

# Public-Private Dialogue

## Reform formulation and tracking

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(PSGG)



**THE WORLD BANK**

# HARVESTING PROPOSALS IN A DISCIPLINED MANNER

Submitter:

NBF Working Group	Public Sector Authority	Private Business	Interest Group	Dev. Partner
<input type="checkbox"/> Business Environment, Labor Relations and Industrial Security	<input type="checkbox"/> Ministry	<input type="checkbox"/> >100	<input type="checkbox"/> FNCO	<input type="checkbox"/> IFC
<input type="checkbox"/> Export Promotion and Trade Facilitation	<input type="checkbox"/> Parliament	<input type="checkbox"/> 50-100	<input type="checkbox"/> ONI	<input type="checkbox"/> World Bank
<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Regional	<input type="checkbox"/> 20-50	<input type="checkbox"/> INDC	<input type="checkbox"/> SIFD
<input type="checkbox"/> Financial Markets and Insurance Affairs	<input type="checkbox"/> Local	<input type="checkbox"/> 5-20	<input type="checkbox"/> FWEAN	<input type="checkbox"/> USAID
<input type="checkbox"/> Industrial Investment Promotion	<input type="checkbox"/> Commission	<input type="checkbox"/> <5	<input type="checkbox"/> Other	<input type="checkbox"/> GTZ
<input type="checkbox"/> Women Entrepreneurs	<input type="checkbox"/> Other	<input type="checkbox"/> Foreign		<input type="checkbox"/> Norad
<input type="checkbox"/> Tourism		<input type="checkbox"/> Local		<input type="checkbox"/> UNCDF

Issue Number/Title	Issue No.: Title of Issue		
Contact information of submitter (optional):			
<b>Specific target of the proposal</b>			
Indicator which the reform will improve (current, projected)	Projected impact that the reform will have (investment generation / infrastructure development / skills development / access to financing / job creation / etc.)		
<b>Projected cost of the proposal</b>			
Cost to private sector (current, projected)	Cost to public sector (current, projected)		
<b>Projected benefit of the proposal</b>			
Benefit to private sector (private sector savings, other)	Benefit to public sector (fiscal revenues, other)		
<b>Cost/Benefit ratio the proposal</b>			
<b>Does the proposal meet the 1:4 cost benefit ratio (yes/no)</b> (if no, explain why)			
<b>Implementation feasibility</b>			
Projected enactment date of the proposal	Projected date at which implementation of the proposal will be fully completed		
<b>Does the proposal meet the 6 month implementation criteria (yes/no)</b> (if no, explain why)			
<b>How does the proposal align with development objectives as spelled out in national plans?</b>			
<b>What is the current situation which this proposal aims to solve? Why is the current situation a problem?</b> (Quantify problems as much as possible)			
<b>What is the proposed solution?</b>			
<b>What steps would be required for this solution to happen?</b>			
#	Action Item	Responsible body	Designated person
<b>If the solution requires new or modified procedure/law/text, include current and proposed text below</b>			
Current text(s):			
Proposed text(s):			

# RATIONAL, EVIDENCE-BASED, PARTICIPATORY, TRANSPARENT

Submitter:

Working Group	Public Sector Authority	Private Business	Interest Group	Academia
<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Ministry	# Employees	<input type="checkbox"/> HTP	
<input type="checkbox"/> Access to Finance	<input type="checkbox"/> Parliament	<input type="checkbox"/> > 1000	<input type="checkbox"/> <u>InfoPark</u>	<input type="checkbox"/> BNTU
<input type="checkbox"/> Innovation and R&D	<input type="checkbox"/> Regional	<input type="checkbox"/> 100 - 1000	<input type="checkbox"/> BUEE-BSPN	<input type="checkbox"/> BSUIR
<input type="checkbox"/> Regulatory Environment and Taxes	<input type="checkbox"/> Local	<input type="checkbox"/> 50 - 100	<input type="checkbox"/> RCE	<input type="checkbox"/> Private
<input type="checkbox"/> Skills Development	<input type="checkbox"/> Agency	<input type="checkbox"/> 20 - 50	<input type="checkbox"/> MCAEE	<input type="checkbox"/> Other
<input type="checkbox"/> Branding and Communication	<input type="checkbox"/> Other	<input type="checkbox"/> 5 - 20	<input type="checkbox"/> BCCI	<input type="checkbox"/>
<input type="checkbox"/> Other		<input type="checkbox"/> < 5	<input type="checkbox"/> UEBR	
			<input type="checkbox"/> RSU-BSIA	
		<input type="checkbox"/> Foreign	<input type="checkbox"/> Other	
		<input type="checkbox"/> Local		

