Financing Agreement

(Land Registration Project)

between

BOSNIA AND HERZEGOVINA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 21, 2006
FINANCING AGREEMENT

AGREEMENT dated August 21, 2006, between BOSNIA and HERZEGOVINA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II - FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to ten million four hundred thousand Special Drawing Rights (SDR 10,400,000) ("Credit") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section VI of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Credit Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are January 15 and July 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.
ARTICLE III - PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause: (a) Part 1 of the Project to be carried out by the Federation; and (b) Part 2 of the Project to be carried out by the Republika Srpska, in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) Either Entity shall have failed to perform any of its obligations under its respective Project Agreement or Subsidiary Agreement;

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that either Entity shall be able to perform its obligations under its respective Subsidiary Agreement; and

(c) GTZ has suspended, terminated or otherwise ceased to perform, in whole or in part, its technical assistance to or for the benefit of the Recipient in connection with land administration and/or registration reform under the Project, or GTZ has failed to perform any obligation under the Memorandum of Understanding.

4.02. The Additional Event of Acceleration consists of the following:

Any event specified in paragraph (a) and (c) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V - EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) A Project Agreement has been executed on behalf of the Association and an Entity, on terms and conditions satisfactory to the Association;

(b) For the Entity referred to in paragraph (a) of this Section 5.01, a Subsidiary Agreement has been executed on behalf of the Recipient and the Entity concerned, on terms and conditions satisfactory to the Association; and

(c) The Memorandum of Understanding has been executed on behalf of each of the parties thereto, on terms and conditions satisfactory to the Association, and has become effective in accordance with its terms.
5.02. The Additional Legal Matters consist of the following:

(a) The Project Agreement referred to in paragraph (a) of Section 5.01 has been duly authorized or ratified by the Entity concerned and is legally binding on said Entity in accordance with its terms; and

(b) The Subsidiary Agreement referred to in paragraph (b) of Section 5.01 has been duly authorized or ratified by the Recipient and the Entity concerned and is legally binding upon the Recipient and said Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI - REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister of Finance and Treasury of Bosnia and Herzegovina.

6.02. The Recipient’s Address is:

Ministry of Finance and Treasury
Trg BiH 1
71000 Sarajevo
Bosnia and Herzegovina

Facsimile:

(387-33) 471-822
6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: Telex: Facsimile:
INDEVAS 248423 (MCI) or (202) 477-6391
Washington, D.C. 64145 (MCI)

AGREED at Sarajevo, Bosnia and Herzegovina, as of the day and year first above written.

BOSNIA AND HERZEGOVINA

By /s/ Ljerka Maric
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Dirk Reinermann
Authorized Representative
SCHEDULE 1
Project Description

The objective of the Project is to facilitate the orderly development of transparent land markets in Bosnia and Herzegovina, through the registration of real estate rights and complementary policies that enable transactions to be made with security and efficiency.

The Project consists of the following parts:

Part 1: The Federation

A. Registration

Improvement of the transparency, speed and accuracy of registering transactions, including:

1. Development of service standards, annual business planning and provision of public information, through the provision of technical assistance and goods;

2. Improvement of the working conditions and public reception areas at land registry offices, through the provision of civil works and goods;

3. Incorporation of apartments in the registration system, through the provision of technical assistance; and

4. Harmonization of cadastre records with land registry records, data entry and system integration, through the provision of technical assistance and goods.

B. Cadastre

Improvement of efficiency and speed of providing data on property units for owners wishing to register their property rights, including:

1. Improvement of the provision of data services, including:

   (a) Support for the development of service standards for providing cadastre data to users, including an e-commerce strategy for marketing of digital maps and cadastral data via the internet, through provision of technical assistance;

   (b) Support for the development of business planning for cadastral agencies, through the provision of technical assistance;

   (c) Support for the preparation of amendments to relevant regulations and improving procedure manuals necessary for outsourcing of cadastre operations, including those related to: (i) survey and mapping work required for cadastral purposes; (ii) licensing private sector cadastral surveyors; and (iii) public disclosure and registration of property rights in the Courts, through the provision of technical assistance and goods; and

   (d) Improvement of cadastre monitoring and quality control, through the provision of goods;

2. Systematic registration, mapping, and situation analysis in selected sites, through the provision of works;
3. Digitizing cadastral maps, through the provision of works; and
4. Development of information communications technology and the establishment of a uniform cadastre computer system, including technical assistance, financing telecommunications costs and provision of necessary equipment, through the provision of technical assistance and goods.

