

Pursuant to Article IV4.a) of the Constitution of Bosnia and Herzegovina, in the session of the House of Representatives held on 22 December 2004 and in the session of the House of Peoples held on 23 December 2004, the Parliamentary Assembly of Bosnia and Herzegovina adopted

LAW

ON THE ESTABLISHMENT OF THE EXPORT CREDIT AGENCY OF BOSNIA AND HERZEGOVINA

I - BASIC PROVISIONS

Article 1

(Purpose of the Law)

(1) The purpose of this Law shall be to ensure conditions for the encouragement of the export of goods and services from Bosnia and Herzegovina (hereinafter referred to as BiH), through insurance and financing, issuing guarantees, and establishing basis for development and promotion of economic relations of Bosnia and Herzegovina with foreign countries.

(2) This Law shall regulate the status, activity, management, administration, authorizations, obligations and financing of the Export Credit Agency of Bosnia and Herzegovina (hereinafter referred to as the IGA).

Article 2

(Terms of reference)

(1) **“IGA”**, for the purpose of this Law, refers to the Export Credit Agency of Bosnia and Herzegovina;

(2) **“Country”**, for the purpose of this Law, refers to Bosnia and Herzegovina;

(3) **“Foreign country”**, for the purpose of this Law, refers to any country other than Bosnia and Herzegovina;

(4) **“Out of the country”**, for the purpose of this Law, refers to any territory over the border of Bosnia and Herzegovina;

(5) **“Entity”**, for the purpose of this Law, refers to the Federation of Bosnia and Herzegovina and the Republika Srpska;

(6) **“Bank”**, for the purpose of this Law, refers to a financial institution which is duly licensed by the relevant banking agency or by foreign banking institution to conduct banking activities;

(7) **“Company”**, for the purpose of this Law, refers to the legal entity established under the Law which regulates the establishing of economic enterprises or companies and which is entered into the Register of Corporations;

(8) **“Insured business operation”**, for the purpose of this Law, refers to activities performed by companies in BiH or Out of the Country in connection with:

a) import of raw materials, semi-finished products or finished products,

b) export of raw materials, semi-finished products or finished products,

- c) export of equipment Out of the Country and installing and providing maintenance service to such equipment Out of the Country.

II - ENCOURAGEMENT AND FINANCING OF THE EXPORT

Article 3

(Principles)

- (1) Encouragement of export and promotion of economic relations with foreign countries shall be based on the following principles:
 - a) precisely defined criteria for credit financing;
 - b) single criteria for issuance of guarantees for ensuring export contracts;
 - c) single access to providing information and performing agency services;
 - d) establishing single criteria for the issuance of export insurance policies.
- (2) The Agency shall be obliged to ensure that each company concerned in has the access to information in the whole of the territory of Bosnia and Herzegovina which the Agency defines as the result of the principles referred to in Paragraph 1 of this Article.

III - ESTABLISHMENT, ORGANIZATION AND ACTIVITIES OF THE AGENCY

Article 4

(Establishment)

- (1) The Export Credit Agency of Bosnia and Herzegovina shall be founded by this Law.
- (2) The founder of the IGA is Bosnia and Herzegovina with its Entities which ensure the initial capital in proportion with the amount of funds of the World Bank and funds of donors under the Emergency Industrial Restart Project and the Enterprise Export Facility Project withdrawn during their implementation until 31 December 2004, inclusive.
- (3) The Agency shall be an independent, non-deposit and non-profit legal entity with full authorizations, and shall operate in compliance with principles of liquidity and ensuring the business operations with no loss.
- (4) The Agency shall be authorized to independently sign contracts, to procure and handle movables and real property, and to be a party in a dispute.
- (5) Provisions of the Law on Civil Service in the Institutions of Bosnia and Herzegovina shall not be applied to the Agency staff members.
- (6) Employment and promotion of the Agency employees shall be based on a public competition and professional ability, in accordance with Rule Book on internal organization and job systematisation of the Agency.
- (7) Structure of the Agency employees shall reflect the ethnic structure of the population of BiH in accordance with last Census.

