

Based on the chapter IV, section B of the article 7a. (IV) of the Constitution of Federation of Bosnia and Herzegovina, I pass

**DECREE**  
**ON PROCLAMATION OF THE LAW ON MICROCREDIT**  
**ORGANIZATIONS**

It is proclaimed the Law on microcredit organizations which has been passed by the parliament of the Bosnia and Herzegovina Federation at the session of the House of Representatives dated 23<sup>rd</sup> May 2000 and at the session of the <sup>1</sup> dated 21 March 2000.

Number 01-350/2000  
16<sup>th</sup> June 2000  
Sarajevo

Bosnia and Herzegovina Federation  
President  
Prof. Ph.D. Ejup Ganić, with his own  
hand

**LAW**  
**ON MICROCREDIT ORGANIZATIONS**

**I. BASIC PROVISIONS**

Article 1.

With this rule book is stipulated: the establishment , purpose, activity, registration, merger, annexation, distribution and the termination of the microcredit organizations.

Article 2.

Microcredit organization in the sense of this law is a non-deposit and non-profit organization whose basic activity is the provision of the microcredit to the socially jeopardized with a view to the development of entrepreneurship.

**II. ESTABLISHMENT AND ACTIVITY**

**1. Establishment**

Article 3.

Microcredit organization can be established by the domestic and the foreign physical persons and corporation.

At least three physical persons or one corporation have to appear in the role of the microcredit organization founder.

Article 4.

Microcredit organization has a capacity of a legal person, and it is obtained on the registration date into the register of the Federal ministry of the social policy, displaced persons and the refugees (hereinafter referred to as: Ministry).

Article 5.

The establishing foundation act can be a contract or decision, depending on the number of the subjects who found the microcredit organization.

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<sup>1</sup> Doma naroda

The corporations may found the microcredit organization with the conclusion of contract on establishment or with the establishment decision, which is passed by the assembly of that legal person.

#### Article 6.

Microcredit organization is established with the contract in writing, which is contracted by the founders, whose signatures are certified in conformity with the law in case when in the role of the founder appear two or more physical persons or corporations.

When the microcredit organization is founded only by one founder the foundation act is the decision on foundation.

The contract, namely the decision on foundation contains:

- Name of the founder;
- Seat;
- Microcredit organization name;
- Activity;
- Amount of the foundation deposit and/or proof on the amount of the secured means.

#### Article 7.

Microcredit organization has its own statute.

Microcredit organization statute is passed by the founders within the deadline stipulaed with the foundation act.

## **2. Microcredit organization statute**

#### Article 8.

With the microcredit organization statute is stipulated in particular:

- Name and the seat;
- Purpose of foundation and activity;
- Management and leadership bodies, the manner of their appointment, conditions and the manner of repeal, duration of the mandate, the manner of decision-making and the responsibility;
- conditions for the acquisition and the cancellation of the membership in the microcredit organization if the microcredit organization is founded with the decision on the assembly;
- rights and the obligations of the members;
- manner of delegating of the rights of the assembly to the management bodies;
- manner of acquiring, utilization and disposal of funds;
- manner of passing and the cahanges and the amendments of the statute;
- seal
- standing for and representation of the microcredit organization;
- and the other issues relevant for the microcredit organization work.

## **3. Microcredit organization name**

Microcredit organization name has to contain obligatorily the words: “Microcredit organization”.

Organization can have the abridged name as well, which has to contain obligatorily the abbreviation: “Micro”.

#### Article 10.

In the Ministry it can not be entered in to the register under the same name two or more microcredit organizations.

#### Article 11.

Microcredit organizations from Bosnia and Herzegovina whose seat is outside of Bosnia and Herzegovina Federation may, with the approval of the Ministry, set up their branches and offices in Bosnia and Herzegovina Federation.

Documents accompanying the request for approval from the point 1 of this article will be stipulated by the Ministry within 60 days after the entry of this law into force.

Ministry is obliged to make a decision in relation to the request within 30 days from the request delivery date from the point 2. of this article.

### **4. Activity and revenue**

#### Article 12.

The microcredit organization activity consists of:

- Provision of the microcredits to the socially jeopardized categories;
- Provision of the credit consultation, business advice and the technical help which is consistent with the promotion of the credit activities of the microcredit organization;
- Legal source of the financial and other means out of any legal source, including membership subscriptions, gifts, and the donations with a view to microcredit provision.

#### Article 13.

Microcredit organization is obliged to stipulate the conditions for the provision of the microcredit.

Conditions from the point 1. of this article may contain the regulations on the depositing right over the items or the rights of the microcredit beneficiaries.

#### Article 14.

Microcredit organization may borrow funds from the other legal subjects, and as a warrant for the borrowed means it may deposit its own means including the issued loans as well.

#### Article 15.

The realized revenue surplus over the expenses the microcredit organization is obliged to use for the accomplishment of the microcredit provision activity.

#### Article 16.

Microcredit organization is obliged to keep the business books in accordance with the appropriate law.

