

FOREIGN INVESTMENT ADVISORY SERVICE
CONFERENCE ON SELF-ASSESSMENT OF
ADMINISTRATIVE BARRIERS TO
INVESTMENT IN SOUTHEASTERN EUROPE

F I A S,

Sarajevo, 26-27 February 2003

Branislav @ugi}

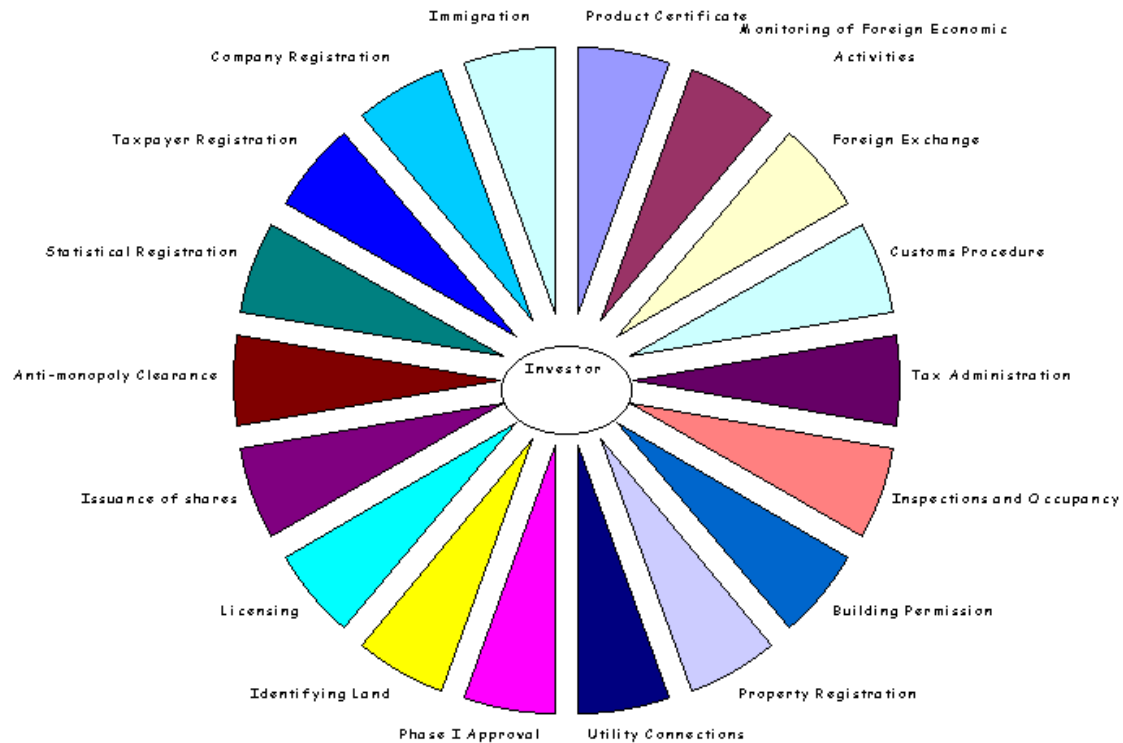
Ministry of Economic Affairs and Coordination, Republic
of Srpska

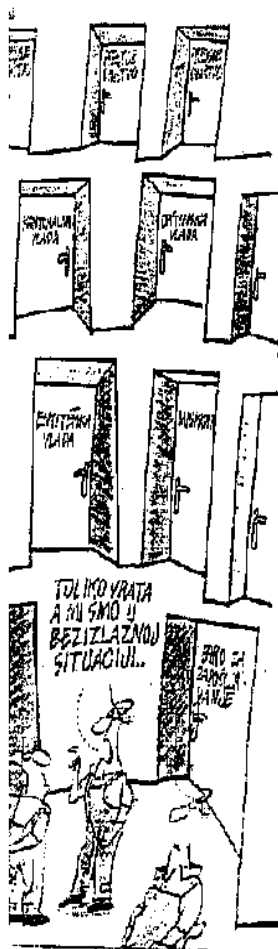
FIAS ACTIVITIES IN BiH

- Assistance in drafting of BiH Law on Foreign Investment in 1997 and accompanying subordinate legislation
- "STUDY OF INSTITUTIONAL FRAMEWORKS FOR PROMOTION OF FOREIGN INVESTMENT" – 1999-2000
- ESTABLISHMENT OF FOREIGN INVESTMENT PROMOTION AGENCY – FIPA
- "STUDY OF REMOVAL OF ADMINISTRATIVE BARRIERS TO FOREIGN INVESTMENT" – 2000-2001

