OHR and IMF on the Working Group on the new Central Bank

A working group with representatives from all parts of the country has begun technical preparations for the establishment of the new Central Bank of Bosnia and Herzegovina.

The working group includes officials of the National Bank of Bosnia and Herzegovina and the National Bank of the Republika Srpska; the Finance Ministries of the State, Federation, and Republika Srpska; the payments bureaus of the Federation and the Republika Srpska; and the Federation Banking Agency. It is chaired jointly by the International Monetary Fund and the Office of the High Representative. The group was established following discussions among senior officials in Sarajevo, Medjugorje, and Tuzla; the initial meetings of the working group have been convened in Doboj.

The working group has been instructed to prepare a draft law on the new Central Bank, for presentation to the joint Presidency and the future Council of Ministers of Bosnia and Herzegovina, no later than the end of October. Under the Dayton/Paris peace treaty and the new Constitution, the Central Bank is to be the sole monetary authority of Bosnia and Herzegovina, issuing a new domestic currency and operating as a currency board. The draft legislation will deal with the operations of the currency board, exchange rate policy, and the relationship between the new Central Bank and the Banking Agencies of the two Entities. The working group will also make recommendations on the name and design of the new currency.

In parallel, a separate working group has begun working to consider the future structure of the banking and payments systems of Bosnia and Herzegovina, and to develop draft banking legislation. This group is composed of representatives of the same major institutions, with input also from the World

Bank, and its initial meetings have been held in Doboj.