



## CONCESSION AS ROAD INFRASTRUCTURE FINANCING MODEL IN BOSNIA AND HERZEGOVINA

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### Abstract

The apparent slowdown in the construction of road infrastructure in Bosnia and Herzegovina for a number of years necessarily requires a review of the existing and the analysis of new models of financing the road infrastructure construction in Bosnia and Herzegovina. The existing mainly credit-based financing models, have become increasingly exhausted over the years, and the interest of other Western Balkan countries in the EU funds clearly indicate that Bosnia and Herzegovina may expect only a fraction of the total infrastructure financing to be made to it through some of the European funds. This shows the undeniable need for analyzing and applying other models of road infrastructure financing, without additional borrowing, through a concession as a model applied in far more developed, and economically and financially more stable societies than the one in Bosnia and Herzegovina. The aim of this paper is to demonstrate that the undoubtedly complex socio-political arrangements in Bosnia and Herzegovina, in terms of the competencies and legal framework, cannot justify the delays in the construction of the road infrastructure in Bosnia and Herzegovina. Moreover, it may pose a challenge to engineers to seek possible new options.

*Keywords: concession, financing, road infrastructure, motorway, Corridor Vc*

### 1 Introduction

Considering the financial requirements, building infrastructure in general, with a particular emphasis on motorways, is a challenge for every country, and developed or developing countries have been involving the private sector in the design, construction, management and maintenance of highways for more than two centuries, whereas the countries in the region, such as Croatia, have used this practice since 1995.

The main hypothesis of this paper is to prove that concession, road infrastructure financing model, is absolutely unused potential in Bosnia and Herzegovina, and the aim of the paper is to present the situation in this field.

With the exception of the Introduction, the paper consists of six Chapters, the first of which presents the state of public debt in Bosnia and Herzegovina, the second presents the strategic transport framework at the level of Bosnia and Herzegovina, and the third concerns the Motorway on the Corridor Vc as the Bosnia and Herzegovina's strategic project.

The fourth Chapter sets out the legal framework concerning concessions in Bosnia and Herzegovina, and the fifth Chapter describes concessions within the road sector in Bosnia and Herzegovina, while the Conclusion of the paper is in Chapter six.

## 2 State of public debt in Bosnia and Herzegovina

According to the Information on the state of public debt in Bosnia and Herzegovina as of 30 June 2017, prepared by the B&H Ministry of Finance and Treasury, the financial indicators related to Bosnia and Herzegovina are as follows:

- the total public debt of Bosnia and Herzegovina as of 30 June 2017, amounted to KM 11,708.33 million, of which foreign debt amounted to KM 8,075.89 million or 68.98 %, while the domestic debt amounted to KM 3,632.44 million or 31.02 %;
- compared to 31 December 2016, Bosnia and Herzegovina's debt has decreased by KM 389.25 million or 3.22 %, of which foreign debt decreased by KM 471.70 million or 5.52 %, whereas domestic debt increased by KM 82.45 million or 2.32 %;

In the total public debt, the Federation of Bosnia and Herzegovina participates with 53.38 %, Republic of Srpska with 45.69 %, Brčko District of Bosnia and Herzegovina with 0.29 % and Institutions of Bosnia and Herzegovina with 0.64 %

- In terms of foreign debt, the World Bank – IDA (The International Development Association - IDA, is the part of the World Bank that helps the world's poorest countries. IDA aims to reduce poverty by providing loans (called *credits*) and grants for programs that boost economic growth, reduce inequalities and improve people's living conditions. <http://ida.worldbank.org/about/what-ida>) and the International Bank for Reconstruction and Development - IBRD account for 33.01 %, European Investment bank - EIB 21.84 %, International Monetary Fund 10.45 %, Paris Club 8.6 % and the European Bank for Reconstruction and Development 7.17 %, which makes 81.08 % of the total foreign debt;
- Foreign debt servicing in the first half of 2017 amounted to KM 446.54 million, of which KM 384.51 million or 86.11 % relates to principal, and KM 62.03 million or 13.89 % relates to interest.
- In the total amount of external debt servicing, the Federation of Bosnia and Herzegovina participates with 64.37 %, Republic of Srpska with 34.86 %, while the Institutions of Bosnia and Herzegovina and Brčko District participate with 0.42 % and 0.35 % respectively.