# RATIONAL, EVIDENCE-BASED, PARTICIPATORY, TRANSPARENT

Issue Number/Title	Issue No.: Title of Issue
Contact information of submitter (optional):	
<b>Specific target of the proposal</b>	
<b>Indicator which the reform will improve</b> (current, projected)	<b>Projected impact that the reform will have</b> ( <u>investment generation</u> / infrastructure development / skills development / access to financing / job creation / etc.;
<b>Projected cost of the proposal</b>	
<b>Cost to private sector</b> (current, projected)	<b>Cost to public sector</b> (current, projected)
<b>Projected benefit of the proposal</b>	
<b>Benefit to private sector</b> (private sector savings, investment, other)	<b>Benefit to public sector</b> (fiscal revenues, employment creation, other)
<b>Cost/Benefit ratio the proposal</b>	
<b>Does the proposal meet the 1:4 cost benefit ratio (yes/no)</b>	
(If no, explain why)	

# RATIONAL, EVIDENCE-BASED, PARTICIPATORY, TRANSPARENT

<b>Issue Number/Title</b>	<b>Issue No.: Title of Issue</b>
Contact information of submitter (optional):	
<b>Implementation feasibility</b>	
<b>Projected enactment date of the proposal</b>	<b>Projected date at which implementation of the proposal will be fully completed</b>
<b>Does the proposal meet the 6 month implementation criteria (yes/no)</b>	
(If no, explain why)	
<b>How does the proposal align with development objectives as spelled out in national plans?</b>	