- FIAS STUDY
- COORDINATION TEAMS FOR IMPLEMENTATION OF RECOMMENDATIONS OF FIAS STUDY OF ADMINISTRATIVE BARRIERS TO INVESTMENT
- ACTION PLAN /RS; F BiH, and BiH/
- BUSINESS ENVIRONMENT ADJUSTMENT CREDIT – BAC
 - * Agreement on development credit;
 - * Letter on development policy.
- POVERTY REDUCTION STRATEGY PAPER (PRSP)

ISSUES INCLUDED IN FIAS STUDY

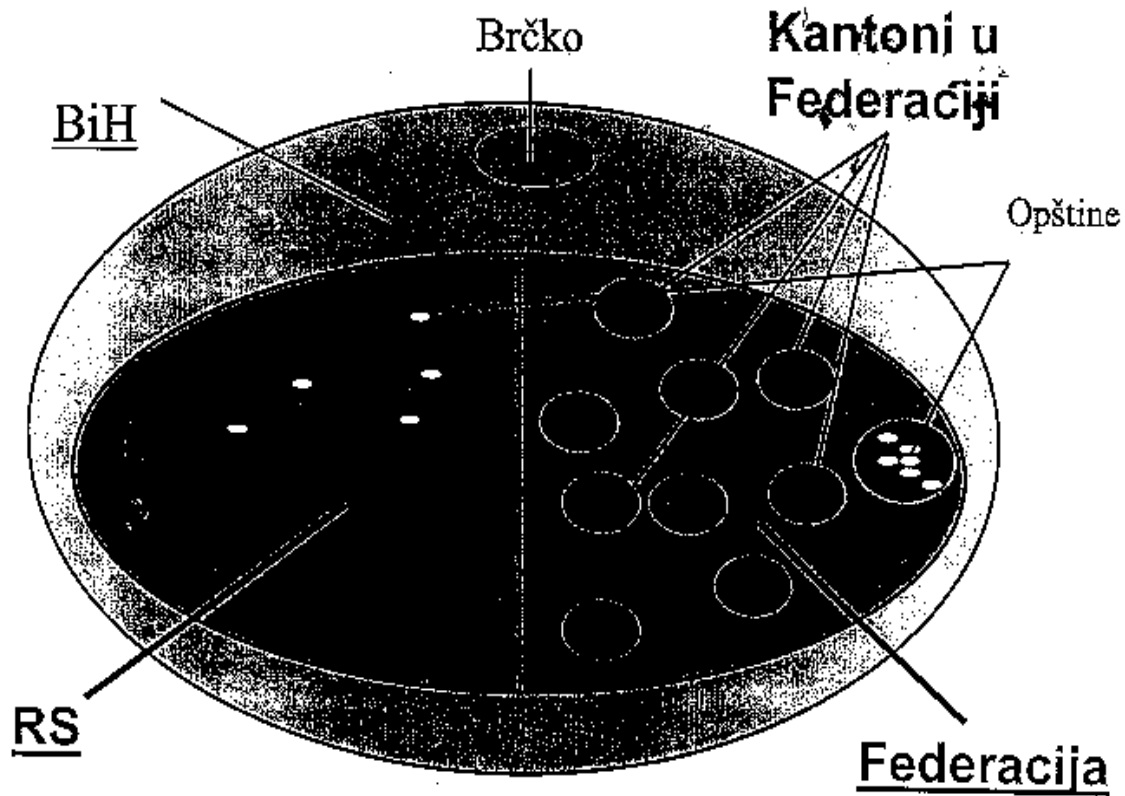




PRIORITIES OF THE SECOND TRANCH OF BAC CREDIT

- REGISTRATION OF BUSINESS ACTIVITIES
 - * CURRENT STATE: 14 (15) STEPS IN RS AND FBiH
 - * AIM WITHIN THE LETTER ON DEVELOPMENT POLICY (7) STEPS
- STRENGTHENING OF COORDINATION OF CONTROL BODIES
 - * CURRENT STATE /in RS reduce from 31 days to 23: in FB&H from 80 to 30 days)
 - * AIM /15/ DAYS
- ESTABLISHMENT OF DIALOGUE WITH PRIVATE SECTOR
- WORK ON IMPLEMENTATION OF THE ACTION PLAN
- COOPERATION OF FBiH AND RS TEAMS WITH COORDINATION OF BiH TEAM