According to the international financial institutions criteria, Bosnia and Herzegovina does not fall into the category of highly indebted countries, since the participation of Bosnia and Herzegovina's public debt in Gross Domestic Product (GDP) is 36.74 % (Information on public debt of Bosnia and Herzegovina, B&H Ministry of Finance and Treasury, 30 June 2017).

However, it is evident that the problem of Bosnia and Herzegovina, as well as of the countries created by the breakup of the former Yugoslavia, is the economic growth based on domestic consumption, which in the absence of its own and competitive production leads to an increase in imports and a balance of payments deficit, financed by new borrowing.

From the foregoing, it may be concluded that further long-term borrowing has a short-term effect, which is resorted to by almost all political options in Bosnia and Herzegovina, regardless of the duration of the mandate, knowing that they will not be participants in the government's debt collection.

Projects, such as the construction of hospitals, schools, kindergartens, in their structure and purpose require not only budgetary but also financing through some form of borrowing. But in the long run, when large and financially demanding infrastructure projects are at stake, permanent borrowing is certainly not a quality solution.

### 3 Strategic framework for transport at the level of Bosnia and Herzegovina

At the proposal of the B&H Ministry of Communications and Transport and the approval by the Council of Ministers of Bosnia and Herzegovina, followed by the adoption by the House of Representatives of the B&H Parliamentary Assembly on 30 July 2015, the House of Representatives of the B&H Parliamentary Assembly adopted the 2015-2030 Framework Transport Policy of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 62/15).

The Framework Transport Policy of Bosnia and Herzegovina set a multi-annual framework for the transport infrastructure development in Bosnia and Herzegovina and created the preconditions for the development of the Strategy and Action Plans.

Also at the proposal of the B&H Ministry of Communications and Transport, following the adoption and integration of sectoral strategic documents of the Entities and the Brčko District of B&H, on 14 July 2016, the B&H Council of Ministers adopted the Decision on the adoption of the 2016-2030 Framework Strategy for Transport of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 71/16), , the planning document for the transport and infrastructure network in Bosnia and Herzegovina, which contains structural proposals for the development of the transport sector and programs for capacity upgrading for the purpose of alignment with the long-term objectives and strategic documents of the European Union in the transport sector.

With the adoption of the B&H Framework Transport Policy and the B&H Framework Transport Strategy, the preconditions have been created for financing the construction infrastructure projects by the European Union, which has earmarked one billion euros for in next five years for the infrastructure connectivity of the Western Balkans region under the Connectivity Agenda launched at the Western Balkans High-level Summit in Berlin in 2014.

### 4 Motorway on the Corridor Vc as Bosnia and Herzegovina's strategic project

Corridor Vc is one of ten Pan-European Transport Corridors on the Road and Rail Transport Networks agreed by the United Nations Economic Commission for Europe and the European Union Conference of Transport Ministers.

The Network of Corridors has been set up for the purpose of smooth operation of the international traffic on the European continent, better connectivity of the EU Member States and traffic between Europe and Asia.

The Corridors were defined in Prague in 1991 and supplemented at the Second Pan-European Transport Conference held in Crete in March 1994 and at the Third Conference held in Helsinki in 1997, the reason why these Corridors are also referred to as the *Crete Corridors* or the *Helsinki Corridors*.

These ten Corridors connect Europe from the Atlantic to the Volga and from Scandinavia to the Mediterranean Sea.

At the session held on 7 March 2006, the B&H Parliamentary Assembly declared the Corridor Vc Construction Project as the project of strategic interest for the entire territory of Bosnia and Herzegovina, and the B&H Presidency, by its acts, ordered the B&H Council of Ministers to undertake and accelerate all the necessary activities in connection with the Project, while respecting the competences of the B&H Ministry of Communications and Transport, as defined in Article 10 of the Law on Ministries and Other Bodies of Administration of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 5/03, 42/03, 26/04, 42/04, 45/06, 88/07, 35/09, 59/09, 103/09, 87/12, 6/13, 19/16).



**Figure 1** Network of Pan-European Corridors (<https://courrierdeuropecentrale.fr/wp-content/uploads/2013/11/>)

Considering the legislative framework, it is also important to emphasize that the Law on the Highway on Corridor Vc has been in force in the Federation of Bosnia and Herzegovina since 2013. (Official Gazette of the Federation of Bosnia and Herzegovina, 8/13).