C. Policy Development and Project Management
1. Development of strategies and draft legislation required for removing the impediments to business development and economic growth that exist in the land administration sector, through the provision of technical assistance.
2. Support of Project management by the Federation LRU, through the financing of Operating Costs and technical assistance.

Part 2: Republika Srpska
A. Registration

   Improvement of the transparency, speed and accuracy of registering transactions, including:
1. Development of service standards, annual business planning and provision of public information, through the provision of technical assistance and goods.
2. Improvement of the working conditions and public reception areas at land registry offices, through the provision of civil works and goods.
3. Incorporation of apartments in the registration system, through the provision of technical assistance.
4. Harmonization of cadastre records with land registry records, data entry and system integration, through the provision of technical assistance and goods.
B. Cadastre

Improvement of efficiency and speed of providing data on property units for owners wishing to register their property rights, including:

1. Improvement of the provision of data services, including:
   (a) Support for the development of service standards for providing cadastre data to users, including an e-commerce strategy for marketing of digital maps and cadastral data via the internet, through provision of technical assistance;
   (b) Support for the development of business planning for cadastral agencies, through the provision of technical assistance;
   (c) Support for the preparation of amendments to relevant regulations and improving procedure manuals necessary for outsourcing of cadastre operations, including those related to: (i) survey and mapping work required for cadastral purposes; (ii) licensing private sector cadastral surveyors; and (iii) public disclosure and registration of property rights in the Courts, through the provision of technical assistance and goods; and
   (d) Improvement of cadastre monitoring and quality control, through the provision of goods.

2. Systematic registration, mapping, and situation analysis in selected sites, through the provision of works.

3. Digitizing cadastral maps, through the provision of works.

4. Development of information communications technology and the establishment of a uniform cadastre computer system, including technical assistance, financing telecommunications costs and provision of necessary equipment, through the provision of technical assistance and goods.

C. Policy Development and Project Management

1. Development of strategies and draft legislation required for removing the impediments to business development and economic growth that exist in the land administration sector, through the provision of technical assistance.

2. Support of Project management by the RS LRU, through the financing of Operating Costs and technical assistance.
SCHEDULE 2
Project Execution

Section I. Institutional Arrangements

The Recipient shall cause the Entities to carry out the Project in accordance with the following coordination mechanisms:

A. Project Implementation at the Entity Level

1. Part 1 of the Project shall be carried out by the Federation, through the Federation MOJ, and Part 2 of the Project shall be carried out by the Republika Srpska, through the RS MOJ.

2. The Federation MOJ and the RS MOJ shall be responsible for the overall implementation and management of the Entities’ respective parts of the Project, including the environmental management, financial management, and coordination among donors supporting the Project.

3. The LRUs, established within the Federation MOJ and the RS MOJ, respectively, shall be responsible for, inter alia:

   (a) Providing guidance to land registries on substantive and business management issues of land title registration, including development and monitoring of standards of service;

   (b) Day-to-day management of the Project implementation;

   (c) Monitoring and evaluation;

   (d) Procurement; and

   (e) Financial management and audits under the Project.

4. Each LRU shall comprise of at least one full-time permanent civil servant leading the day-to-day management of the implementation of the Entity’s respective part of the Project. The LRUs may also include additional civil servants seconded from the Federation MOJ and the Federation GA, or the RS MOJ and the RS GA, respectively, as well as additional short-term staff hired for the duration of the Project.
B. The Advisory Board at the State level

1. The Advisory Board shall be responsible for, *inter alia*:
   (a) Coordination among the Recipient, the Entities, and other parties involved in the implementation of the Project;
   (b) Providing advice and guidance to the LRUs regarding Project implementation and achievement of Project objectives;
   (c) Reviewing quarterly progress reports and other presentations of the LRUs and providing assessments of Project progress; and
   (d) Conducting land administration policy dialogue with representatives and advisors of the Association.

2. The Advisory Board shall comprise of:
   (a) The following representatives of the Federation:
      (i) One representative of the Federation MOJ;
      (ii) One representative of the Federation MOF;
      (iii) One representative of the Federation MUP; and
      (iv) One representative of the Federation GA;
   (b) The following representatives of the RS:
      (i) One representative of the RS MOJ;
      (ii) One representative of the RS MOF;
      (iii) One representative of the RS MUP; and
      (iv) One representative of the RS GA;
   (c) One representative of the MOFT;
   (d) One representative of the MOJ; and
   (e) One representative of the HJPC;

   with such changes to such composition as may be agreed at any time with the prior written approval of the Association.