Article 5

(Head Office, name and set-up of the Agency)

- (1) The Agency shall be based in Sarajevo, and shall have its branch offices in Mostar and Banja Luka. The Agency may subsequently open appropriate branch offices in other towns of the country provided that those branch offices are financially viable as of the time of their foundation.
- (2) The abbreviated name of the Export Credit Agency shall be IGA.
- (3) The Agency shall have a stamp including the abbreviated name of the Export Credit Agency, Head Office and the coat-of-arms of BiH.
- (4) Each branch office shall have an identical stamp including the abbreviated name of the Export Credit Agency, name and seat of the branch office and the coat-of-arms of the Country.
- (5) The stamp of the Agency shall be made in compliance with the Law on Stamps of the Institutions of Bosnia and Herzegovina.

Article 6

(Activities of the Agency)

- (1) Within its activities in the Country, the Agency shall perform the following duties:
 - a) Directly:
 - 1) issuance of guarantees for the purpose of ensuring the implementation of the export contracts;
 - 2) credit insurance of domestic and foreign trade operations;
 - 3) support for factoring;
 - b) Through banks and other financial institutions:
 - 1) credit financing of the leasing of equipment and means of transportation in foreign countries;
 - 2) long-term credit financing of domestic companies for the performance of construction works Out of the Country, financing of precontractual activity in such projects;
 - 3) short-term and long-term financing of the preparation and performance of export;
 - 4) re-financing of short-term and long-term export credits approved by banks or other financial institutions;
 - 5) insuring and re-insuring of export projects and investments of BiH companies Out of the Country whereby insurance and re-insurance are carried out against commercial and non-commercial risks in a form of compensation for losses arisen in an insured projects.
- (2) Within the operations with foreign payment facilities, the Agency shall perform the following duties:
 - a) grant the credits and depositing of funds with financial institutions and export companies which participate in a project related to export activities of BiH;
 - b) provide assistance to foreign banks or foreign companies which borrowed the funds or deposited the funds with financial institutions and export companies which participate in projects of support for the

export companies for the purpose of fulfilling the obligations towards those foreign banks or foreign companies;

c) receive loans and donations from governmental and non-governmental sources, local and foreign, including regional and international organizations;

d) provide agency service in financing, leasing, investing in trade and in ensuring the transactions related to a guarantee;

e) provide agency service and undertake other activities which refer to or are in connection with the above activities of the Agency;

f) provide information to foreign banks and foreign companies that show interest in entering into business transactions with companies and banks in BiH referring to companies and banks in BiH;

g) issue guarantees against political risk to foreign investors and traders who finance companies in BiH which includes but is not limited to the sale of guarantees for local and foreign currency against political risks defined beforehand to foreign investors and traders who finance the insurance of working capital and other types of production investments.

Article 7

(Independence)

The Agency shall be independent in managing its business operation in accordance with this Law.

Article 8

(Immunity of the Agency from Taxation)

Property, assets and profit of the Agency, as well as its transactions shall be exempt from the sales tax on services referring to the activities of the Agency (Value Added Tax - VAT, when it has been established) and profit tax.

Article 9

(Charter of the Agency)

(1) The Charter of the Agency shall regulate the following:

a) organization and procedure for the Agency's operation;

b) responsibilities and procedure for the Agency's work;

c) authorization for the Agency's representation;

d) rights, obligations and responsibilities of persons who execute duties and tasks with special authorizations;

e) financial operation and reporting.

IV - MANAGEMENT AND ADMINISTRATION OF THE AGENCY

Article 10

(Board of Directors)

- (1) The Board of Directors shall consist of five members. Two members shall be on behalf of each of the entities and one member shall be from the BiH institutions.
- (2) The election and appointment of members of the Board of Directors shall be carried out by the Council of Ministers of Bosnia and Herzegovina on the proposal of governments of the Entities and the relevant ministry of Bosnia and Herzegovina under the principle of the representation of the constituent peoples of Bosnia and Herzegovina.
- (3) Members of the Board of Directors must be the persons who enjoy a high reputation as experts in finances or banking or insurance.
- (4) Members of the Board of Directors shall appoint a chairperson and a deputy chairperson of the Board of Directors from among the elected members.
- (5) Individuals who are nominated as members of the Board of Directors shall be obliged to present a written evidence of their qualification and a receipt of the acceptance of position in case of the appointment.
- (6) Term of office of members of the Board of Directors shall be four years. The term of office may be renewed for another term of four years. Therein, the following fact shall be taken into account: at least two members from the previous term shall remain in the succeeding one.
- (7) Members of the Board of Directors of the Agency cannot hold executive position nor can be members of a supervisory board or a board of directors of any other legal entity during the term of office.