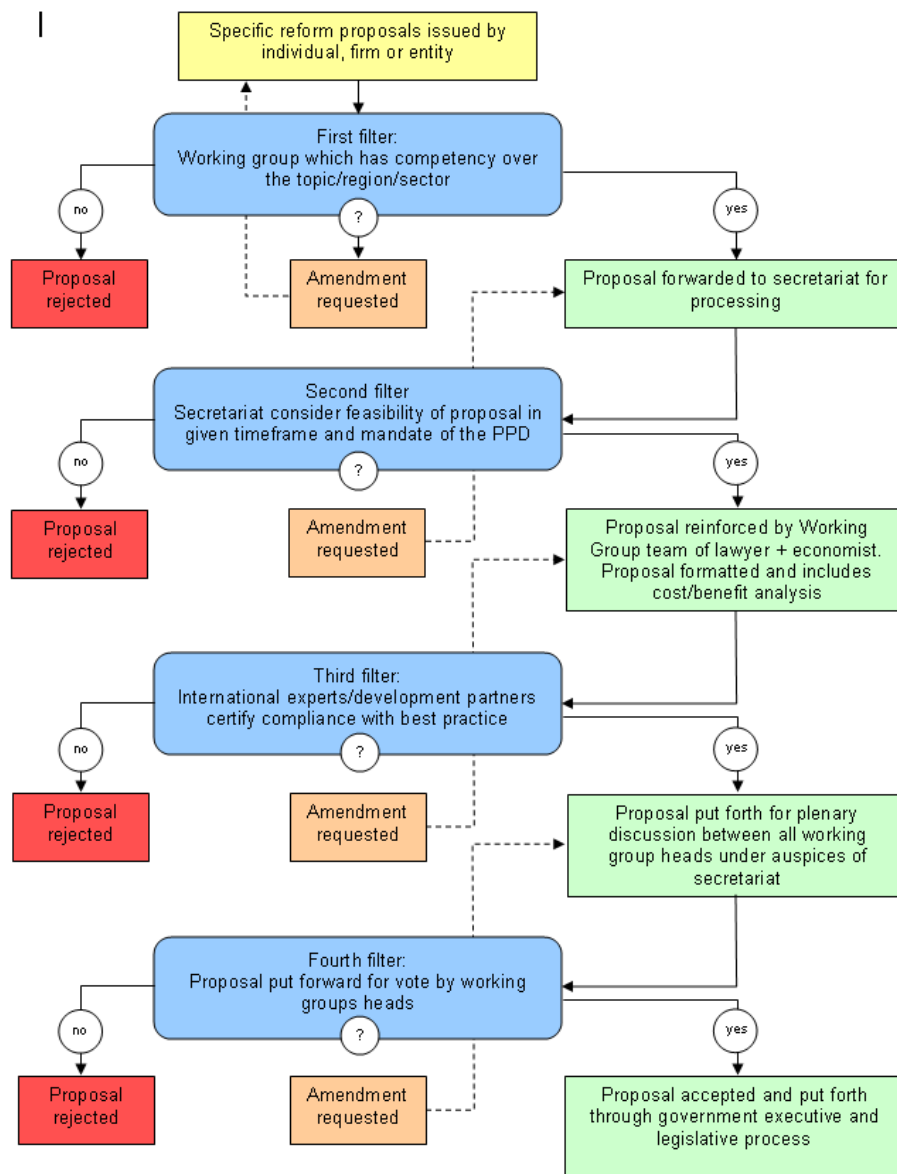
# RATIONAL, EVIDENCE-BASED, PARTICIPATORY, TRANSPARENT

Issue Number/Title	Issue No.: Title of Issue		
Contact information of submitter (optional):			
<b>What is the current situation which this proposal aims to solve? Why is the current situation a problem?</b>			
(Quantify problems as much as possible)			
<b>What is the proposed solution?</b>			
<b>What steps would be required for this solution to happen?</b>			
#	Action Item	Responsible body	Designated person
<b>If the solution requires new or modified procedure/law/text, include current and proposed text below</b>			
Current text(s):			
Proposed text(s):			

# TRACKING SYSTEM FOR ACCOUNTABILITY

Issue No.	Name of working group	Issue name	Primary instituion responsible for follow-up	Primary person responsible	IMPLEMENTATION STATUS								Date of Issue Closed	Benefits realized to private sector	Benefit realized to public sector	Comments on progress	
					Presented to the working group for consideration	Proposal accepted by working group for design and preparation	Full proposal endorsed by working group and presented to the secretariat	Proposed reform presented to the Steering Committee	Reform enacted	Ministry or government agency internalizes the problem and prepares implementation	Reform implemented as verified by constituents						
1														\$ -	\$ -		
2															\$ -	\$ -	
3														\$ -	\$ -		
4														\$ -	\$ -		
5															\$ -	\$ -	
6															\$ -	\$ -	
7														\$ -	\$ -		
8															\$ -	\$ -	
9														\$ -	\$ -		

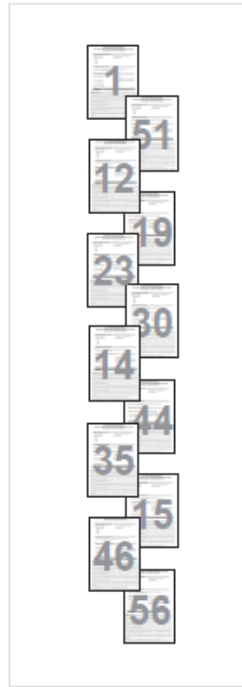
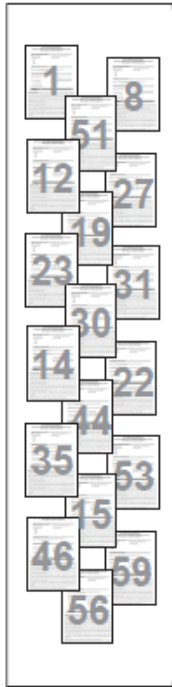
# FILTERING PROCESS TO ENSURE TRANSPARENCY AND FAIRNESS





# FILTRATION PROCESS IN TAJIKISTAN INVESTMENT COUNCIL

Issued received from Private Sector and recorded in Secretariat/ GosKominvest Chart



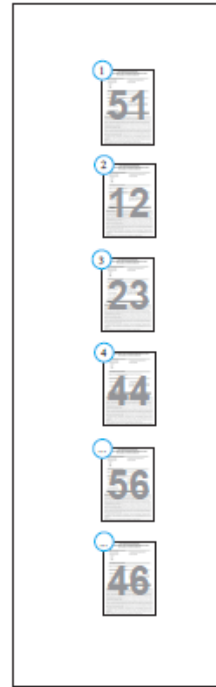
## First Filter

IC Secretarial staff evaluates issues based on:

- Is it clear what the problem is and the harm it is causing?
- Is the proposal consistent with the Government policy and reform agenda?
- Will the proposal improve the environment for doing business and generate meaningful net benefits for the economy?
- Will the proposal positively affect competition in the market?
- Is the proposal clear in what it is recommending?
- Can the proposal be implemented within a reasonable period of time?