3. The Advisory Board shall convene at least quarterly.

Section II. Implementation Covenants

1. The Recipient shall and shall cause the Entities to jointly maintain at all times during Project implementation, the Advisory Board referenced in paragraph 1 of Part B of Section I of this Schedule 2, with the composition, terms of reference and resources satisfactory to the Association.

2. The Recipient shall cause the Entities, through the Federation MOJ, and, as may be needed, the Federation GA, and through the RS MOJ and, as may be needed, the RS
GA, respectively, to maintain at all times during Project implementation, the LRUs, with terms of reference and resources satisfactory to the Association, and with competent staff in adequate numbers.

3. The Recipient shall cause the Entities, through the Federation MOJ and through the RS MOJ:

   (i) to implement the EMP and the respective FM Manual in accordance with their respective terms, and apply and implement, as the case may be, the criteria, policies, procedures and arrangements therein respectively set forth; and

   (ii) not amend or waive, or permit to be amended or waived the EMP or the respective FM Manual or any provision of any one thereof, except with the prior written approval of the Association.

4. Where buildings or dwellings have been constructed or occupied otherwise than in accordance with applicable laws or regulations of the Recipient or of the Entities, as the case may be, the Recipient shall cause each of the Entities to only record the buildings or dwellings in the cadastre and shall not register any ownership rights over the relevant land, unless and until such buildings or dwellings have been regularized in accordance with such applicable laws or regulations, in which case ownership rights over the buildings or dwellings, and the relevant land, shall be registered by the Entities in the land registry upon application of the occupier and fulfillment of the conditions prescribed by such laws or regulations.

5. The Recipient shall not and shall ensure that the Entities do not amend, suspend, abrogate, repeal or waive legislation affecting land administration so as to materially affect the performance of the Recipient or either of the Entities under the Project.

6. The Recipient shall cause each of the Entities, through the Federation MOJ, and through the RS MOJ, to prepare and approve by September 30, 2007, service standards, a human resources development strategy, and a business plan for continued operation of the registration service, satisfactory to the Association, and to implement them thereafter.

7. The Recipient shall prepare under terms of reference satisfactory to the Association, furnish to the Association by June 30, 2009, and review with the Association, a draft policy and strategy document for completion of the long term goals in land administration in Bosnia and Herzegovina.

Section III. Subsidiary Agreements

1. To facilitate the carrying out of Part 1 of the Project, the Recipient shall make part of the proceeds of the Credit available to the Federation under a subsidiary agreement between the Recipient and the Federation (“Federation Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include the following:

   (i) the Recipient shall relend to the Federation an amount in Euro equivalent to the amount of the Credit allocated from time to
time to Category A. (1) set forth in the table in paragraph 2 of Part A of Section VI of Schedule 2 to this Agreement;

(ii) the term of the Subsidiary Credit shall be twenty (20) years, including a 10-year grace period;

(iii) the Recipient shall charge the Federation a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;

(iv) the Recipient shall charge the Federation a service charge on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement; and

(v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in SDRs (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Financing Account on account of expenditures for the Project.

2. To facilitate the carrying out of Part 2 of the Project, the Recipient shall make part of the proceeds of the Credit available to the Republika Srpska under a subsidiary agreement between the Recipient and the RS (“RS Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include the following:

(i) the Recipient shall relend to the RS an amount in Euro equivalent to the amount of the Credit allocated from time to time to Category B. (2) set forth in the table in paragraph 2 of Part A of Section VI of Schedule 2 to this Agreement;

(ii) the term of the Subsidiary Credit shall be twenty (20) years, including a 10-year grace period;

(iii) the Recipient shall charge the RS a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;

(iv) the Recipient shall charge the RS service charge on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement; and

(v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in SDRs (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Financing Account on account of expenditures for the Project.
3. The Recipient shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive either of the Subsidiary Agreements or any of their respective provisions.

Section IV. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. (a) The Recipient shall cause the Entities to monitor and evaluate the progress of the respective Entity’s part of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association and to the Advisory Board not later than twenty one (21) days after the end of the period covered by such report.