Article 11

(Removal and Dismissal of Members of the Board of Directors)

- (1) The Board of Directors shall be obliged to notify the Council of Ministers of Bosnia and Herzegovina about the criminal or illegal action by any member of the Board of Directors and propose his/her removal.
- (2) A member of the Board of Directors can be dismissed from duty even before the end of his/her term of office on his personal request with the approval of the Board of Directors.
- (3) In the event that a member of the Board of Directors is dismissed or removed or that, for death or other reason, he has ceased to execute his/her duty within the period of more than 30 days until the expiry of the period for which he/she was appointed, the Council of Ministers of BiH shall appoint a new member of the Board of Directors in compliance with provisions of this Law. The new member of the Board of Directors shall execute his/her duties in the period until the expiry of the term of his/her predecessor.

Article 12

(Sessions of the Board of Directors)

- (1) Sessions of the Board of Directors shall be held as necessary, but they must be held at least once in each quarter of a calendar year.
- (2) The Board of Directors shall prepare a schedule of its meetings to ensure that meetings of the Board of Directors are held on a regular basis alternately in locations of the organizational units of the Agency.
- (3) Sessions of the Board of Directors shall be convoked by a chairperson. The chairperson shall also convoke a special session upon request of Director of the Agency or at request of two members of the Board of Directors no later than 14 days as of receipt of such request. Otherwise, the person who submitted the request shall be authorized to convoke a special session.

- (4) A written invitation to a session of the Board of Directors, which includes a date, time of its beginning, place of its holding and agenda, shall be sent to members of the Board of Directors no later than seven days before the date of holding the session. Papers relevant for each item of the agenda shall be attached to the invitation to the session.
- (5) Persons who are not members of the Board of Directors can attend a session only if they have a written invitation of a chairperson.
- (6) Sessions of the Board of Directors shall be held if there is a quorum made up of the majority of the total number of members of the Board of Directors, implying the presence of at least one member of the Government from each Entity.
- (7) The Board of Directors shall issue the Rules of Procedure that will specify matters to be decided by consensus or by the majority of members of the Board of Directors present.
- (8) Chairperson, Deputy Chairperson or members of the Board of Directors shall not vote for issues related to him/her personally.
- (9) Director of the Agency and Directors of branch offices shall be present at each session of the Board of Directors, but shall not have the right to vote. Chairperson can decide that Director of the Agency and Directors of branch offices do not attend a session of the Board of Directors, but in such case he/she must explain such decision to Director of the Agency and Directors of the branch offices as well as the Board of Directors.
- (10) As suggested by Director, the Board of Directors of the Agency can appoint advisors to the Board of Directors. The advisors may be appointed from among founders or donors.

Article 13

(Activities of the Board of Directors)

- (1) The Board of Directors shall:
- a) appoint the Management of the Agency and managers of the other organizational units;
 - b) pass the Charter of the Agency and other by-laws of the Agency;
 - c) pass all the regulations, policies, instructions and compensations for management and operation of the Agency in compliance with this Law, laws of the Country or in compliance with practice of a sound management;
 - d) pass, as suggested by Director and Deputy Director, a financial plan and a plan of the IGA's activities and adopt an annual report and report on activities;
 - e) approve, as suggested by the Management of the Agency, salaries and benefits for all employees of the Agency, unless it is otherwise prescribed by BiH laws or regulations;
 - f) pass all the necessary regulations and instructions referring to activities of the Board of Directors;
 - g) decide on necessary professional qualification of the Management of the Agency and other managerial offices;
 - h) approve annual appointment of an external auditor of the Agency as suggested by the Management of the Agency.

Article 14

(Reporting and Supervision)

- (1) The Board of Directors shall be responsible for the supervision of the operations of the Agency.
- (2) The Board of Directors shall be obliged to adopt an annual report on activities and a financial plan for the next year within three months from the end of a calendar year and to send it within this time limit to the "Official Gazette of BiH" for promulgation.
- (3) The Board of Directors shall be obliged to submit a report on its activities to the Council of Ministers of Bosnia and Herzegovina and Parliamentary Assembly of Bosnia and Herzegovina at least once a year.
- (4) The annual financial-accounting report shall be a subject of an international auditing.
- (5) The Board of Directors shall be obliged to submit an annual report on activities together with a financial plan for the next year and an international finance auditor's report to the Presidency of Bosnia and Herzegovina and a relevant ministry as information within three months from the end of a foregoing calendar year.

