

BOSNIA AND HERZEGOVINA
-
EUROPEAN INVESTMENT BANK

FRAMEWORK AGREEMENT

between

BOSNIA AND HERZEGOVINA

and the

EUROPEAN INVESTMENT BANK

governing EIB's activities in Bosnia and Herzegovina

Luxembourg, 17 December 2007

Sarajevo, 27 DECEMBER 2007



BOSNIA AND HERZEGOVINA, represented by the Minister of Finance, Mr Dragan Vrankić, on the one part, and

the **EUROPEAN INVESTMENT BANK**, represented by the the Vice-President, Mr Dario Scannapieco, on the other part,

Desiring, within the framework of the Decisions of the Council of the European Union and/or of the governing bodies of the European Investment Bank (hereinafter referred to as "**the Bank**") to facilitate the financing by means of loans, guarantees and other instruments by the Bank for investment projects of interest to Bosnia and Herzegovina and for that purpose to extend certain protection to such projects and to ensure certain rights and privileges for the Bank,

HAVE AGREED AS FOLLOWS:

ARTICLE 1 **Definitions**

For the purposes of this agreement (hereinafter "**Agreement**"):

"**Beneficiary**" (or collectively "**Beneficiaries**") means any person, whether Bosnia and Herzegovina itself, a natural person or a person established under private or public law, receiving the benefit of financing by means of a loan, a guarantee or other instruments provided by the Bank for any Project, including but not limited to a borrower from the Bank, its guarantor, a lender guaranteed by the Bank and its borrower or an owner of a Project;

"**Project**" (or collectively "**Projects**") means any investment project, which the Bank finances directly or through an intermediary or benefits from a loan which is guaranteed by the Bank, and which satisfies the following criteria:

- (i) it is located in, or its financing by the Bank is effected in or through, the territory of Bosnia and Herzegovina, and
- (ii) the Council of Ministers of Bosnia and Herzegovina requests the financing of the Bank for it or acknowledges that the financing falls within the scope of this Agreement,

where the Bank agrees to the financing on a date after the date of entry into force of this Agreement or expressly in expectation of its execution or entry into force;

"**Tax**" means any tax, imposition, duty, levy, withholding or fiscal charge whatsoever, whether national, regional, local, direct or indirect, or imposed by or within Bosnia and Herzegovina.

ARTICLE 2 **The Bank's Activity**

The Bank may freely pursue within the territory of Bosnia and Herzegovina the activities envisaged by its Statute including but not limited to the granting of loans and/or guarantees for the financing of a Project and/or the borrowing of funds under the laws and regulations of Bosnia and Herzegovina, by means of all instruments permitted thereby, and the holding, use and disposal of such funds and the operation of accounts in any currency. In particular it may, on the basis of its appraisal of a Project, decide whether, and on which terms and conditions, to grant a loan and/or a guarantee in support of it.

KS

R

ARTICLE 3
Taxation of the Bank

Interest and all other payments due to the Bank and arising out of activities envisaged by this Agreement, as well as revenues of the Bank connected with such activities and the assets of the Bank, shall be exempt from Tax. No activity of the Bank in the territory of Bosnia and Herzegovina envisaged by this Agreement shall, of itself, render the Bank or its assets subject to Tax.

ARTICLE 4
Currency Convertibility

Throughout the life of any financial operation concluded pursuant to Article 2 of this Agreement Bosnia and Herzegovina shall:

- (a) ensure: (i) that Beneficiaries may convert into any fully convertible currency, at the prevailing market exchange rate, the amounts in the national currency of Bosnia and Herzegovina necessary for the timely payment of all sums due to the Bank in respect of loans and guarantees in connection with any Project; and (ii) that such amounts shall be freely, immediately and effectively transferable outside the territory of Bosnia and Herzegovina in accordance with the terms of the relevant contractual or other instrument;
- (b) ensure: (i) that the Bank may convert into any fully convertible currency, at the prevailing market exchange rate, the amounts in the national currency of Bosnia and Herzegovina received by the Bank by way of payments arising in respect of loans and guarantees or any other activity and that the Bank may freely, immediately and effectively transfer the amounts so converted outside the territory of Bosnia and Herzegovina to such bank accounts as the Bank may freely determine; or, at the Bank's option, (ii) that it may freely dispose of such amounts within the territory of Bosnia and Herzegovina; and, (iii) that the Bank may convert into the national currency of Bosnia and Herzegovina, at the prevailing market exchange rate, any amounts denominated in any fully convertible currency.

