.net/index.php?jezik=1>
- BiH Ministry of Foreign Trade and Economic Relations:
<http://rap.mvteo.gov.ba/egfVwOdlukaJedinice.aspx>



Other steps for the registration of a business entity with emphasis on the procedures that are within the scope of competence of the Municipality:

COMPANY REGISTRATION (OFFICIAL GAZETTE OF RS, NO. 76/13).	Registration is simple and inexpensive and can be completed within three (3) days in the Agency for Intermediary, IT, and Financial Services (APIF). The initial capital for opening a limited liability company amounts to BAM 1.																																
Location requirements with urban planning and technical requirements	They are issued within the deadline of 15 days from the date of receiving a completed application. Prices: BAM 10 for individual facilities, BAM 20 for business and residential individual facilities, BAM 100 for business facilities of collective type, BAM 100 for business and economic facilities, BAM 10 for auxiliary facilities, BAM 20 for temporary facilities and summer gardens, awnings, and advertisements, and BAM 70 for infrastructural facilities. The competent institution is the Department for Physical Space Regulation and Housing and Utility Affairs.																																
Construction permit	Construction permit – the issuance requires 15 days, the competent institution is the Department for Physical Space Regulation and Housing and Utility Affairs. The price depends on the zone. The price is calculated in accordance with the following parameters: <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;"></td> <td style="width: 30%; text-align: center;">Rent: per m² of useful are</td> <td style="width: 30%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Zona I</td> <td style="text-align: center;">BAM 48.00</td> <td style="text-align: center;">Renta</td> <td style="text-align: center;">BAM 59.82</td> </tr> <tr> <td>Zona II</td> <td style="text-align: center;">BAM 40.00</td> <td></td> <td style="text-align: center;">BAM 66.30</td> </tr> <tr> <td>Zona III</td> <td style="text-align: center;">BAM 32.00</td> <td></td> <td style="text-align: center;">BAM 18.80</td> </tr> <tr> <td>Zona IV</td> <td style="text-align: center;">BAM 24.00</td> <td></td> <td style="text-align: center;">BAM 8.00</td> </tr> <tr> <td>Zona V</td> <td style="text-align: center;">BAM 16.00</td> <td></td> <td style="text-align: center;">BAM 6.63</td> </tr> <tr> <td>Zona VI</td> <td style="text-align: center;">BAM 8.00</td> <td></td> <td style="text-align: center;">BAM 5.20</td> </tr> <tr> <td>Other</td> <td style="text-align: center;">BAM 4.00</td> <td></td> <td style="text-align: center;">BAM 3.10</td> </tr> </table> <p style="text-align: right; margin-right: 20px;">Costs of regulation of city. construction land: per m²</p>		Rent: per m ² of useful are			Zona I	BAM 48.00	Renta	BAM 59.82	Zona II	BAM 40.00		BAM 66.30	Zona III	BAM 32.00		BAM 18.80	Zona IV	BAM 24.00		BAM 8.00	Zona V	BAM 16.00		BAM 6.63	Zona VI	BAM 8.00		BAM 5.20	Other	BAM 4.00		BAM 3.10
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Zona V	BAM 16.00		BAM 6.63																														
Zona VI	BAM 8.00		BAM 5.20																														
Other	BAM 4.00		BAM 3.10																														
Utilization permit	Technical examination is performed within 15 days at the latest from the date of submission of a completed application. The costs are calculated in compliance with the Rulebook on Performance of Technical Examination of Facilities ("Official Gazette of the City of Istočno Sarajevo", br. 6/16). The competent institution is the Department for Physical Space Regulation and Housing and Utility Affairs.																																