About 21 years after the Helsinki Pan-European Transport Conference, and 12 years after it was declared a project of strategic interest for Bosnia and Herzegovina, of the total 335 km of the Vc Corridor Vc route passing through Bosnia and Herzegovina, approximately 100 km of the Corridor Motorway has been constructed and, except for the Svilaj - Odžak section, all the parts are operational. With this dynamic, it will take another 20 to 25 years to complete the entire project, which is unacceptable from any point of view and it points to a number of problems, directly related to the construction planning and implementation.

The aforementioned just over 100 km of the motorway was funded through different methods.

In the series of financing models for strategic infrastructure projects, the Western Balkans Investment Framework (WBIF) and The Connecting Europe Facility (CEF) stand out in particular. A common feature of WBIF and CEF is that both instruments apply not only to Bosnia and Herzegovina, but to the countries of the region when it comes to WBIF, and to CEF, the EU Member States in addition to the countries of the region.

The movement of the countries of the region towards EU membership, as well as the intention of the European Union to undoubtedly reduce the financial space of Bosnia and Herzegovina through its projects to regionally support the stabilization and association, which imposes the need to reconsider the future and seek new models and ways of financing strategic infrastructure projects in Bosnia and Herzegovina.

## 5 Legal framework for concessions in Bosnia and Herzegovina

The Law on Concessions of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 32/02 i 56/04), The Law on Concessions of the Federation of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 32/02 i 56/04), The Law on Concessions of Republic of Srpska (Official Gazette of the Republic of Srpska, 59/13;) and the Law on Concessions of the Brčko District of Bosnia and Herzegovina (Official Gazette of the B&H Brčko District, 41/06, 19/07 i 02/08) set the legal framework for concessions in Bosnia and Herzegovina.

From the point of view of the position of the Corridor Vc Motorway, apart from the Brčko District of Bosnia and Herzegovina, this paper will review the activities of the Commissions for

Concessions, the first of which is the Commission for Concessions of Bosnia and Herzegovina established by the Law on Concessions of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 32/02) and the Law on Amendment to the Law on Concessions of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 56/04), as an independent regulatory body of the B&H Parliamentary Assembly in the process of awarding concessions. Analysing the officially available data, except for the Decisions on the procurement of vehicles, fuel or equipment, it is evident that in its 16 year existence, the Commission for Concessions of Bosnia and Herzegovina has made only one decision related to its purpose, namely the Decision on approval of the economic feasibility study (Official Gazette of Bosnia and Herzegovina, 26/07), by which the Grantor, the B&H Ministry of Communications and Transport of, has been granted the Economic Feasibility Study for the *Corridor Vc Motorway Project*. As for 2016, as the last year for which an official work report is made available, it is evident that no requests for regulatory approval have been submitted to the Commission during the reporting period by the state-level Ministries, nor has the Commission received any new application related to the self-initiated bid of the interested bidder/concessionaire by a bidder or by the competent Ministry for which the Commission is to issue an approval (Official Gazette of Bosnia and Herzegovina, 26/07).

How remarkable this data is also shows the fact that the World Bank and SIGMA/OECD have made a number of recommendations to the authorities of Bosnia and Herzegovina in the previous period, including the analysis of the situation of concessions and PPP investments in Bosnia and Herzegovina, including: *In order to attract domestic and foreign investment for the purpose of developing the infrastructure, the authorities in Bosnia and Herzegovina must create a modern and efficient system of awarding concessions.* (Review of financial oversight and procurement in state-owned enterprises and concessions award in B&H, 2007.).

One of the recommendations in the documents produced by SIGMA/OECD and the EU states that it is essential to establish a clear and meaningful legal framework governing the award of concessions and public-private partnerships in Bosnia and Herzegovina in such a way as to improve the development of important infrastructure and other projects in the form of model concessions and public-private partnerships.

True, open and fair competition for the award of concessions and public-private partnerships is a key element in enabling Bosnia and Herzegovina to achieve *value for money* in the use of public funds (Review of financial oversight and procurement in state-owned enterprises and concessions award in B&H, 2007.).

The SIGMA/OECD comprehensive report, which would in many countries, as was often the case, form the basis for the reform changes, was not even discussed by the B&H Council of Ministers, although it was submitted by the Commission together with its conclusions on measures for improvement the concessions and concession market in Bosnia and Herzegovina.