ARTICLE 5
Treatment of Projects

Bosnia and Herzegovina shall ensure that Projects, as well as contracts awarded for the execution thereof, benefit, in respect of fiscal, customs and other matters, from treatment no less favourable than that which is accorded to projects or contracts financed and/or guaranteed by any international financial institution or accorded under any bilateral agreement in respect of such matters or under national legislation, whichever is the most favourable.

Bosnia and Herzegovina shall grant to each Project full and constant protection and security against expropriation and strife insofar as is necessary to preserve the capacity of the Project to generate income which is necessary to service the debt incurred in connection with the Project.

ARTICLE 6
Public Tendering

The Bank may make its financing of Projects conditional upon the arrangements for participation in tenders and other competitive procedures for the award of contracts being in accordance with the Bank's rules and procedures in force from time to time.

K

R

ARTICLE 7
The Bank's Status and Treatment

The Bank shall enjoy full juridical personality in the territory of Bosnia and Herzegovina, including in particular the capacity to contract, to acquire and dispose of movable and immovable property and to be party to legal proceedings.

The Bank shall enjoy in respect of its activities in the territory of Bosnia and Herzegovina the treatment accorded to the international institution which is most favoured in respect of any such activity or, if that is more favourable, the treatment accorded under any international agreement covering such activities.

In particular, the Bank shall have free access to the national financial market in Bosnia and Herzegovina, and its obligations and securities and other comparable financial instruments shall be treated on terms, including terms as to Tax treatment, at least as favourable as those accorded to public bodies of Bosnia and Herzegovina, including, but not limited to, Bosnia and Herzegovina itself, and the most favoured international financial institution.

ARTICLE 8
The Bank's Privileges and Immunities

The assets of the Bank shall be exempt:

- (a) from search and all forms of expropriation;
- (b) from the levy or imposition of any measure of execution or distraint prior to the award of a final, unappealable judgement against the Bank, rendered by a court of competent jurisdiction.

Representatives of the Bank, while they are engaged in activities connected with or in implementation of this Agreement, shall enjoy at least the following immunities and privileges:

- (a) immunity from legal and administrative proceedings including, but not limited to, immunity from any form of arrest or detention in respect of acts performed by them in their official capacity, except in cases where the Bank waives such immunity;
- (b) diplomatic privileges and facilities accorded by Bosnia and Herzegovina for official communications, for the transmission of documents and travel.

Bosnia and Herzegovina hereby recognizes the *laissez-passer* issued by the President of the Bank to its officials and other servants as valid travel documents, and shall exempt these persons from immigration restrictions and alien registration formalities.

ARTICLE 9
Settlement of Disputes over Activities of the Bank

Bosnia and Herzegovina undertakes, in respect of any dispute arising between the Bank and a Beneficiary or any third party regarding the activities of the Bank envisaged by this Agreement : (i) to ensure that the courts of Bosnia and Herzegovina have the authority to recognise a final decision delivered by due process by a court or tribunal of competent jurisdiction, including the Court of Justice of the European Communities or any national court of a Member State of the European Community (hereinafter "**EC**"); and (ii) to ensure the execution of any such decision in accordance with its applicable national rules and procedures.




ARTICLE 10

Subrogation

The rights conferred on the Bank by this Agreement may be enjoyed and exercised: (i) by the Bank both in its own name and, to the extent that the EC has made payment to the Bank in respect of any guarantee or insurance concerning any activity envisaged by this Agreement, as representative of the EC; or (ii) as the case may be, by the EC itself by virtue of a right of subrogation.

ARTICLE 11

Co-operation

Bosnia and Herzegovina agrees to aim to respond in general within thirty (30) days to requests made by the Bank for its acknowledgement that a Project falls within the scope of this Agreement. Bosnia and Herzegovina furthermore undertakes to inform the Bank in a timely manner of any measure or proposed measure on its part, or of any other circumstance, such as may be reasonably expected to affect materially the rights and interests of the Bank under this Agreement.