Article 15

(Inter-Ministry Council)

- (1) Director and Deputy Directors of the IGA shall be obliged to semi-annually submit information about the IGA operations to the Inter-Ministry Council.
- (2) Inter-Ministry Council shall consist of:
 - a) Minister of Finance and Treasury of BiH;
 - b) Minister of Foreign Trade and Economic Relations of BiH;
 - c) Two representatives of Governments of each Entity from among ministers of relevant ministries.
- (3) Inter-Ministry Council shall review the submitted information and shall pass binding guidelines for the IGA work.

Article 16

(Management)

- (1) Management shall consist of Director General and two Deputies to the Director General.
- (2) The Board of Directors shall elect and appoint members of the Management under the principle of the representation of all constituent peoples of BiH.
- (3) The Management of the Agency shall be appointed for the period of four years.
- (4) Re-appointment shall not be limited by the number of appointments, but the appointment procedure must be repeated each time.
- (5) Any position of the Management can be vacant no longer than 60 days as of the date of its vacancy.

(6) In the event that the Board of Directors has not appointed a member to any position in the Management within the time limit given, the Board of Directors shall carry out a provisional appointment until a final election and an appointment.

(7) Persons appointed pursuant to the paragraph (6) of this Article shall have full authority arising from these positions in compliance with provisions of this Law.

(8) At the time of the appointment and during their term of office, members of the Agency's Management shall not be in matrimonial relation or blood consanguinity up to the third degree of consanguinity with a member of the Board of Directors of the Agency.

(9) The Management of the Agency shall be obliged inform the Board of Directors of the Agency in writing about the interests referred to in paragraph (8) of this Article pertaining to them or persons who are related to them.

(10) The Management of the Agency shall be forbidden to hold managerial positions and to be members of the Board of Directors of the legal entity which is a co-founder of the Agency within two years upon the end of employment at the Agency without previous written approval by the Board of Directors.

Article 17

(Rights and Obligations of the Management)

(1) The Director General shall preside over Management of the Agency, represent and stand for the Agency, manage the work of the Agency and shall be responsible for the operations of the Agency.

(2) The Management shall do the following activities:

a) propose all by-laws, rules, instructions and alike to the Board of Directors which are approved and adopted by the Board of Directors;

b) represent the Agency in dealings with clients and any other institutions;

c) implement policies and any other decisions by the Board of Directors;

d) finalize and approve appropriate professional qualification of the Agency's staff members below the level of Directors of the Branch Offices;

e) decide on the commencement of employment and termination of employment of all employees below the level of Directors of the Branch Offices in consultations with Directors of the Branch Offices;

f) suggest salaries and benefits for all employees of the Agency to the Board of Directors;

g) suggest the selection of an Agency's external auditor to the Board of Directors.

(3) Each branch office shall be headed by one of Deputy Directors.

(4) The Board of Directors shall decide on the appointment of a Deputy Director as a head of a particular branch office.

(5) Deputy Director shall be responsible for the work performance of a branch office headed by himself/herself.

(6) Director General of the Agency may delegate his/her authorities to any of his/her Deputies in case of his/her absence on business or on any other base.

(7) Director General of the Agency may delegate any duty referred to in paragraph (6) of this Article to his/her Deputy in the form of an individual authority or as an authority that is shared by him/her with the Management of the Agency.

(8) Any authority referred to in paragraph (7) of this Article shall be in writing.

(9) Any authority can be withdrawn at any time. Such authority shall come into effect immediately upon receipt of an appropriate notice on it in writing.

(10) Director General of the Agency shall be obliged to permanently notify his/her Deputies on all the aspects of the Agency's operations in order that the Deputies could without any difficulties begin to execute the duties which are delegated to them through such authority.

(11) The Management of the Agency shall participate in the activities of the Board of Directors, but shall not have the right to vote on the Board of Directors.

(12) The Management of the Agency shall be accountable to the Board of Directors for their work.

(13) The Management of the Agency consults Directors of the Branch Offices and the other respective staff members of the Agency when they pass decisions in respect of the Agency's operation or when they prepare suggestions for the Board of Directors. All decisions and suggestions constitute final authority and responsibility of the Director of the Agency.

