
EBRD LENDS BOSNIA \$90 MILLION FOR STRATEGIC HIGHWAY, PORT

23.12.2016

Reuters (22 December 2016)

Dec 22 The European Bank for Reconstruction and Development signed a 76 million-euro (\$79 million) loan deal with Bosnia on Thursday to help it build two sections of a strategic north-south highway.

It also agreed a 10 million-euro loan to upgrade Bosnia's sole Sava river port.

The loans will come into effect only after parliament adopts a new law raising excise taxes on fuel for funds to help build the pan-European Vc corridor, linking Budapest in the north with the Croatian port of Ploce in the south.

Adoption of the excise law has been hampered by disagreement between Bosnia's two autonomous regions on how to share the revenues from this tax. The loans agreed on Thursday and another 300 million euros in EBRD loans depend on the law being passed.

Bosnia's central bank governor told Reuters on Tuesday that political stability and economic reforms were essential to support infrastructure projects that are expected to help lift economic growth above 4 percent next year.

Sue Barrett, EBRD director for transport, told reporters: "We are pleased to continue our support for the development of Bosnia and Herzegovina's main international corridor, Vc, to improve connectivity and integration, which in turn will open new opportunities for the country's economy."

The 15-year-loan, including a three year grace period, will carry an interest of Euribor plus 1 percent annually, said Bosnia's Finance Minister Vjekoslav Bevanda.

The EBRD has so far invested nearly 2 billion euros in 135 projects in Bosnia. The bank invests in infrastructure development, support for small and medium-sized firms and strengthening of the financial sector. (\$1 = 0.9572 euros) (Reporting by Maja Zuvela; Editing by Georgina Prodhan/Jeremy Gaunt)

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