In its 2016 Work Report (FB&H Concessions Commission Activity Report 2016, May 2017), the Commission for Concessions of the Federation of Bosnia and Herzegovina states, among others: *In 2016 (as in the entire period of the existence of the Law as of 2002 to the present), no Ministry initiated any proposal, nor did it identify any potential concessions, despite persistent insistence, oral and written communications from the Commission for Concessions to the Government of the Federation of Bosnia and Herzegovina, and despite the conclusions reached by the Parliament of the Federation of Bosnia and Herzegovina when adopting the annual reports of the Concessions Commission Federation of Bosnia and Herzegovina*(FB&H Concessions Commission Activity Report 2016, May 2017, p 8.).

The same report also states that: *... all previous Concession Contract were concluded on the basis of a self-initiated bids, even though the provisions of Article 28 of the Concession Law stipulate that a self-initiated bid for concession allocation may only be submitted under an urgent and exceptional procedure.*(FB&H Concessions Commission Activity Report 2016, May 2017, p 9.).

Based on self-initiative bids, the Federation of Bosnia and Herzegovina has recorded concession contracts for: *Vranduk* and *Janjići* Hydro Power Plants on the Bosna River, a concession for the use of water to supply Travnik and future water use through regional water supply lines for the municipalities of Travnik, Novi Travnik, Vitez, Busovača and Zenica, Public Company *RV Plava voda* d.o.o. Travnik, concession for the extraction of mineral water at the site of Crni vrh, spring Kiseljak, *OAZA* Tešanj, concession for the use of water from the spring Krušćica, Babina rijeka, Strmešnjak and Klopče, Public Utility Company *VIK Zenica* d.o.o. Zenica, concession for water pumping at the Wells SB2 and SB3, *Spa Sanska Ilidža* in Sanski Most, *Spa Sanska Ilidža* d.o.o. Sanski Most, concession for the exploitation of thermal water sources from the Šumatac wells, in the village of Donji Purići, Municipality of Velika Kladuša, *CIPREX* d.o.o. Velika Kladuša, concession for the use of the water spring of Zatoča, Tarevčica and seven wells in the Municipality of Kladanj, Toplice and Sprečko polje in the Municipality of Živinice, Dobrina in the Municipality of Tuzla for public water supply to the municipalities of Tuzla, Živinice and parts of the Lukavac and Kladanj Municipalities.

Therefore, the current concessions in the Federation of Bosnia and Herzegovina, based on self-initiated offers, solely relate to the concessions for two hydropower plants and water abstraction, without a single infrastructure project.

Considering the allocation of potential concessions in road infrastructure, in the case of the Federation of Bosnia and Herzegovina, it is evident that the Government of the Federation of Bosnia and Herzegovina decided to build the Lašva-Donji Vakuf Motorway section through a concession.

However, point VI of the FB&H Government Decision of 2014 (Decision no. 2162/2014 of 4 December 2014 on determining the general interest in constructing the Lašva - Vitez - Donji Vakuf expressway), stipulates that the construction of the Lašva - Vitez - Donji Vakuf expressway section is to be started even though the project had not undergone the concession award procedure under the aforementioned Government Decision of 2010, which had not been repealed. For unknown reasons, the FB&H Ministry of Transport and Communications did not proceed with the implementation of the aforementioned decisions, and by the end of 2016, no request was submitted to the Commission for Concessions of the Federation of Bosnia and Herzegovina regarding the granting of certain consents and approvals in accordance with the Law on Concessions (FB&H Concessions Commission Activity Report 2016, May 2017, page 32).

Furthermore, by a Decision (Decision no. 1775/2014 of 10 September 2014 concerning the procedure for awarding the concession for the Corridor Vc motorway section "Karuše – Poprikuše", (Official Gazette of the FB&H, 82/14) of 2014, the FB&H Government determined that the procedure for awarding the concession for the *Karuše-Poprikuše* section on the Corridor Vc Motorway is to be initiated.

No response has ever been received to the comments and suggestions of the B&H Commission for Concessions dated end of 2014.

Unlike in the Federation of Bosnia and Herzegovina, in 2016 a total of 515 (five hundred and fifteen) concluded contracts, annexes to contracts, requests, resolutions, certificates, various reports, data and other receiving documentation were referred to the RS Commission for Concessions by the competent Ministries, the RS Government, concessionaires, news agencies, citizen associations and a significant number of other legal and natural persons (Activity Report and Financial Report for 2016, Commission for Concessions of the Republic of Srpska, Banja Luka, 04/2017).