Article 18

(Business Secret)

(1) Members of the Agency Board of Directors, Agency Management, all the Agency employees, and all the other persons hired by the Agency to do their respective duties, and all the other persons who work on provisional basis shall be obliged to keep a business secret and each piece of information they obtain in the course of their service.

(2) Obligations referred to in paragraph (1) of this Article shall last even upon the termination of the state of being employed at, hired by or being a member of the Board of Directors or upon the termination of any other kind of job in the Agency.

(3) Business secret shall be applied unless it is otherwise prescribed by Law.

V - FINANCIAL OPERATIONS

Article 19

(Financing of the Agency)

(1) Operating costs of the Agency harmonized with the financial plan shall be financed out of incomes from benefits, donations and incomes from investments from the Agency's capital.

(2) Annual surplus incomes against expenditures of the Agency shall be allocated in compliance with decision of the Board of Directors.

Article 20

(Calculation of surplus income and net loss)

Under the international accounting standards, and on the ground of business net incomes or losses (including realized losses and profits) and net unrealized estimated profits or losses, the Agency shall

calculate surplus income or net loss upon passing decisions on dubious and questionable accounts receivable and amount of amortization.

Article 21

(Allocation of the surplus income)

- (1) If the Agency realizes a surplus income during any financial year, the surplus income realized in such way shall be allocated by the Agency's Board of Directors:
 - a) to the Fund for reserves of insurance policies which is established by a decision of the Board of Directors and which is needed for the increase of the amount of reserves up to the level that is equivalent to the amount of policies issued and can be used only for the compensation of the loss arising from policies issued – a risk taken;
 - b) to a special reserve which is established by the Board of Directors and which can be used only on the ground of a unanimous decision of the Board of Directors.

Article 22

(Covering of +the net losses)

- (1) If the Agency makes a net loss in any financial year, such loss shall be paid as follows:
 - a) a loss arising from issued insurance policies shall be covered from the Fund established pursuant to item a) of Article 22 laid down in this Law;
 - b) a loss arising from the Agency's operation based on other activities, except for issuing of insurance policies, shall be covered from the special reserve.

VI - TRANSITIONAL AND FINAL PROVISIONS

Article 23

(Transfer of rights and obligations)

- (1) Funds, rights and obligations and Agency's staff members employed to issue guarantees against political and war risk to foreign investors and traders of the IGA d.o.o. Sarajevo (hereinafter referred to as the IGA) shall be transferred to the Agency as of the date of coming this Law into effect.
- (2) The Agency shall be a legal successor of the IGA.
- (3) The IGA shall be obliged to prepare necessary financial and accounting reports within 60 days as of the date of coming this Law into effect for the purpose of its entering into a register which clearly specifies the Agency's founding capital and all the other necessary financial indicators.

Article 24

(Registration)

- (1) The Agency shall be registered in accordance with the Law on registration of legal entities established by institutions of Bosnia and Herzegovina.
- (2) The Agency must be registered in compliance with provisions of this Law no later than 90 days as of the date of coming this Law into effect.

Article 25

(Accountability in transitional period)

- (1) The Council of Ministers of Bosnia and Herzegovina shall be accountable for appointing the Agency's Board of Directors within 60 days as of the date of coming this Law into effect.
- (2) The Board of Directors of the Agency shall appoint Director of the Agency and Directors of the Branch Offices within 60 days as of the date of appointing the members, but not later than six months as of the date of coming this Law into effect.
- (3) The Management of the IGA shall execute the managerial duties of the Agency until the election of the Agency's Management pursuant to provisions of this Law.

Article 26

(Coming into effect)

- (1) Decision on the foundation of the Agency for issuing guarantees against political and war risk to foreign investors and traders (IGA) SM Number 011-286/97 of 28 October 1997 shall not be applicable as of the date of coming this Law into effect.
- (2) This Law shall come into effect on the date of its promulgation in the "Official Gazette of BiH".

PSBiH Number 132/04
23 December 2004
Sarajevo

Speaker
House of Representatives
Parliamentary Assembly of BiH
Šefik Džaferović

Speaker
House of Peoples
Parliamentary Assembly of BiH
Goran Milojević

*I hereby confirm that this document is a true translation of the original written in Bosnian Language.
Sarajevo, 22 December 2008*

*TRANSLATOR'S NOTE: Translation of the Law made from the Official Gazette
BD97*

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