

**ECONOMIC COMMISSION
FOR EUROPE**

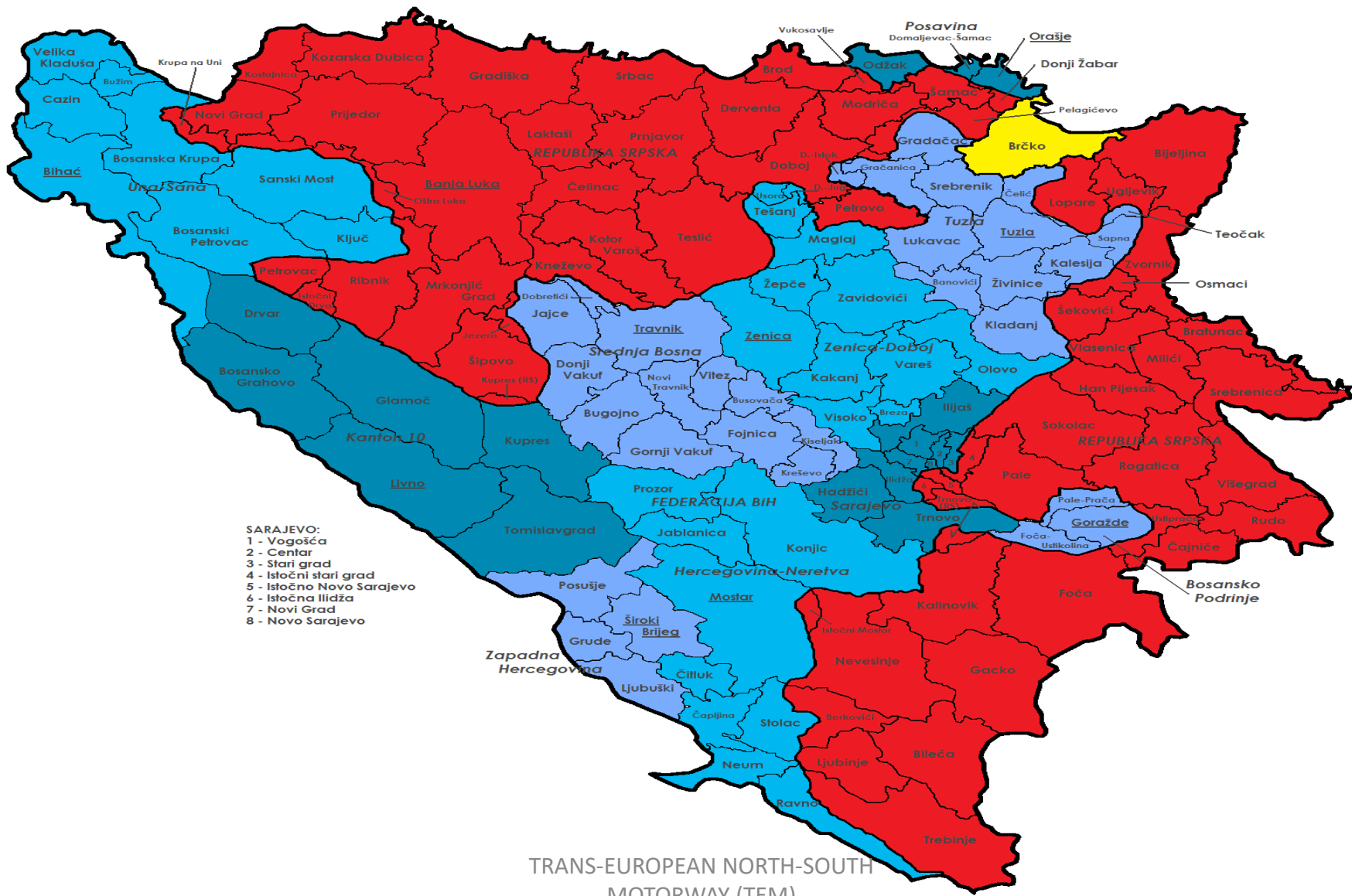
TRANS-EUROPEAN NORTH-SOUTH MOTORWAY (TEM)

7-9 November 2017, Sarajevo, Bosnia and Herzegovina

Road network in BiH

- Total length: 25,000 km:
 - 3,970 main roads (16%) – out of which almost 200 km of motorways
 - 4,611 regional roads (18,6%)
 - 14,200 local roads (53,7%)

Map of BiH



TRANS-EUROPEAN NORTH-SOUTH MOTORWAY (TEM)

The management, construction, maintenance and protection of motorways and highways in the territory of the Republic of Srpska are performed by the Public Company "Republic of Srpska Motorways " Ltd.