The decisions of the RS Commission for Concessions concerned various projects related to the construction and use of energy facilities: hydroelectric power plants, wind power plants, thermal power plants, mineral resources facilities: research and exploitation of coal, technical building stone, quartz sand, thermal mineral water, trade and tourism related objects, and those in the field of agricultural land use and water resources. Although in the field

of finance and transport and communications, the RS Commission for Concessions had no activities due to lack of receiving any related request for a one-time concession fee for use rights and concession fees for the use of natural resources or provision of services in 2016 a significant amount of KM 44,382,272.89 was paid into the budget of the Republic of Srpska (Activity Report and Financial Report for 2016, Commission for Concessions of the Republic of Srpska, Banja Luka, 04/2017, page 51).

Considering that in 2014, the total of KM 22,193,380.96 was paid as concession fees, and KM 29,289,907.27 in 2015, an almost 100 % increase was recorded in the two-year period.

## 6 Road concessions in Bosnia and Herzegovina

Given that a detailed review of the situation regarding concessions in the EU and the countries of the region would require serious consideration, and the focus of this paper is on concessions as a possible model for financing the construction of road infrastructure in Bosnia and Herzegovina, this chapter is omitted in this paper.

Namely, analyzing the dynamics of the construction of the Corridor Vc Motorway through Bosnia and Herzegovina, it is evident that out of the total of 335 km (The first 100 kilometres, PC Autoceste FB&H, Mostar 2015, p. 17), 102 km have been built, which include the Svilaj - Odžak section that has not yet been put into operation.



**Figure 2** Motorway on the Corridor Vc through Bosnia and Herzegovina (The first 100 kilometres, PC Autoceste FB&H, Mostar 2015, p. 17)

Unlike in Bosnia and Herzegovina, in the Republic of Croatia, for example, the total of 1,313.8 km of motorways and semi-motorways are operational, which also include a particularly interesting section for Bosnia and Herzegovina A5 Beli Manastir - Osijek - Svilaj, with a total length of 89 km, of which 56 km are operational.

Analyzing the total indebtedness of Bosnia and Herzegovina, the dynamics of construction of the Motorway on the Corridor Vc through Bosnia and Herzegovina, previous indicators in relation to the financial needs of one of the strategic projects in Bosnia and Herzegovina, the main regulatory issues (Framework Transport Strategy B&H, Official Gazette of B&H, 00000, p. 000), sources of financing in the Project List (Framework Transport Strategy B&H, Official Gazette of B&H, 00000, p. 000), the author of this paper attempts a personal initiative look for a path to a solution.

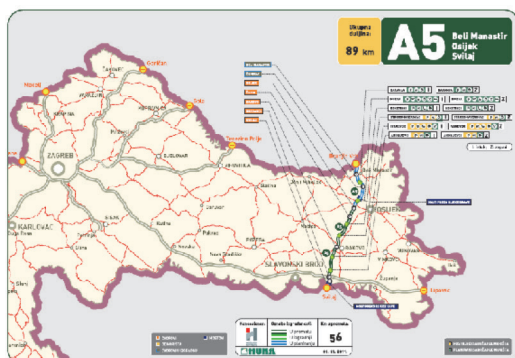


Figure 3 Motorway on the Corridor Vc through the Republic of Croatia (<http://www.huka.hr/mreza-autocesta>)

Article (3) of the draft decision, the author of this paper proposes a concession model *Build, Operate, Transfer*, the so-called BOT model (BOT-model (build, operate and transfer), is a contemporary legal type of building large economic and infrastructure facilities, where a contractor is entitled, on the basis of a contract, to finance and build a facility, and to operate and economically exploit such facility for a specified period of time, upon the expiry of which such facility is transferred to the investor. <http://www.poslovni.hr/leksikon/bot-model-156>), with the possibility of applying similar types of concessions depending on the interest of potential concessionaires.

The author finds the legal basis for proposing and adopting a decision by the B&H Council of Ministers on the subject, scope and type of concession on the Corridor Vc Motorway section Tarčin – Ovčari in Article 4 of the B&H Law on Concessions (B&H Law on Concessions, Official Gazette of B&H, 32/02 and 56/04), which states that the B&H Council of Ministers takes a decision on the type, subject and scope of the concession awarded, and is approved by the B&H Parliamentary Assembly. The competence of the B&H Council of Ministers of Bosnia is regulated in Article 1(2) of the said Law, according to which concessions may be granted to domestic and foreign legal entities:

- in sectors within the jurisdiction of Bosnia and Herzegovina under the Constitution of Bosnia and Herzegovina and the laws of Bosnia and Herzegovina;
- in case of representation of the international subjectivity of Bosnia and Herzegovina,
- when the concession well extends to the Federation of Bosnia and Herzegovina and the Republic of Srpska.