Secretariat scores the remaining issues based on feasibility and cost

- All issues scoring above a certain threshold are passed to second filter
- Issues scoring below this threshold are removed and the sponsors notified with a standard letter

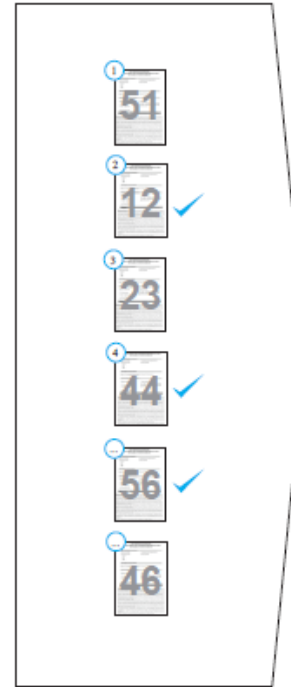


## Second Filter

- The issues having passed the first filter are sent electronically to a list-serve of **business associations and other private sector representatives** (List TBD)
- This group is given 10 days to (i) prioritize their top 5 issues from those on the list (ii) submit any comments or proposed revisions on the issues
- The prioritization and comments are submitted to participating private sector representative bodies and compiled.
- Secretariat meets with participating private sector representative bodies and agrees on a final draft agenda through consensus.
- Any issue which doesn't appear on the top 5 prioritization list of at least 2 associations is cut and the sponsor is notified
- Issues that are cut from the second filter will be stored in the database for review in subsequent

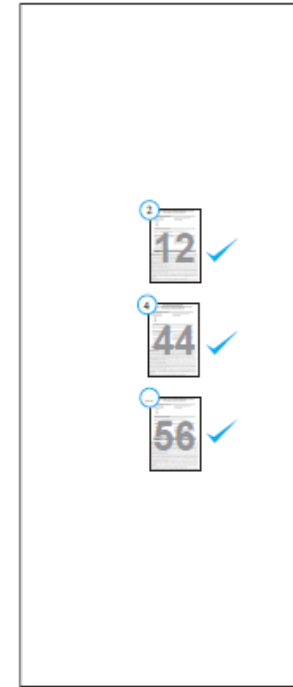
## Third Filter

- The coordinator returns the list to the Secretariat at which point it is submitted to **donors**
- Donors review the list (potentially to discuss in DCC meeting) and indicate which items they would have resources to support analytical work and/or help support a working group
- Donors review all issues and do not cut any



## Fourth Filter

- Final list goes to **Secretariat and GosKominvest** showing prioritization of each issue by the private sector and availability of donor support.
- Based on this information, Secretariat/GKI make final selection of issues to be put on the agenda of the Investment Council
- Working groups for these issues are established as needed
- For issues not included on the agenda, sponsors receive notification
- Issues cut in this fourth filter are put into database for consideration in subsequent rounds of consideration



Meeting of the IC

# REFORM SUBMISSION TEMPLATE – BOSNIA BULLDOZER INITIATIVE



## BULLDOZER EFFORT

### ROADBLOCK SUBMISSION FORM

Submitted by:

Private Business	Government Agency	Local Independent Agency	International Agency	Bulldozer committee
<input type="checkbox"/> > 100 employees*	<input type="checkbox"/> PRSP*	<input type="checkbox"/> FIPA	<input type="checkbox"/> SEED	<input type="checkbox"/> W.B.
<input type="checkbox"/> 50-100 employees*	<input type="checkbox"/> Entity*	<input type="checkbox"/> ROW*	<input type="checkbox"/> QIF	<input type="checkbox"/> E.C.
<input type="checkbox"/> 20-50 employees*	<input type="checkbox"/> Canton*	<input checked="" type="checkbox"/> Business Association*	<input type="checkbox"/> CHF	<input type="checkbox"/> US AID
<input type="checkbox"/> 5-20 employees*	<input type="checkbox"/> Municipality*	<input type="checkbox"/> Association*	<input type="checkbox"/> UNDP	<input type="checkbox"/> I.M.F.
<input type="checkbox"/> < 5 employees*	<input type="checkbox"/> Other*	<input type="checkbox"/> Other*	<input type="checkbox"/> Other*	<input type="checkbox"/> O.H.R.