   (b) The Recipient shall cause each of the Entities to:

      (i) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about March 31, 2009, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the respective Entity’s part of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the respective Entity’s part of the Project and the achievement of the objectives thereof during the period following such date; and

      (ii) review with the Association, by June 30, 2009, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain and cause the Entities to maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section IV, the Recipient shall cause each of the Entities to prepare and furnish to the Association not later than one (1) month after the end of each calendar quarter, interim un-audited financial reports for its Respective Part of the Project covering such quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient or such other period as agreed by the Association. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section V. Procurement

A. General

1. Goods, Works and Services (Other than Consultants’ Services). All goods, works and services (other than consultants’ services) required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and services (other than consultants’ services) shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and services (other than consultants’ services). The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the following additional provisions:</td>
</tr>
<tr>
<td>(1) Registration</td>
</tr>
<tr>
<td>(i) Bidding shall not be restricted to pre-registered firms;</td>
</tr>
<tr>
<td>(ii) Where registration is required, bidders: (1) shall be allowed a reasonable time to complete the registration process; and (2) shall not be denied registration for reasons unrelated to their</td>
</tr>
</tbody>
</table>
capability and resources to successfully perform the contract, which shall be verified through post-qualification; and

(iii) Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

(2) **Advertising**

Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.

(3) **Pre-qualification**

When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, and technical and financial requirements, shall be explicitly stated in the pre-qualification documents.

(4) **Participation by Government-owned enterprises**

Government-owned enterprises in Bosnia and Herzegovina, including those in the Federation and Republika Srpska, shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(5) **Bidding Documents**

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods, works or services, acceptable to the Association.

(6) **Bid Opening and Bid Evaluation**

(i) Bids shall be opened in public, immediately after the deadline for submission of bids;

(ii) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents; and
(iii) Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.

(7) **Price Adjustment**

Civil works contracts of long duration (more than eighteen (18) months) shall contain an appropriate price adjustment clause.

(8) **Rejection of Bids**

(i) All bids shall not be rejected and new bids solicited without the Association’s prior concurrence.

(ii) When the number of bids received is less than three (3), re-bidding shall not be carried out without the Association’s prior concurrence.

ECA Regional Sample Bidding Documents, modified as acceptable to the Association, shall be used.

(b) Shopping

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**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Consultants’ Qualifications Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
</tbody>
</table>
D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section VI. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions and of this Section and such additional instructions as the Bank may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Credit (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Part I of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Goods, works, consultants’ services and Operating Costs</td>
<td>6,100,000</td>
<td>88%</td>
</tr>
<tr>
<td>B. Part II of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, consultants’ services and Operating Costs</td>
<td>4,300,000</td>
<td>88%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>10,400,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section VI, no withdrawals shall be made:
(a) For payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed the equivalent of two hundred thousand Special Drawing Rights (SDR 200,000) may be made for payments made prior to this date but on or after December 1, 2005, for Eligible Expenditures; or

(b) Under Categories allocated to Part I or Part II of the Project unless:

(i) A Project Agreement between the Association and the Entity responsible for implementing Part I or Part II of the Project, as the case may be, has been executed, on terms and conditions satisfactory to the Association;

(ii) A Subsidiary Agreement between the Recipient and such Entity has been executed, on terms and conditions satisfactory to the Association; and

(iii) An opinion has been furnished to the Association stating that such Project Agreement and Subsidiary Agreement have been duly authorized or ratified by the parties thereto and are legally binding upon them in accordance with their respective terms.

2. The Closing Date is March 31, 2011.
**SCHEDULE 3**  
**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15:</td>
<td></td>
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<tr>
<td>commencing July 15, 2016 to and including January 15, 2026</td>
<td>5%</td>
</tr>
</tbody>
</table>

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.*
APPENDIX

Definitions

1. “Advisory Board” means the Advisory and Coordinating Board for Land Administration, as referred to in Section I. B of Schedule 2 to this Agreement.

2. “Category” means a category set forth in the table in Section VI of Schedule 2 to this Agreement.


4. “Entity” means the Federation or Republika Srpska (as these expressions are hereafter defined), as the case may be, and “Entities” refers to the Federation and Republika Srpska collectively.

5. “Environmental Management Plan” or “EMP” means the document dated November 16, 2005, prepared by the Recipient and approved by the Association describing the environmental issues, mitigation, monitoring and institutional measures for the Project, as the same may be amended and supplemented from time to time with the Association’s prior written approval.