ARTICLE 12

Settlement of Disputes over this Agreement

Any dispute, disagreement, controversy or claim arising in connection with the existence, validity, interpretation, implementation or termination of this Agreement (together referred to as a "**Dispute**") shall to the extent possible be settled by agreement between Bosnia and Herzegovina and the Bank.

If the Dispute cannot be amicably settled by Bosnia and Herzegovina and the Bank within sixty (60) days of the notification of the Dispute by either of those parties, the Dispute shall be settled by final and binding arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration involving International Organizations and States in effect at the date of this Agreement, by application of the provisions of this Agreement, as supplemented by the applicable rules of international law. The parties may, however, agree to replace this procedure by another.

The number of arbitrators shall be three. The language of the arbitral procedure shall be English. The arbitration proceedings shall take place in the Hague, the Netherlands. The nominating authority shall be the Secretary-General of the Permanent Court of Arbitration.

Unless otherwise agreed, all submissions shall be made and all hearings shall be completed within six (6) months of the constitution of the arbitral tribunal. The tribunal shall render its decision within sixty (60) days following the delivery of the final submissions.

The submission of a Dispute to settlement by arbitration does not imply the waiver by the Bank of any privilege or right of immunity under applicable law.

ARTICLE 13

Entry into force

This Agreement is an international agreement entering into force between the parties in accordance with the principles of international law on the date of the reception by EIB of a legal opinion issued by the Minister of Justice of Bosnia and Herzegovina confirming that this Agreement constitutes a valid and binding obligation of Bosnia and Herzegovina and that all necessary procedures required by law of Bosnia and Herzegovina to that effect have been accomplished. A copy of this Agreement shall be attached to such legal opinion.



Upon its entry into force this Agreement shall (i) replace the Framework Agreement governing EIB's activities in Bosnia and Herzegovina signed on 9 November 2000 between Bosnia and Herzegovina and the Bank which was ratified by the law published in the the Official gazette of BH - appendix "International contracts", No. V/I-5, dated 18 August 2001; and (ii) apply also to Projects previously covered by the said Framework Agreement.

ARTICLE 14 **Expiry**

This Agreement is concluded for an unlimited period of time.

The Bank may by notice to Bosnia and Herzegovina terminate this Agreement or release it from all or any of its obligations under this Agreement. Unless otherwise stated, the giving of any such notice shall not affect the rights and interests acquired by the Bank in respect of Projects and financial operations outstanding at the date of the notice.

Bosnia and Herzegovina may by a six (6) month prior notice to the Bank terminate this Agreement. The giving of any such notice shall not affect the rights and interests acquired by the Bank in respect of Projects and financial operations outstanding at the date of taking effect of such notice in the territory of Bosnia and Herzegovina.

The provisions of this Agreement may be modified by Bosnia and Herzegovina and the Bank by mutual agreement.

ARTICLE 15 **Disclosure**

Bosnia and Herzegovina agrees that disclosure of this Agreement to third parties involved in a Project under this Agreement is authorised and will not violate any applicable regulation or ruling of any competent governing body.

ARTICLE 16 **Address for Communications**

The parties agree that any communication arising in the course of the operation of this Agreement may be addressed to their respective addresses set out as follows:

for Bosnia and Herzegovina:

Ministarstvo finansija i trezora
Trg Bosne
I Hercegovine br. 1
71000 Sarajevo
Bosnia and Herzegovina

for the Bank:

100 Boulevard Konrad Adenauer
L-2950 Luxembourg.

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have caused this Agreement to be executed in three (3) originals in the English language and have respectively caused Mr Miroljub Krunić, Assistant Minister, on behalf of Bosnia and Herzegovina, and Mr Matteo Rivellini, Legal Counsel, on behalf of the Bank, to initial each page of this Agreement.

Luxembourg, 17 December 2007
Sarajevo, 27 DECEMBER 2007

Signed for and on behalf of the
BOSNIA AND HERZEGOVINA

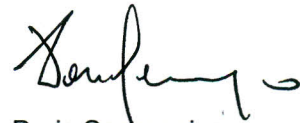
The Minister of Finance



Dragan Vrankić

Signed for and on behalf of the
EUROPEAN INVESTMENT BANK

The Vice-President



Dario Scarnapiego