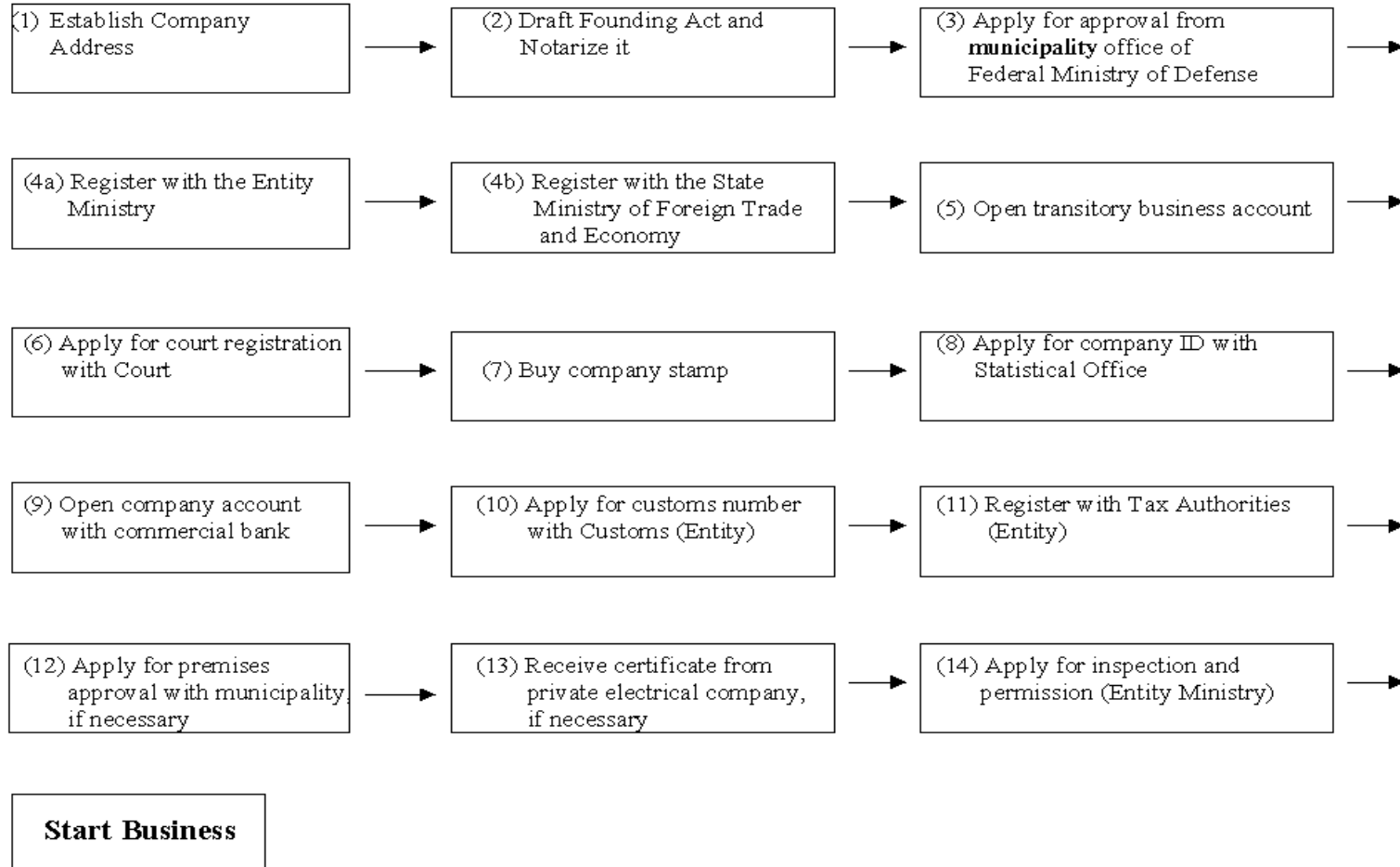
USTAVNO USTROJSTVO BiH



Streamlining of Registration Procedure

- Project of legal entities registration reform / RBRB
- Assistance from DFID – FIAS; SEED
- Strategic objectives of introduction of a new system /Project/
 - a) Relieve the citizens of BiH /potential foreign investors/ from outdated entrepreneurship, enable formalization and assembling of economic activities;
 - b) Enable fast, and gradually "non-bureaucratic" exchange of information between institutions and potential investors within the country and abroad;
 - c) Develop the practice of business registration that would "fit into" the EU business tradition through Stabilization and Association Process;
 - d) Eliminate range of identical registrations.

STEPS FOR FOREIGN-OWNED COMPANY REGISTRATION



Possible Alternatives of Registration Point/Location

- Registration Courts
- City Halls
- Chambers of Commerce
- Bureaus of Statistics
- Post Offices
- Former Payment Bureaus
- Finance Ministries / Tax Administrations
- Private entrepreneurs

Registration Objective

- Fast and efficient system
- Straightforward
- Safe
- Quality information for the needs of pursue of the policy of investment in BiH

Argument	Courts	City Halls
Political Consensus	Exists, and tradition supports it.	Decentralization functioning via City Halls shall not be eliminated regardless of reforms.
Connection with Other Reforms Infrastructure	Judicial reform uses business registration to improve the image courts have in public; courts are expected to address economic issues (disputes, bankruptcies, registration of special rights to mortgage, etc.) Exists, in form of semi specialized judges and officers; it is planned to introduce computer systems and corresponding links within land and mortgage registers.	City Halls are already in charge of the registration of craft shops/companies with sole owner and taxpayers; Registration in City Halls shall not be in the way of other activities. Exists, in form of CIPS and local tax authorities.