7. “Federation” means the Federation of Bosnia and Herzegovina, a political subdivision of the Recipient, and includes any successor or successors thereto.

8. “Federation GA” means the Administration for Geodetic and Property Affairs of the Federation, and includes any successor thereto.

9. “Federation MOF” means the Ministry of Finance of the Federation, and includes any successor thereto.

10. “Federation MOJ” means the Ministry of Justice of the Federation, and includes any successor thereto.

11. “Federation MUP” means the Ministry of Physical Planning and Environment of the Federation, and includes any successor thereto.

12. “Federation Land Registration Unit” or “Federation LRU” means the Land Registration Unit established within the Federation MOJ referred to in paragraph 1 of Section I of the Schedule to the Federation Project Agreement (as hereafter defined).

13. “Federation Project Agreement” means the agreement between the Association and the Federation of even date herewith, as the same may be amended from time to time,
and such term includes all schedules and agreements supplemental to the Federation Project Agreement.

14. “Federation Subsidiary Agreement” means the agreement to be entered into between the Recipient and the Federation, referred to in paragraph 1 of Section III of Schedule 2 to this Agreement, as the same may be amended from time to time.


17. “HJPC” means the High Judicial and Prosecutorial Council of the Recipient, and includes any successor thereto.

18. “LRU” means either the Federation LRU or the RS LRU (as hereafter defined), as the case may be, and “LRUs” means the Federation LRU and RS LRU, collectively.

19. “MOJ” means the Ministry of Justice of the Recipient, and includes any successor thereto.

20. “MOFT” means the Ministry of Finance and Treasury of the Recipient, and includes any successor thereto.

21. “Memorandum of Understanding” means the agreement among the Government of the Republic of Austria, the Government of Sweden, the Government of the Federal Republic of Germany, the MOJ, the HJPC, the Federation MOJ, the Federation GA, the Federation MUP, the RS MOJ, the RS GA, and the RS MUP, dated March 22, 2006, on the Land Administration Project in Bosnia and Herzegovina Phase 2006-7, as the same may be amended from time to time.

22. “Operating Costs” means reasonable and necessary incremental expenditures related to the operation of LRUs, including on account of Project implementation, management, and monitoring and evaluation, as approved by Association on the basis of budgets acceptable to the Association, which would not have been incurred absent the Project and include, inter alia, the costs of: (i) maintenance and operation of equipment and vehicles procured or used for the management of the Project; (ii) salaries paid to staff hired for the purposes of the Project, other than civil servants’ salaries; (iii) travel costs and per diems; (iv) consumable office supplies; (v) costs of translation and interpretation; (vi) bank charges; and other miscellaneous costs as may be agreed with the Association, including, without limitation, travel costs and per diems of members of the Advisory Board.


24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 10, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. “Project Agreement” means either the Federation Project Agreement or the RS Project Agreement (as hereafter defined), as the case may be, and “Project Agreements” means said Project Agreements, collectively.

26. “Project Implementing Entity” or “Entity” means either the Federation or RS (as hereafter defined), as the case may be, and “Project Implementing Entities” or “Entities” means the Federation and RS, collectively.

27. “Republika Srpska” or “RS” means Republika Srpska, a political subdivision of the Recipient, and includes any successor or successors thereto.

28. “RS GA” means the Administration for Geodetic and Property Affairs of Republika Srpska, and includes any successor thereto.

29. “RS MOF” means the Ministry of Finance of Republika Srpska, and includes any successor thereto.

30. “RS MOJ” means the Ministry of Justice of Republika Srpska, and includes any successor thereto.


32. “RS Land Registration Unit” or “RS LRU” means the Land Registration Unit established within the RS MOJ, referred to in paragraph 1 of Section I of the Schedule to the RS Project Agreement (as defined hereafter).

33. “RS Project Agreement” means the agreement between the Association and RS of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the RS Project Agreement.

34. “RS Subsidiary Agreement” means the agreement to be entered into between the Recipient and the RS, referred to in paragraph 2 of Section III of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to each Subsidiary Agreement.

35. “Subsidiary Agreement” means the Federation Subsidiary Agreement and the RS Subsidiary Agreement, as the case may be, and the term “Subsidiary Agreements” means said agreements collectively.

36. “Subsidiary Financing” means the financing to be made out of the proceeds of the Financing provided to each Entity under a Subsidiary Agreement.