Submitter: TALDI (Tuzla Agency for Local Development Initiatives)  
Dr. Mervida Kurusko-Majic, Direktor

Reviewed and revised by: Bulldozer Committee Working Group

Roadblock title	R 01 Harmonization of LLC Minimum Capital Requirement
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#### Issue at stake:

Limited Liability Company (LLC) is the most popular form of business in Bosnia. One or more physical or legal persons can form a limited liability company by a founding act.

- In the Federation, the minimum statutory capital requirement is 2000 KM for a single proprietor and 10,000 KM if for an establishment with multiple partners.
- In R.S., the minimum statutory capital requirement is 5000 KM for all LLCs.
- In the Brčko District, the minimum statutory capital requirement is 5000 KM for all LLCs.

The statutory capital is divided between the founders, who each have a minimum share. This minimum share defines the maximum number of people that can start a company.

- In the Federation, the minimum share is 2000 KM (meaning that founders of a company are limited to 5 persons).
- In R.S., the minimum share is 500 KM (meaning that founders of a company are limited to 10 persons).
- In the Brčko District, the minimum share is 100 KM (meaning that founders of a company are limited to 30 persons).

#### Why is this a roadblock?

Unfair advantage in FBiH for single proprietors, unfair advantage in RS/Brčko for multiple partners.

It may entice entrepreneurs to locate in the entity that presents the most advantage to them.

Harmonized fees are one step further towards a single economic space. Foreign investors generally refuse to deal with 3 different regulations for the same country.

Single capital for both entities will facilitate the registration of a company in multiple entities.

**It is too expensive.** Lowering the investment will result in more people starting businesses. Additionally, lowering the cost of the minimum stake (share amount or price) will result in enabling small business to start with more partners (e.g. a small group could reach the proposed threshold of 2000 KM by having some individuals bring contributions as small as 100 KM to start the business).

#### Bulldozing solution:

Make the minimal statutory capital requirement 2000 KM in all cases (single proprietor or multiple partners) and in all instances, and lower the minimum share price to 100 KM.

#### Action item:

Modify Art. 314 in the Law on Business Companies (Federation); Art. 331 in the Law on Enterprises (R.S.); and Art. 343 in the Law on Enterprises (Brčko), (see Annex)

### FEDERATION OF BOSNIA AND HERZEGOVINA

Law on Business Companies  
(Official Gazette of the Federation of Bosnia and Herzegovina, No. 23/99, 45/00 and 2/02)

#### Current Text:

- Article 314**
- Statutory capital of limited liability company with several founders shall be no less than 10,000 (ten thousand) KM, and if there is only one founder 2,000 (two thousand) KM, unless otherwise provided by other laws.
  - Value of an individual share may not be less than 2,000 (two thousand) KM.
  - Contributions in money may not in total be less than the amount provided by paragraph 1. of this article.
  - Contributions in terms and rights shall be in total be invested in company until the day of submission of application for entry of company establishment into the court register, so that the company may permanently and freely dispose of them.
  - Until the day of submission of application for entry of company establishment into the court registry at least half of the contribution in money shall be paid in, and it shall be no less than the amount provided by paragraph 1. of this article.

#### Suggested Text:

- Article 314**
- Statutory capital of a limited liability company with one or several founders shall be no less than 2,000 (two thousand) KM, unless otherwise provided by other laws.
  - Value of an individual share may not be less than 100 (one hundred) KM.
  - Contributions in money may not in total be less than the amount provided by paragraph 1. of this article.
  - Contributions in terms and rights shall be in total be invested in company until the day of submission of application for entry of company establishment into the court register, so that the company may permanently and freely dispose of them.

(1) Until the day of submission or otherwise the entry of company establishment into the court register at least half of the contribution in money shall be paid in, and it shall be no less than the amount provided by paragraph 1. of this article.

### OFFICIAL GAZETTE Law on Enterprises (Official Gazette of the Republic of Serbia, No. 34/99, 63/02)

Current Text:

- Article 417**
- Minimum capital of a limited liability company may not be less than 5,000 (five thousand) KM.
  - A minimum share amount of a particular member may not be less than 200 (two hundred) KM, unless otherwise provided by the company's statute or by the day of submission.

Additionally, from provision of paragraph 2. of this article, if members of a limited liability company are all entities who purchase preferred shares in accordance with certain regulations, a share, unless otherwise provided by the company's statute, may be less than 200 KM.

#### Suggested Text:

**Article 417**

- Minimum capital of a limited liability company may not be less than 2,000 (two thousand) KM.
- A minimum share amount of a particular member may not be less than 100 (one hundred) KM, unless otherwise provided by the company's statute or by the day of submission.

Additionally, from provision of paragraph 2. of this article, if members of a limited liability company are all entities who purchase preferred shares in accordance with certain regulations, a share, unless otherwise provided by the company's statute, may be less than 100 KM.

### OFFICIAL GAZETTE Law on Enterprises (Official Gazette of the Republic of Serbia, No. 11/01, 14/02)

Current Text:

**Article 343**

- The capital shall consist of at least 5,000 KM, and each founder's share amounting to at least 100 KM. The total amount of capital shall be the total amount of shares issued.

#### Suggested Text:

**Article 343**

- The capital shall consist of at least 2,000 KM, and each founder's share amounting to at least 100 KM. The total amount of capital shall be the total amount of shares issued.

(1) The capital shall be divided into shares, which shall be subject to the approval of the founders of Article 113 of this law.

(2) Contributions in money and rights shall be invested in the company in full prior to the submission of application for entry of company establishment into the court register, so that the company may permanently and freely dispose of them.

(3) Contributions in money may not in total be less than the amount provided by paragraph 1. of this article.

(4) Contributions in terms and rights shall be in total be invested in company until the day of submission of application for entry of company establishment into the court register, so that the company may permanently and freely dispose of them.

(5) Until the day of submission of application for entry of company establishment into the court registry at least half of the contribution in money shall be paid in, and it shall be no less than the amount provided by paragraph 1. of this article.

(6) The company's statute shall be approved by the founders of the company in full prior to the submission of application for entry of company establishment into the court register, so that the company may permanently and freely dispose of them.

(7) The company's statute may be approved by the founders of the company in full prior to the submission of application for entry of company establishment into the court register, so that the company may permanently and freely dispose of them.

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(19) The company's statute may be approved by the founders of the company in full prior to the submission of application for entry of company establishment into the court register, so that the company may permanently and freely dispose of them.

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# CLEAR SELECTION CRITERIA

Forum	Propositions collectees par les GT	Propositions pre-selectionees par les GT	Propositions finalisees par les GT et presentees au secretariat	Propositions correspondant aux criteres de fesabilite	Propositions correspondant aux standards internationnau x	Propositions votees en séance pleniere	Propositions retenues pour plus tard
Groupe de travail 1	40	16	6	4	3	2	1
Groupe de travail 2	40	16	6	4	3	2	1
Groupe de travail 3	40	16	6	4	3	2	1
Groupe de travail 4	40	16	6	4	3	2	1
<u>Total</u>	160	64	24	16	12	8	4
<u>Ratio</u>	→ 100%	40%	15%	10%	7.5%	5%	

# NBF ADVOCACY EFFECTIVENESS

	Total Issues	Achieved	Pending Issues
Export Promotion and Trade Facilitation	10	4	6
	100%	40%	60%
Infrastructure	8	1	7
	100%	13%	88%
Financial Monetary and Insurance Affairs	14	4	10
	100%	29%	71%
Business Environment, Labor Relation and Industrial Security	12	3	9
	100%	25%	75%
Industrial Promotion	18	6	12
	100%	33%	67%
Women Entrepreneurs	12	2	10
	100%	17%	83%
Tourism	?	?	?

# NBF ADVOCACY EFFECTIVENESS = 22%



## Ratio of Implemented to Recommended Reforms by WG