PRICES OF UTILITY SERVICES

Waste Disposal

DESCRIPTION	UNIT OF MEASUREMENT	Price in BAM excluding VAT
Office premises	m ²	0.67
Independent trading stores for foodstuffs	m ²	1.00
Independent hospitality stores	m ²	1.00
Independent crafts stores, boutiques etc.	m ²	1.00
Other economic entities (office premises etc.)	m ²	0.67

Water

DESCRIPTION	UNIT OF MEASUREMENT	Price in BAM excluding VAT
Economic and other legal persons (State owned and private enterprises, stores in the areas of hospitality industry, trade, and crafts; State and municipality institutions, public enterprises, organizations etc.) Other economic entities*	m ³	2.011
Hotels, pensions, second homes, and other economic entities (only for the area of Jahorina)*	m ³	2.038

* Note: The prices are rounded up to three decimal points; the price does not include the water management contribution



Sanitation – Used Water Disposal

DESCRIPTION	UNIT OF MEASUREMENT	Price in BAM excluding VAT
Economic and other legal persons (State owned and private enterprises, stores in the areas of hospitality industry, trade, and crafts; State and municipality institutions, public enterprises, organizations etc.) Other economic entities	m ³	0.805
Hotels, pensions, second homes, and other economic entities (only for the area of Jahorina)	m ³	0.916

Heating

DESCRIPTION	UNIT OF MEASUREMENT	Price in BAM excluding VAT
Legal persons (administrative and commercial premises)	m ²	2.70
Legal persons (manufacturing and industrial premises)	m ²	4.40

OTHER RELEVANT INFORMATION

The review of institutions and organizations that may be of use in the process of investment preparation and realization, as well as in the course of development of the business process is provided below:

- Municipality of Pale; <http://www.pale.rs.ba>
- City of Istočno Sarajevo; <http://www.gradistocnosarajevo.net/>
- Elementary Court of Istočno Sarajevo; <http://oksud-istocnosarajevo.pravosudje.ba/>
- Commercial Court of Istočno Sarajevo; <http://okprivsud-istocnosarajevo.pravosudje.ba/>
- Tax Administration of Istočno Sarajevo; <http://www.poreskaupravar.org>
- Rectorate of the University in Istočno Sarajevo; <http://www.unssa.rs.ba/>
- Development Agency of the City of Istočno Sarajevo; <http://rais.rs.ba/>
- Chamber of Commerce, Branch Office in Istocno Sarajevo; <http://komorars.ba/>
- Agency for Intermediary, IT, and Financial Services; <http://www.apif.net/>
- Banja Luka Stock Exchange; www.blberza.com
- Republika Srpska (RS) Government; www.vladars.net
- RS Government Portal, Invest in Srpska; www.investsrpska.net
- Jahorina Olympics Center; <http://oc-jahorina.com/>
- Anti-corruption agency of BiH; <http://www.apik.ba/>
- Agency for Market Supervision in BiH; <http://annt.gov.ba/>
- Institute for Standardization in BiH; <http://www.bas.gov.ba/>
- Indirect Tax Authority; www.uino.gov.ba

Amongst other services in the Municipality of Pale investors have at their disposal:

- 8 commercial banks,
- 12 insurance companies,



INVESTORS' IMPRESSIONS OF US

“When we were initiating manufacturing activities, the Municipality of Pale, as well as the officials in the municipality administration, were selfless in providing us with data and analysis concerning the sector of manufacturing in the area of wood processing, and that has facilitated our work and saved us time. We especially appreciate the fact that the Municipality often acted as the link between its business people and higher levels of government, in the situations that concerned issues and decisions that are beyond the scope of capacity of local authorities.”

Mladen Perić, owner of “Enterijeri Perić” Company, Pale

“The fact that had significantly facilitated the initiation of our business was the fact that the local self-governance had, in coordination with other stakeholders in the public and the private sector, set the direction of the desired tourism development and established the foundations of strategic management of the tourist destination. Following those guidelines and using the preconditions that the local community had created for the development of tourism, we have been successful in realizing our objectives.”

Stanković Vladimir, director
B&B - Vučko
Club Aparthotel Vučko
Jahorina

STATEMENT ON ENVIRONMENT PROTECTION

The Development Strategy of the Municipality of Pale, within the fifth strategic objective, defines the Municipality of Pale as a regulated environment, from the planning, physical space, and ecological perspective. Therefore, all the economic and social activities that are being implemented within the territory of the Municipality of Pale are founded on the principles that lead to appreciation of the value of natural heritage, sustainable development, and protection of the environment in the Municipality of Pale.





The publication was developed within the framework of the "Local Investment Environment Improvement Project (LIFE)" that is being implemented by the World Bank Group (IFC) with support of the British Embassy in Sarajevo



WORLD BANK GROUP

IFC | International
Finance Corporation



British Embassy
Sarajevo