- construction of commenced motorway sections in the Republic of Srpska,
- development of planning and other documents required for the construction of new sections of motorways and expressways,
- introduction and application of modern methods in the field of environmental protection in the construction of motorways and expressways,
- development of cooperation in the field of construction with domestic and international governmental and non-governmental organizations,
- **permanent introduction of new organizational methods within the company business in order to achieve the set goals in a timely manner with as less funds as possible; and**
- achieving other goals that are directly related to the construction of motorways

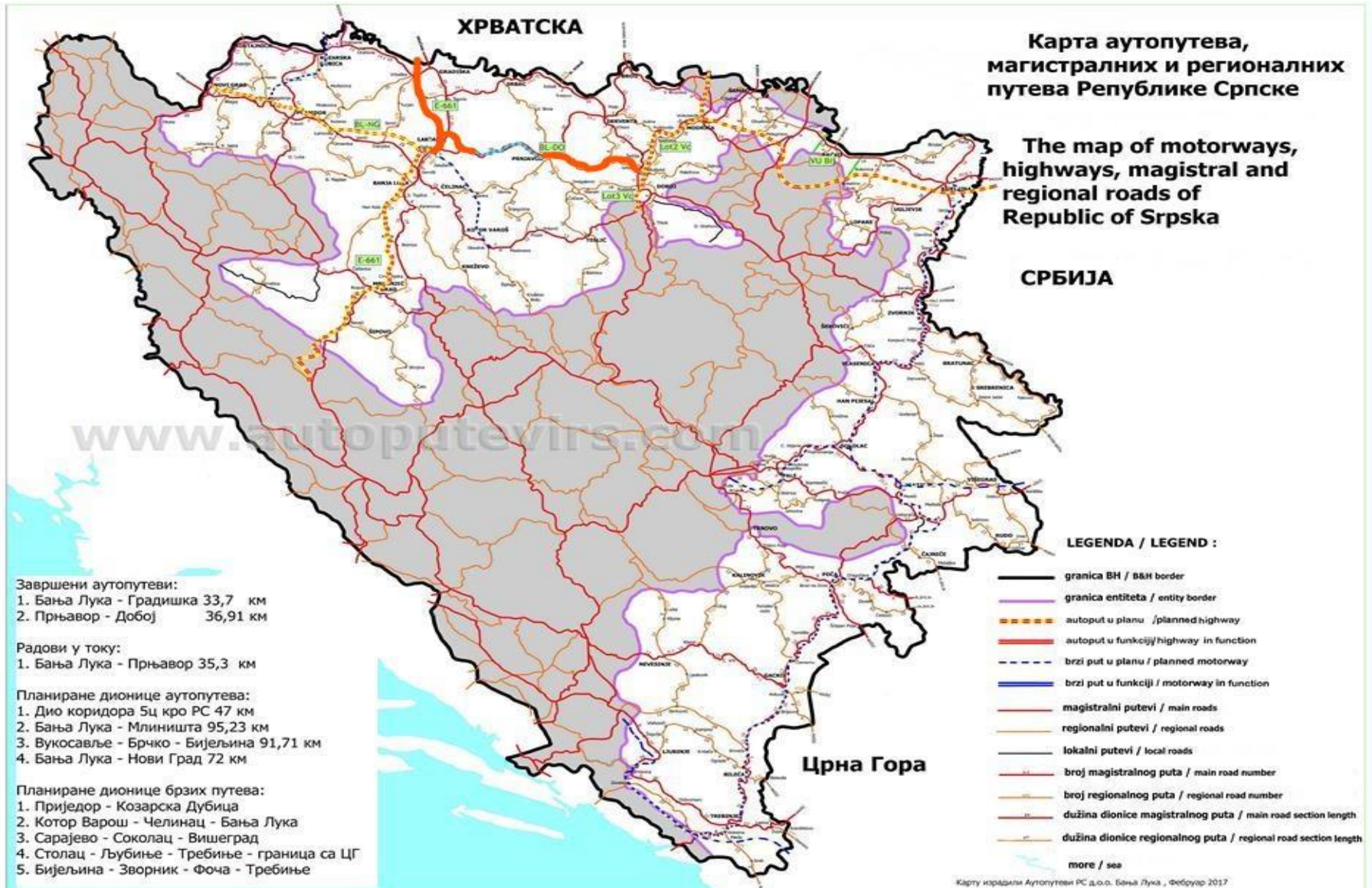
Projects: completed, current, planned

- By the National Strategic plans (Spatial Plan RS up to the 2025) motorway network include the following sections:
 - Banja Luka - Gradiska, L = 35 km
 - Banja Luka-Doboj, L = 72 km
 - Prnjavor-Doboj, L = 36,6 km
 - Banja Luka-Prnjavor, L = 35.3 km
 - Laktaši-Drugovići, L = 10.4 km
 - Drugovići-Prnjavor, L = 24,9 km
- Glamočani - Mliništa, L = 92 km
- Doboj - Vukosavlje, L = 46,6 km,
- Banja Luka - Prijedor - Novi Grad, L = 71 km,
- Brčko - Bijeljina, L = 31 km.
- Vukosavlje - Brcko, L = 35 km

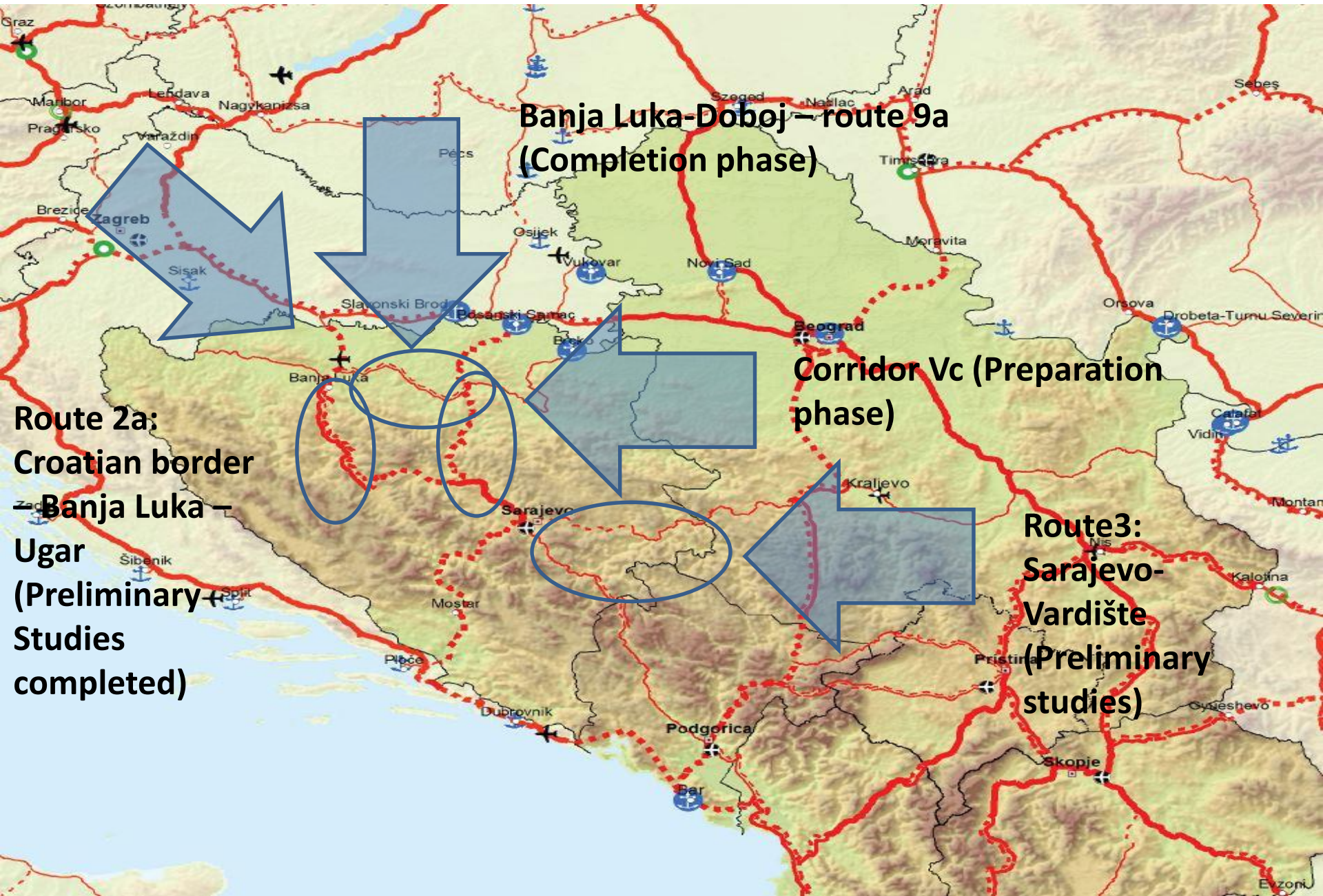
**In addition to the planned sections of the highways,
the construction of highways is planned for the
following sections:**

