OFFICIAL DOCUMENTS

LOAN NUMBER 8741-BA

Project Agreement

(Banking Sector Strengthening Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

REPUBLIKA SRPSKA

Dated November 9, 2017
PROJECT AGREEMENT

Agreement dated November 9, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and REPUBLIKA SRPSKA ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") for the same Project between BOSNIA AND HERZEGOVINA ("Borrower") and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

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

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out Part B of the Project in accordance with the provisions of Article V of the General Conditions, and shall provide, promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its Minister of Finance.

3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America
Telex: Facsimile:
248423(MCI) or 1-202-477-6391
64145(MCI)

3.03. The Project Implementing Entity’s Address is:
Ministry of Finance of Republika Srpska
Trg Republika Srpske 1
78000 Banja Luka
Bosnia and Herzegovina
Facsimile:
387 51 339 655

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
By
Authorized Representative
Name: EMANUEL SALINAS NUNOZ
Title: COUNTRY MANAGER

REPUBLIKA SRPSKA
By
Authorized Representative
Name: ZORAN TEGELTJA
Title: MINISTER
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall establish, and thereafter maintain, a Project Implementation Team (PIT) at all times during the implementation of the Project, with sufficient resources, competent staff in adequate numbers and responsibilities, all acceptable to the Bank and as set forth in the Project Operations Manual (POM).

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Project Implementing Entity shall receive the proceeds of the Loan, allocated from time to time to Categories (3) and (4), from the Borrower under a subsidiary agreement (Subsidiary Agreement) between the Borrower and the Project Implementing Entity under terms and conditions acceptable to the Bank.

2. The Project Implementing Entity shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Project Implementing Entity, the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Operations Manual

1. The Project Implementing Entity, through its Ministry of Finance, shall adopt and thereafter carry out the Project in accordance with the provisions of the Project Operations Manual.

2. Except as the Bank may otherwise agree in writing, the Project Implementing Entity shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operations Manual or any provision thereof.

3. In case of any conflict between the terms of the Project Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.
D. Implementation Agreements

1. No later than three months after the Effective Date, the Project Implementing Entity shall enter into separate agreements with BARS and IRBRS, (the Implementation Agreements) under terms and conditions acceptable to the Bank and set forth in the Project Operations Manual, including, *inter alia*, BARS' and IRBRS' obligation, as the case may be, to carry out the activities required to meet the DLIs and DLRs under its statutory responsibility.

2. The Project Implementing Entity shall exercise its rights and carry out its obligations under each Implementation Agreement in such manner as to protect the interests of the Project Implementing Entity, the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Implementation Agreements or any of their provisions.

E. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank and set forth in the Project Operations Manual. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

2. By September 30, 2018, or such other date acceptable to the Bank, the Project Implementing Entity shall carry out jointly with the Bank and FBiH, a mid-term review of the implementation of activities under the Project (Mid-term Review). The Mid-term Review shall cover the progress achieved in the implementation of the Project. Following such Mid-term Review, the Project Implementing Entity shall act promptly and diligently to take or cause to be taken any corrective action as shall be recommended by the Bank.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and shall prepare and furnish to the Bank not later that forty-five (45) days after
the end of each calendar quarter, interim unaudited financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect the operations, resources and expenditures related to its Respective Part of the Project.

2. The Project Implementing Entity shall have the financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III.  Procurement

All goods and services required for the Project Implementing Entity’s Respective Part of the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.