Following the previously approved initiatives, the author further proposes to take a new decision, this time on the subject, scope and type of concession on the Corridor Vc Motorway section Karuše (Medakovo) - Rudanka, but based to the so called DBOT model (*Design, build, operate transfer*). In addition to the BOT model, this model also involves designing, with the possibility of applying other similar types of concessions, depending on the interest of potential concessionaires.

After requesting and obtaining a positive opinion from the Legislative Office of the B&H Council of Ministers and the B&H Commission for Concessions, the opinion of the B&H Ministry of Finance and Treasury is sought, to which there is no reply, even after six urgencies.

Although the B&H Law on Concessions stipulates that: "In a case of joint jurisdiction of Bosnia and Herzegovina and/or the Federation of Bosnia and Herzegovina and/or Republic of Srpska and/or Brčko District of Bosnia and Herzegovina for the award of concessions, the competent authorities agree on the conditions and form of the award of the concession" (B&H Law on Concessions, Official Gazette of B&H, 32/02 and 56/04), except the opinion of the Legislative Office of the B&H Council of Ministers and the B&H Commission for Con-



cessions at the end of 2017, the Ministry of B&H Communications and Transport received a document from the RS Ministry of Transport and Communications titled *Protest Concerning the Proposal for Taking a Decision on the Subject, Scope and Type of Concession on the Corridor Vc Motorway Section Karuše (Medakovo) - Rudanka*, requesting the withdrawal of the proposed decision from further proceedings.

Therefore, after almost a year and a series of urgencies to the B&H Ministry of Finance and Treasury, attempts to change the current dynamics of the construction of the Motorway on the Corridor Vc by changing the financing model through concessions, the phase of attempts is still ongoing, and it is clear that, after the positive opinions by the B&H Legislative Office and the B&H Commission for Concessions, the comment in the form of the *protest* by the RS Ministry of Transport and Communications is irrelevant.

## 7 Conclusion

By analyzing the aforementioned, unlike in incomparably more developed and economically more stable countries that generate multimillion-dollar revenues on the basis of concessions and build infrastructure facilities that, upon construction and operation, are being returned to the state, there is an obvious resistance to concessions in Bosnia and Herzegovina as a model for financing the construction of road infrastructure in Bosnia and Herzegovina. The views expressed in this paper are the author's own and may differ from the views of colleagues in the B&H Ministry of Communications and Transport and the official positions of the B&H Ministry of Communications and Transport. It is clear that the construction of road infrastructure through credit lines is necessary for some sections that do not have sufficient PGDP and PLDP (Average Annual Daily Traffic (AADT) and Average Summer Daily Traffic (ASDT)), although in such cases the construction can be implemented through concessions, with guarantees or some kind of government involvement. In the concession road construction model, the profit for the state is not necessarily visible in the budget, since the construction of motorways without long-term borrowing or investment is a kind of benefit.

Furthermore, permanent and long-term borrowing will undoubtedly as consequence lead to a fiscal deficit in the long run. Depending on the positions of the future convocations of the B&H Council of Ministers of and the Entity Governments, the possible subsequent monetization of motorways, i.e. the conversion of public debt into cash (Croatian language portal, [http://hjp.znanje.hr/index.php?show=search\\_by\\_id&id=e1lvURA %3D](http://hjp.znanje.hr/index.php?show=search_by_id&id=e1lvURA %3D)), after their construction through credits, may undoubtedly have only a short-term positive budgetary effects, while the long-term effects are undoubtedly negative.

In trying to analyze the background for resistance to concessions, a number of reasons are noticeable, and since some of them enter the sphere of indications, they are not the subject of this paper.

Without going deeply into indicia, it is clearly easier to completely cease or continue the road construction with micro-steps through continuous borrowing, knowing that the decision makers will not be able to repay such loans, given the time and grace period in loan repaying, when at the time of their maturity and credit collection, they will probably not even be alive. As stated in the introduction, the undoubtedly complex socio-political organization of Bosnia and Herzegovina in terms of competencies and legal frameworks, cannot be justification for the delays in road infrastructure construction in the country, but must be a challenge for engineers and political structures to seek possible solutions.

In terms of road infrastructure construction, this paper pointed out some absolutely unexplored potential, one of which is concessions that, with the best engineering intentions, cannot be exploited without support, or at least without obstructions by those structures that in some ways take part in decision making process.

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