- Lukavica - Pale - Sokolac - Rogatica - Višegrad (128 km)
- Sokolac - Rogatica - Foca - Gacko - Bileća - Trebinje (160 km)
- Bijeljina - Zvornik - Sokolac (145 km),
- Prijedor - Kozarska Dubica - Donja Gradina (50 km),
- Banja Luka - Celinac - Kotor Varos - Obodnik (50 km) i
- Stolac - Ljubinje - Trebinje - border with Montenegro (95 km)

Motorway and Expressway Network in RS



TEN-T Network and BiH

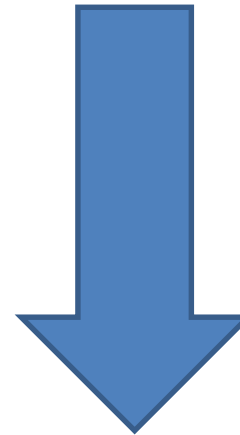


Source of Fundings

- Toll revenue
- Fuel levy
- Special services income (renting, using road equipment...)
- GSM licences income (Mobile operators concession)
- Deposit interest rate
- Government resources (expropriation)
- IFIs (EBRD, EIB, World Bank)
- Grant funds (EC, WBIF, IPA)

The stages of project financing

- Project selection
- Project preparation
- Procurement
- Project construction
- Project operation



10-12 years

Financing Mechanism Contracts

- Traditional financing
- Special Road funds
- Design and Build
- Concession
- PPPs

Classification of Risk for Infrastructure Projects

Risk Categories	Development Phase	Construction Phase	Operation Phase	Termination Phase
Political and regulatory	Environmental review	Cancellation of permits	Change in tariff regulation	Contract duration
	Rise in pre-construction costs (longer permitting process)	Contract renegotiation		Decommission
				Asset transfer
			Currency convertibility	
		Change in taxation		
		Social acceptance		
		Change in regulatory or legal environment		
		Enforceability of contracts, collateral and security		
Macroeconomic and business	Prefunding	Default of counterparty		
	Financing availability	Refinancing risk		
		Liquidity		
		Volatility of demand/market risk		
	Inflation			
	Real interest rates			
	Exchange rate fluctuation			
Technical	Governance and management of the project			Termination value different from expected
	Environmental			
	Project feasibility	Construction delays and cost overruns	Qualitative deficit of the physical structure/ service	
	Archaeological			
	Technology and obsolescence			
	Force majeure			

What is PPP?

Planning

+ Building

+ Financing

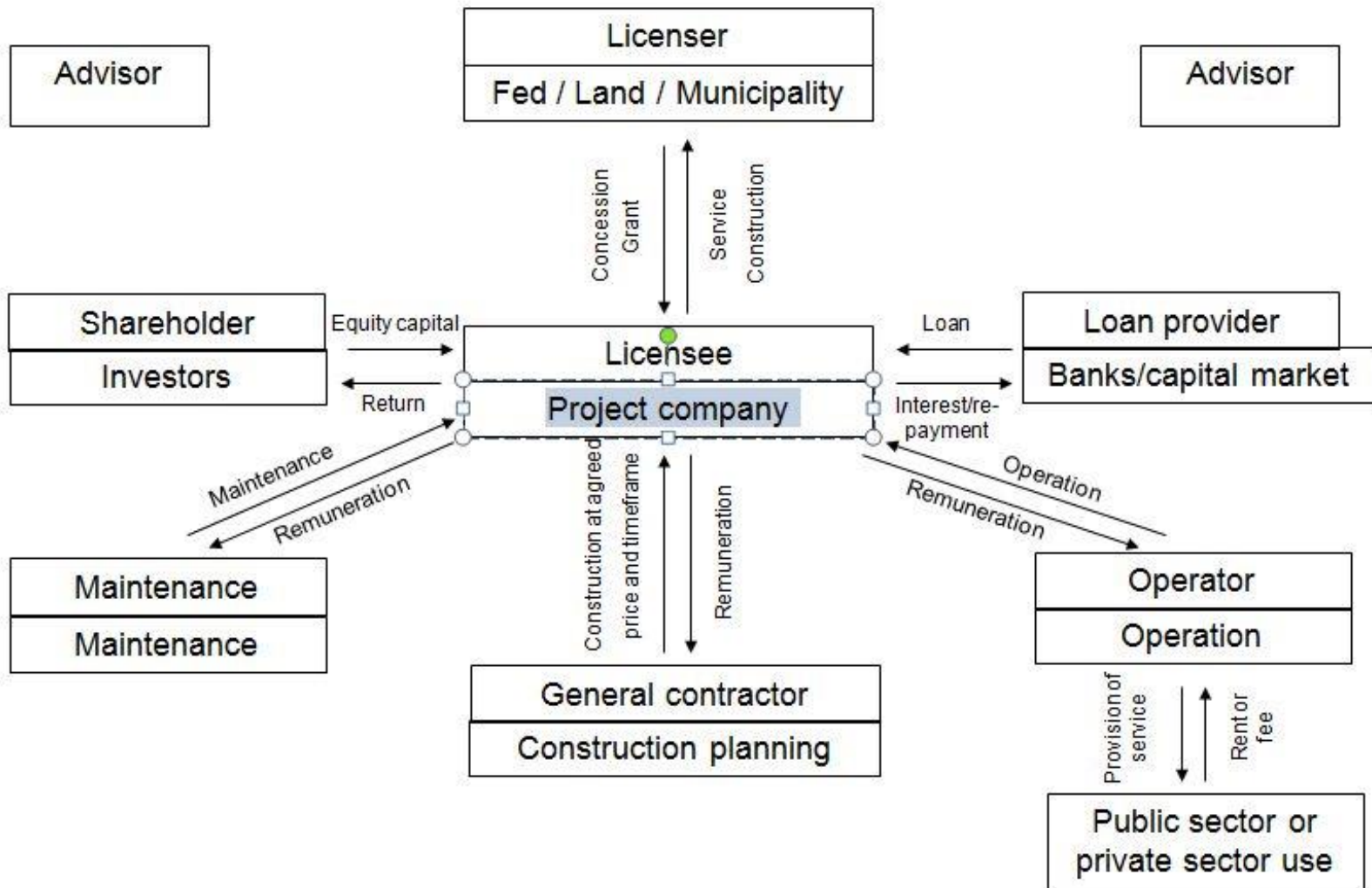
+ Operation

(+ Post-contract life)

= PPP

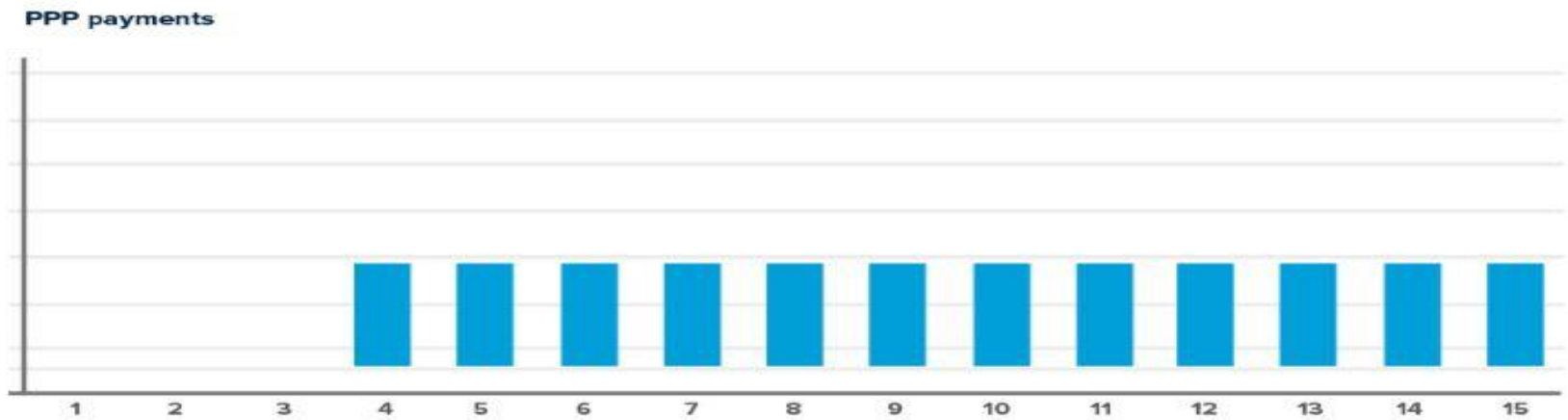
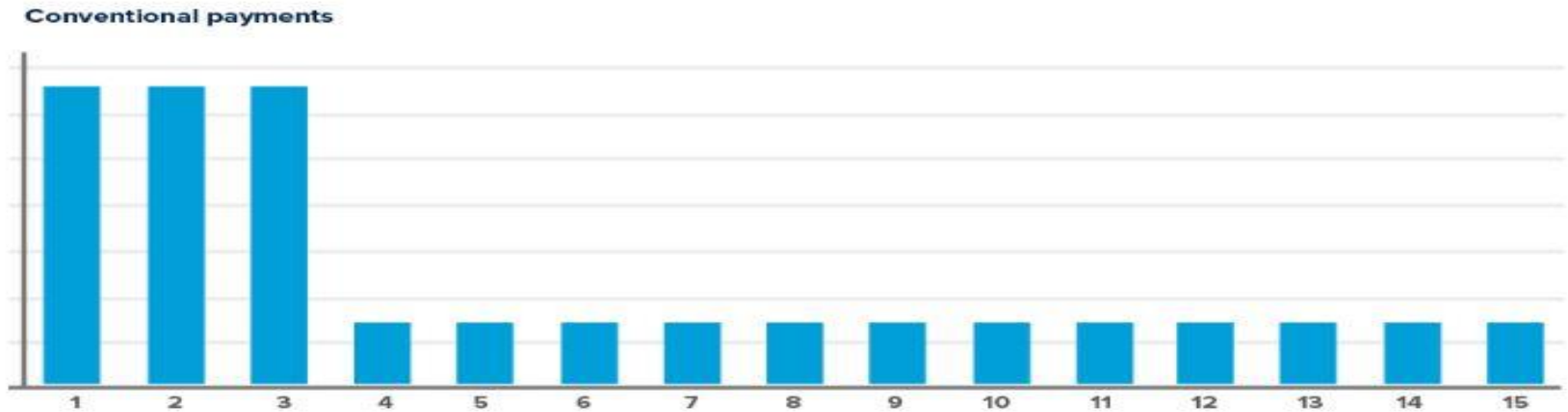
PPP project structure

- example -



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Conventional vs ppp



In a PPP, government starts to pay only once the asset is in service, paying for the value of the construction and O&M costs all together. In this way it finances the construction while at the same time incentives the contractor (the private partner) to construct as scheduled or sooner, and embed the payment for operations and maintenance with the compensation for the works constructed.

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General Commitments:

- create conditions for sustainable and balanced economic development.
- to improve the living standard, and
- accelerate EU

Conclusions:

- Coordinated development of transport infrastructure
- Access to the market, on a reciprocal basis, in the field of transport infrastructure,
- Essential legal and administrative support measures, including commercial, tax, social technical measures,
- Developing a transport system that meets environmental needs, as well as regular exchanges of information about transport policy, especially in relation to transport infrastructure