

PROJECT FACTSHEET

Local Investment-friendly Environment (LIFE) Project

Bosnia and Herzegovina – February 2022



Schweizerische Eidgenossenschaft
Confédération suisse
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Embassy of Switzerland in Bosnia and Herzegovina



HOW TO CREATE INVESTMENT – FRIENDLY ENVIRONMENT?

BUSINESS ENVIRONMENT IN BIH

Due to the complex business regulatory environment, despite long-term efforts, Bosnia and Herzegovina remains an uncertain and unattractive destination for domestic and foreign investors. Although reforms are being implemented in BiH to create a more favorable climate for economic sector growth, BiH still stands behind countries in the region.

The initial precondition for starting a business, i.e., registration of companies in BiH, is a business area with significant improvement potential.

At a time of digital service expansion, authorities at all levels need to use modern information and communication technologies (ICTs) to modernize and simplify business, introduce contemporary practices, and improve interaction with the business sector.

The business environment should be more transparent, efficient, predictable, and reliable, with modern G2B digital practices solid foundation for further economic growth.

Business registration in BiH remains under the jurisdiction of the courts, with the participation of state and entity-level government agencies.

The most significant part of BiH companies is Ltd, whose share in the total number of registered companies is about 60 percent. Although the number of newly registered Ltd companies has increased over the years, the increase rate is the lowest in the region. It amounts to about 1.13 percent (rates in the region range from 1.76 percent in Serbia to 6.7 percent in Montenegro).

In 2016-2020, the business environment in the Republic of Srpska had been significantly improved through the digital business registration transformation, which resulted in the launch of an *online registration system* in March 2021. This example was followed by the Government of Brcko District, which also reformed the legislation in 2021 and implemented a system for online business registration.

Project activities will provide a realistic basis for monitoring the company's status from business start-up to business results.

The Federation of Bosnia and Herzegovina also needs business and digital transformation.

CLICK TO REGISTER

The goal of the LIFE project is the digital business transformation in the Federation of BiH. The project aims to improve bureaucratic procedures of government-business relations (G2B).

The implementation of the project will significantly increase the business services transparency and create preconditions for prosperity and growth of the economic sector within the **click to register** concept.

The project includes developing and testing the electronic registration system and staff training. A similar online registration system developed and implemented in the Brcko District will be a reasonable basis for developing a digital business registration system in the FBiH.

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The project goal will be achieved through the following activities:

1. Launch of integrated online business registration and increase of the registered companies by 10 percent with shortening of the registration process to only three days for all types of Ltd companies (excluding joint-stock companies JSC)
2. Registration cost reduction for companies and decrease of registration waiting time (According to the CCS methodology and application of savings indicators, costs will be reduced up to USD 1 million in total, and registration waiting time will be shortened by 30 percent)

The project fully complements the *Debt Resolution Project* funded by SECO. Project activities will provide a realistic basis for monitoring the company's status from business start-up to business results. Through the reporting system, donors will be informed about the progress and tangible impact the online registration system implementation has on independent entrepreneurs.

THE USAGE OF THE ONLINE REGISTRATION SYSTEM

Introducing an online registration system is important for both the private and public sectors.

The most important beneficiaries of the project are certainly entrepreneurs for whom the registration process will be significantly accelerated and facilitated.

Also, the project will bring numerous benefits to institutional partners: Federal Ministry of Justice, Federal Ministry of Development, Entrepreneurship and Crafts, FBiH Tax Administration, Ten FBiH Business Registration Courts (Sarajevo, Odzak, Novi Travnik, Mostar, Livno, Gorazde, Bihac, Zenica, Tuzla, Siroki Brijeg).

Employees of FBiH institutions will be supported with logistics and education.

Also, the project is implemented in close cooperation with international partners that implement or advocate digital transformation reform, including the EU, UNDP, USAID.

EQUAL OPPORTUNITIES FOR FEMALE ENTREPRENEURS

The project will significantly facilitate the process of company registration for female and male entrepreneurs, creating equal opportunities.

Aiming to significantly improve the participation of women in the business environment in BiH, the project will monitor the number of women entrepreneurs and those who actively participate in project activities and training.

PROJECT IN BRIEF

NAME:

Local Investment-friendly Environment (LIFE) Project: Additional Financing for the Implementation of the Integrated and Online Business Registration System in the Federation of Bosnia and Herzegovina

DOMAIN:

Investments and digitalization

LAND/REGION:

Federation of Bosnia and Herzegovina

PARTNERS:

Federal Government, EU, UNDP, USAID

STARTING POINT / BACKGROUND INFORMATION:

Business practices in BiH are insufficiently transparent, fast, and reliable to attract domestic and foreign investors. As the first step of the business, company registration requires digital transformation to create a more productive and open investment environment. In RS and Brcko District, online business registration systems have been implemented, while in the Federation of BiH, this process is still in the working phase.

PROJECT OBJECTIVE:

Digital transformation of business in the Federation of BiH to improve bureaucratic procedures in government-business relations (G2B). The implementation of the project will significantly increase the transparency of business services and create preconditions for prosperity and growth of the economic sector with the "click to register" concept.

TARGET GROUP:

Federal Ministry of Justice, Federal Ministry of Development, Entrepreneurship and Crafts, FBiH Tax Administration, Ten FBiH Business Registration Courts, 79 Municipalities in FBiH, Women Entrepreneurs

COSTS:

1060 000 USD, of which \$ 1,000,000 (MCICP)

DURATION:

The preliminary preparatory project phase:

1.2.2021-31.5.2021.

Project duration:

1.6.2021-31.8.2021

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