

**AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF THE REPUBLIC OF AUSTRIA  
REPRESENTED BY THE FEDERAL MINISTER OF FINANCE**

**AND**

**THE COUNCIL OF MINISTERS OF BOSNIA AND HERZEGOVINA  
REPRESENTED BY THE MINISTRY OF FINANCE AND TREASURY**

**ON**

**FINANCIAL CO-OPERATION**

The Government of the Republic of Austria represented by the Federal Minister of Finance and the Council of Ministers of Bosnia and Herzegovina represented by the Ministry of Finance and Treasury, hereunder called the "Contracting Parties",

- desiring to promote further the close and friendly relations existing between their two countries,

- desiring to develop, extend and deepen the successful co-operation in the financial field,

- desiring to contribute to the reconstruction of the infrastructure,

have agreed as follows:

### **Article 1**

The Contracting Parties will endeavour, within the framework of their respective existing laws, regulations and policies as well as their international obligations to promote and expand financial co-operation.

### **Article 2**

For the purpose of promoting and expanding financial co-operation, the Austrian Federal Minister of Finance, is prepared to support the granting of tied aid credits on concessional terms, refinanced by Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (OeKB) under its export financing scheme.

An indicative financial framework of up to EUR 25,000,000 (Euro twenty five million) is envisaged on an exceptional basis for a period of two years from the date of entry into force of this Agreement.

### **Article 3**

The terms and conditions of the loans will be set in conformity with international obligations resulting from the "Arrangement on Officially Supported Export Credits" under the auspices of the OECD. Accordingly, the concessionality level will be at least 35 %, regardless the tied aid credit takes the usual form of a pre-mixed credit or on an exceptional basis the form of a mixed credit.

The eligibility of projects to be financed will be appraised taking into consideration the ex-ante guidance gained under the "Helsinki" tied aid disciplines, as well as applicable national allocation criteria. Projects in the field of health, infrastructure, water and education and others might be eligible.

The Contracting Parties note that the terms and conditions are subject to change due to the annual resetting of the discount rate under the auspices of the OECD, and may be further subject to change due to the OECD country risk classification and due to national Austrian risk considerations. The Austrian terms and conditions for a specific soft loan are those applicable at the date of commitment. As per December 1, 2005, concessional credits carry a tenor of 15 years, including a grace period (starting 6 months after Berne Union Starting Point) of 5 years, an interest rate of 0,90% p.a. and an indicative guarantee charge of 2,715 % p.a. Alternatively, concessional credits with a tenor of 12 years, including a grace period of 4,5 years (starting 6 months after Berne Union Starting Point), may be realized carrying an interest rate of 0 % p.a. and an indicative guarantee charge of 2,494 % p.a.

Additionally, a grant out of official funds may be allocated on a case-by-case basis to partially compensate the guarantee charges.

### **Article 4**

Loan agreements refinanced by OeKB are negotiated directly between a commercial bank as lender and Bosnia and Herzegovina, represented by the Ministry of Finance and Treasury, as borrower.

### **Article 5**

The inclusion of projects into this Agreement according to Article 2 to be financed under the loans shall be agreed upon through exchange of letters between the Ministry of Finance of

Bosnia and Herzegovina and the Federal Ministry of Finance of the Republic of Austria. It shall be effected in a consecutive manner during a period of 24 months starting from the date of the entry into force of the present Agreement. Projects under negotiation before the entry into force of the present Agreement may be included.

### **Article 6**

The loans granted are to be utilized for the purchase of Austrian goods and services, which may include up to 30 % of capital goods and related services originating outside Austria.

### **Article 7**

The Ministry of Finance and Treasury of Bosnia and Herzegovina hereby irrevocably and unconditionally guarantees the fulfilment of all payments resulting from Austrian concessional loans. The Ministry of Finance and Treasury of Bosnia and Herzegovina hereby irrevocably waives any claim to immunity it might be entitled to in respect of payments guaranteed under this Agreement.

### **Article 8**

All payments in connection with concessional loans shall be exempted from all taxes and duties imposed by Bosnia and Herzegovina.

### **Article 9**

The Contracting Parties will on an annual basis or whenever deemed necessary by the Contracting Parties review progress, agree on a pipeline for projects to be financed under this Agreement, and agree on any other matter arising.

### **Article 10**

In order to evaluate the use of the concessional credits granted under this Agreement and the sustainability of the corresponding projects, Bosnia and Herzegovina will facilitate the provision of all necessary documentation for evaluation, auditing and monitoring of the projects.

### **Article 11**

Any disputes between the Contracting Parties concerning the interpretation and/or implementation of this Agreement shall be settled amicably through diplomatic channels.

### **Article 12**

The provisions of the present Agreement will enter into force on the first day of the month following the month in which the Contracting Parties have notified each other of the fulfilment of all procedures necessary in their respective country. The present Agreement shall be concluded for a period of two years.

Done in two originals, both in English language.

For the Government of the  
Republic of Austria, represented  
by the Federal Minister of Finance:

Karl-Heinz Grasser m.p.

Vienna, 9 March 2006

For the Council of Ministers of  
Bosnia and Herzegovina,  
represented by the Ministry of  
Finance and Treasury:

Ljerka Marić m.p.

Sarajevo, 30 March 2006