BAC and Other Conditionality	Concerning location, it is anticipated to keep the registers in courts.	Tax reform (e.g. introduction of VAT) as well as assigning of unique tax numbers shall be conducted via City Halls (in behalf of Finance Ministries). Reforms of inspections are considered as needed.
Perspectives	Gradual consolidation of economic departments in courts.	An improvement can be expected concerning streamlining and gradual perfection since City Halls are very likely to apply for the job.

Institutional Options	Tasks relating to Entrepreneurs	Tasks relating to Legal Entities
Option 1: Entrepreneurs and companies are registered with courts	Registration/data updating /removal from the register	Registration/data updating /removal from the register (plus conducting of bankruptcy proceedings, settling of disputes, etc.)
Option 2: Entrepreneurs and companies are registered with City Halls	Registration/performance of inspection controls/ removal from the register	Registration/performance of inspection controls/removal from the register
Option 3: Courts/City Halls (status quo)	Municipal register/data updating and removal from the register	Court register/data updating and removal of legal entities from the register
Option 4: Entrepreneurs and companies are registered with Tax Administration	Registration/performance of inspection controls in cases of doubt of tax evasion/removal from the register	Registration/performance of inspection controls in cases of doubt of tax evasion/removal from the register
Option 5: Private agency	Registration/data updating /removal from the register	Registration/data updating /removal from the register

The following provides the outline of streamlined registration procedure that may be adopted in BiH:

