



## **Weekly Briefing**

**Bosnia-Herzegovina economy briefing:  
Highway construction in BiH:  
A real boost or part of an election campaign?  
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# **Highway construction in BiH:**

## **A real boost or part of an election campaign?**

### **Summary**

*The construction of the highway on the 5c corridor through Bosnia and Herzegovina somewhat shares the fate of the foreseen of BiH's full membership in the European Union. Both, a full highway through the state and full membership, have long been highlighted as goals that BiH aspires to, but deadlines have been postponed. At the beginning of this century, estimates said that BiH could join the EU by 2010, but in 2010 it was projected that membership would not be before 2020, while now these goals are set somewhere in future decade. It was similar with the highways, the deadlines for final construction have also been moved to the past, but still with one difference: on Corridor 5c, the results are more concrete. However, the announcements of additional construction momentum are placed by many in the context of the upcoming General Elections 2022.*

### **Introduction**

There are currently ten active construction sites in the Federation of Bosnia and Herzegovina (FBiH), eight of which are on the Corridor 5c highway and two on the expressways under construction by the Federation of BiH Highway Public Company (Autoceste FBiH – AC FBiH).

Eight construction sites are currently active on the Corridor 5c highway. These are four in Herzegovina: two lots on subsection Počitelj-Zvirovići - Lot1 and Lot2 (bridge Počitelj), two on subsection Tarčin-Ivan: Lot1 and Lot2 (tunnel Ivan), and four in central Bosnia: subsections Ponirak-Vraca (tunnel Zenica), Vranduk-Ponirak, Nemila-Vranduk and Poprikuše-Nemila. Two construction sites are active on the expressways, namely the breaking of the Hranjen tunnel in Eastern Bosnia near city Goražde, which is part of the construction of the Sarajevo-Goražde highway, and the construction of the Mostar crossroads and the Vlakovo loop, Lot 3b section near Sarajevo. If construction continues within the agreed framework and plans, they plan to complete five projects currently under construction by the end of this year<sup>1</sup>.

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<sup>1</sup> BiH to get tunnel "like only a dozen in the world". <https://avaz.ba/vijesti/bih/749402/bih-ce-dobiti-tunel-kakvih-ima-samo-desetak-u-svijetu>

The authorities have talked a lot in public these days, both experts from companies in charge of construction, and ministers and prime minister himself. The media intensively reported on each individual project, performed analyzes, but also expressed doubt that everything will be as it is in this pre-election year, announced by people from the authorities<sup>2</sup>.

### **Decisive years**

The Highways of the Federation of BiH claim that by the end of 2022, the construction of nearly 85 kilometers of highways on Corridor 5c worth 2.46 billion KM (around 1.26 billion EUR) will begin. Tenders have been announced in the north and south sites of the entity FBiH. In the second half of this year, the beginning of a new investment cycle worth almost 2.15 billion KM (around 1.10 billion EUR) is planned for the construction of a total of 66.7 kilometers.

At the moment, nearly 40 kilometers of highway are being built on Corridor 5c, with a total investment value of 1.14 billion KM (0.58 billion EUR)<sup>3</sup>.

The deadline for the completion of 6.9 km of the highway from Tarčin (south of Sarajevo) to Bradina, including the Ivan tunnel which separate Bosnia from Herzegovina, whose two pipes were breached, is the end of August. The Prime Minister of the Federation of BiH, Fadil Novalić, told to reporters this information. The length of the section from Tarčin to the Ivan tunnel is 4.9 kilometers long. It is a route with quite high embankments and reinforced earth. The Raštelica bridge is also on that route. The bridge has 13 spans<sup>4</sup>.

One hundred kilometers to south is the largest bridge on Corridor 5c above the river Neretva near Počitelj, which these days finally got its famous 147 meters wide span, after the first giant pillars of the imposing building that will connect the Herzegovinian highway to the European road network are connected. The Počitelj bridge is one kilometer long and over 100 meters high, which makes it the largest bridge on the Herzegovinian part of the highway, and next to the Prenj tunnel and the most demanding facility on Corridor 5c. The contractor is a consortium consisting of Azvirt Limited Liability Company (Azerbaijan), Sinohydro Corporation Limited (China) and Powerchina Roadbridge Group Co. Ltd. (China), and the

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<sup>2</sup> We are publishing the most complete map of built and planned highways in BiH.

<https://www.klix.ba/biznis/investicije/objavljujemo-najkompletniju-mapu-izgradjenih-i-planiranih-autoputeva-u-bih/220510004>

<sup>3</sup> *Ibid.*

<sup>4</sup> Almost 7 kilometers of the highway from Tarčin to Bradina will be operational at the end of August.

<https://www.klix.ba/biznis/investicije/skoro-7-kilometara-autoputa-od-tarcina-do-bradine-u-funkciji-ce-biti-krajem-augusta/220607098>

subcontractor is Hering from Široki Brijeg, while the total value of works for the construction of the Počitelj bridge is 54,805,063.42 KM (28,114,889 EUR) without VAT<sup>5</sup>.

### **Simplified procedures**

So far, 2.65 billion KM (1.36 billion EUR) have been invested in the construction of the 5c corridor in FBiH, including ongoing investments, and an additional 3.56 billion marks will be needed to build the remaining 123.8 kilometers of the highway. Whether the corridor will indeed be completed within five years as announced will depend on many factors.

"The deadline can be met only if all activities are planned. Procedures need to be simplified. The issue of a qualified and skilled workforce is already problem, as is the overall socio-political situation in terms of approving indebtedness and slowing down procedures. All this affects the dynamics of contracting and the construction itself as well as the fulfillment of the set r shackles", said FBiH Minister of Transport and Communications Denis Lasić in a recent interview<sup>6</sup>.

In addition to the highway on the corridor, Lasic also spoke about a project that will be completed soon: connecting Neum, the only BiH city located on the Adriatic Sea, with the rest of the country by a modern highway. The Minister said that only the 2.7-kilometer-long asphaltting phase remained, and that the works were expected to be completed in the next few days<sup>7</sup>.

With the completion of the construction of the sections that are nearing completion, the opening of new construction sites, as the biggest challenge, expert from AC FBiH considers the preparation for the construction of the Prenj tunnel (10 kilometers). The Prenj tunnel project will be one of only a dozen road tunnels of this length. This solution will connect the Sarajevo and Mostar regions, and the project will show the ability of this public company to work on the most demanding projects, according to the AC FBiH<sup>8</sup>.

Furthermore, in early August, AC FBiH announced an international tender for the construction of a highway on Corridor 5c, section Medakovo - Poprikuše, subsection Medakovo - Ozimice (near city Tešanj), 21.3 kilometers long. The deadline for submitting bids was August

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<sup>5</sup> Connected giant pillars on the Počitelj bridge, an impressive span of 147 meters emerged.

<https://www.klix.ba/biznis/investicije/spojeni-gigantski-stubovi-na-mostu-pocitelj-izronio-impresivni-raspon-od-147-metara/220605031>

<sup>6</sup> Lasić: The Stolac-Neum road is ready in 10 days, this year the construction of another 85 km of highway will begin <https://abcportal.info/novosti/business/lasic-cesta-stolac-neum-gotova-za-10-dana-ove-godine-pocinje-izgradnja-jos-85-km>

<sup>7</sup> *Ibid.*

<sup>8</sup> BiH to get tunnel "like only a dozen in the world" <https://avaz.ba/vijesti/bih/749402/bih-ce-dobiti-tunel-kakvih-ima-samo-desetak-u-svijetu>

9, 2022. The estimated value of the purchase is 313.33 million KM (around 160 million EUR) without VAT.

### **Acceleration of the processes**

The Medakovo - Ozimice subsection will be financed from funds provided through the European Investment Bank (EIB) and grants from the European Union (EU) in the amount of 79 million euros (154.21 million KM) provided under the Connecting Agenda through the Western Balkans Investment Framework (WBIF).

“Years of construction of large projects and large investments in the completion of the highway on Corridor 5c will follow, the new management announced acceleration of the processes. We will soon announce the last tender in the northern part of the country, Ozimice - Poprikuše subsection for which we will select a contractor by the end of the year. It is estimated that the works should last three years, so we will complete the northern part of the corridor through Bosnia, from Sarajevo to Doboj by the end of 2025”, said Elmedin Voloder, director of AC FBiH9.

In addition to the highway, the AC FBiH is also responsible for expressways. Thus, at the beginning of August, the company announced that a designer had been selected to design the Bihać - Cazin - Velika Kladuša - Croatia expressway in northwestern part of country, which made a significant step forward for a new road communication. After the tender procedure, AC FBiH selected a designer for the development of the preliminary design of the highway Bihać - Cazin - Velika Kladuša - RH, and the value of the contract is 4,397,775.53 KM (2,251,714.76 EUR) including VAT. Consortium, consisting of a group of bidders Institute of Civil Engineering "IG" Banja Luka and Trasa Sarajevo, made the best offer and was chosen as the designer. The preliminary design will be done for the full profile of the 47-kilometer highway. The deadline for drafting project documentation is eight months<sup>10</sup>.

### **Works in RS entity**

106 kilometers of highway are currently in use in Republic of Srpska (RS). These are two highways, the Bosanska Gradiška-Banja Luka highway and the Banja Luka-Doboj “9 January” highway.

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<sup>9</sup> A tender for the construction of the 21.3-kilometer-long Medakovo-Ozimice sub-section has been announced <https://www.klix.ba/biznis/investicije/objavljen-tender-za-izgradnju-poddionice-medakovo-ozimice-duzine-21-3-kilometra/220610063>

<sup>10</sup> Designer selected for the construction of the expressway from Bihać to Velika Kladuša <https://www.klix.ba/biznis/investicije/izabran-projektant-za-izgradnju-brze-ceste-od-bihaca-do-velike-kladuse/220610104>

RS is building two sections on Corridor 5c. The first section on the route from the "Tovira" loop to the "Kostajnica" loop, 5.6 kilometers long, is in the final phase and should be opened to traffic in the middle of this year. The value of the project is 70 million EUR (around 140 million KM), and it is financed with credit funds from the European Bank for Reconstruction and Development (EBRD), with a grant from the European Union (EU)<sup>11</sup>. The second section, better known as the "Doboj Bypass", leads from the "Kostajnica" loop to Putnikovo brdo and the entity line from FBiH. The length is 5.6 kilometers, and the value of the project is 150 million EUR (roughly 300 million KM), mostly due to the fact that the mentioned section is actually a set of several large facilities. The first is the bridge over the river Bosna and the main road, then the viaduct, the notch and two tunnels, one of which is 1,600 meters long. The realization of the project is financed by EBRD credit and a grant from the EU<sup>12</sup>.

On Corridor 5c, there is a third section, in the direction of the north, from Tovira to Vukosavlje, 36 kilometers long. The tender procedure for the selection of the most favorable bidder is underway, and the expectations are that the contract will be signed and the works will start by the end of the year.

In addition, RS has another open highway construction site on the route from Banja Luka to Prijedor, which is being built by a Chinese partner based on a concession agreement. Also, the RS Highways point out that they are rapidly preparing the highway to Serbia<sup>13</sup>.

### **Conclusion**

Judging by the announcements, both entities, and especially the Federation of BiH, through which most of the highway on Corridor 5c passes, should look like a large construction site. Statements and announcements coming from key people give room for optimism. Those who are inclined to be optimistic about the events in BiH believe that a lot of preparatory work has been done in the previous period and that now is the time to realize most of the remaining sub-sections. Such optimistic estimates suggest that all work on the Corridor 5c highway could be completed in the next five years.

Those more inclined to pessimistic assessments remind that the FBiH Highways as a public company was formed after the general elections in 2010, and that work has been going on since then, and that construction momentum is announced before each election. In any case,

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<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

it is certain that BiH will have the entire highway built on Corridor 5c long before it joins the European Union.