### III. MICROCREDIT ORGANIZATION REGISTRATION

#### **1. Registry**

#### Article 17.

For all the microcredit organizations there will be kept a unique registry in the seat of Ministry.

#### Article 18.

Entry into the register of the microcredit organization is accomplished at the request of the founder.

With the entry request one submits:

Foundation act, namely decision on foundation, the statute, list of the founders and the members of the management bodies and the names of the persons authorized to represent.

Register entry request has to be submitted within 15 days since the foundation contract finalization, namely from the day of the making of the decision at the assembly.

## **2. Registration decision**

#### Article 19.

According to the entry into the microcredit organization registry a decision is made.

Ministry is obliged to make a decision within 30 days since the request submission day.

#### Article 20.

If an entry request contains a shortcoming, Ministry will order with the decision to the microcredit organization that it should remedy the shortcoming and to determine the deadline for the remedy, namely the amendment of the request.

#### Article 21.

The decision on the registry entry contains:

- Date of the entry and the registry number under which the entry has been made;
- Name of the organization and its seat;
- Organization units if applicable;
- Purpose of the organization and the activities;
- Regulation that the organization has the character of a legal person and the names of the persons appointed for representation.

#### Article 22.

The decision of the Ministry regarding the entry into the court register and the decision by means of which the registry entry request has been turned down is final in the administrative procedure.

Against the decision from the point 1. Of this article it is not allowed to lodge a complaint, but an administrative dispute can be set up with a complaint lodged to the Supreme Court of the Bosnia and Herzegovina Federation within 30 days since the decision receipt.

## **IV. MERGER, ANNEXATION, DIVISION AND THE TERMINATION OF THE MICROCREDIT ORGANIZATION**

### **1. The notion of merger, annexation and separation**

#### Article 23.

Several microcredit organizations can be merged into a new microcredit organization and thereby ceasing to exist, and the new microcredit organization becomes its legal successor.

Microcredit organization can be annexed to the other microcredit organization, and thereby ceasing to exist, and the microcredit organization to which it has been annexed becomes its legal successor.

Microcredit organization can be divided into several microcredit organizations, and thereby ceasing to exist, and the new microcredit organizations become their legal successors with the proportional responsibility.

## **2. Decision regarding the merger, annexation and division**

### Article 24.

The decision regarding the merger, annexation and division is passed by the management body in those microcredit organizations who do not have an assembly, namely the assembly of the microcredit organization in the manner stipulated with the foundation act or statute.

The identical decisions have to be made by all the microcredit organizations which are merging, the microcredit organization who is annexed and the microcredit organization to which it is annexed.

## **3. Termination**

### Article 25.

Microcredit organization terminates operation when it ceases the purpose of its foundation and in the other cases when about it the decision is made by the management body of the microcredit organization.

The decision from the point 1. of this article has to contain a plan of allocation of the means of the organization.

## **V. PENAL REGULATIONS**

### Article 26.

With the financial fine amounting 1 000 DEM up to 10 000 DEM will be fined for violation the microcredit organization:

1. If carrying out the tasks or activities for which it has not been registered or it does not fulfill the foundation purpose;
2. If in the specified deadline it does not submit the registration request, article 18. or it does not notify within the specified deadline the agency in charge of registration regarding the change of the data specified with the article 28. of this law;
3. If it starts operation prior to the registry entry;
4. If it does not pass an act on the conditions of the microcredit provision.

For the violations of the point 1. of this article will be also fined the responsible person in the microcredit organization with a financial fine amounting from 200 convertible German marks to 1000 convertible German marks.

## **VI. ENDING REGULATIONS**

### Article 27.

Federal minister for the social policy, displaced persons and the refugees will stipulate the form, contents and the manner of keeping of the registry of the microcredit organizations within 90 days since the day of entry of this law in force.

Within the deadline from the point 1. of this article the federal minister for the social policy, displaced persons and the refugees will also make the rules indispensable for the implementation of this law.

#### Article 28.

The request for the entry of changes of merger, annexation, division and the termination of the microcredit organization, of the name and the seat and the names of the persons authorized for representation of the microcredit organization is obliged to submit to the Ministry within 15 days since the issue day of the decision relating to those changes.

#### Article 29.

This rule book enters into force on the eighth day since the day of its issue in the "Official Gazette of the Federation of Bosnia and Herzegovina".

Chairman Of the <sup>2</sup> Bosnia and Herzegovina Federation Parliament Niko Lozančić, with his own hand	Chairman House of Representatives Bosnia and Herzegovina Federation Parliament Enver Kreso, with his own hand
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By a decree of Higher Court in Mostar, number SU 74/95 dated 10.03.1995 I was appointed authorized court interpreter for English language.  
I hereby certify that the translation is a true copy of the original.

Dekretom Višeg suda u Mostaru broj SU 74/95 od 10.03.1995 ja sam imenovan za ovlaštenog sudskog tumača za engleski jezik.  
Ja ovim potvrđujem da je prevod vjerna kopija originala.

Dragi Pavlović

In Mostar, 11<sup>th</sup> October 2000  
U Mostaru, 11.10.2000.

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<sup>2</sup> Dom naroda