

LAW NO. 08/L-138

ON AMENDING AND SUPPLEMENTING THE LAW NO.05/L-057 ON THE ESTABLISHMENT OF THE KOSOVO CREDIT GUARANTEE FUND

Assembly of the Republic of Kosovo;

Based on Article 65 (1) of the Constitution of the Republic of Kosovo,

Adopts:

LAW ON AMENDING AND SUPPLEMENTING THE LAW NO.05/L-057 ON THE ESTABLISHMENT OF THE KOSOVO CREDIT GUARANTEE FUND

**Article 1
Purpose**

The purpose of the present Law is to amend and supplement Law No. 05/L-057 on the Establishment of the Kosovo Credit Guarantee Fund.

Article 2

Article 1, in paragraph 1., and in the entire text of the basic Law (except in Article 3, paragraph 1., sub-paragraph 1.21.), after the abbreviation "MSME", the following text is added: "or farmer/ s registered with Farm Identification Number".

Article 3

Article 1 of the basic Law, paragraph 2., after the words "selected loans", the words "or loan portfolio" are added.

Article 4

1. Article 3 of the basic Law, paragraph 1., sub-paragraph 1.6., after the word "lease", the words "loan portfolio" are added.

2. Article 3 of the basic Law, paragraph 1., sub-paragraph 1.7., after the word "Credit" the text "leasing, loan portfolio or other financial instrument" is added.

3. Article 3 of the basic Law, paragraph 1., sub-paragraph 1.12., the text "execution and collection procedures", is amended with the text "debt collection procedures set out in the Guarantee Agreement".

4. Article 3 of the basic Law, paragraph 1., subparagraph 1.13., is amended with the following text:

1.13. Fees – fees to be paid by a Registered Financial Institution to KCGF as defined in Article 8 of this law.

5. Article 3 of the basic Law, paragraph 1., sub-paragraph 1.14, the text "not to exceed fifty percent (50%) of the outstanding amount", is amended with the text "not to exceed eighty percent (80%) of the outstanding amount."

6. Article 3 of the basic Law, paragraph 1., sub-paragraph 1.23., the text "Qualifying MSME" is amended with the text "Qualifying Borrower".

7. Article 3 of the basic Law, paragraph 1., sub-paragraph 1.25. is amended with the following text:

1.25. Related parties - means two or more natural, legal persons or both who are directly or indirectly related to MSMEs or farmer/s registered in the Farmers Register in the ministry responsible for agriculture and equipped with Farm Identification Number, in such a way that the financial viability of any of them may affect the financial viability of either all or if as a result of the structure of their relationship, the other person is ultimately responsible for the amount of the active loan. Furthermore, a related party is any other person related to MSMEs or farmer/s registered in the Farmers Register in the ministry responsible for agriculture and equipped with Farm Identification Number, as defined by the KCGF with internal policies approved by the KCGF Board of Directors according to this law.

8. Article 3 of the basic Law, paragraph 1., after sub-paragraph 1.28., a new sub-paragraph 1.29. is added with the following text:

1.29. Farmers with Farm Identification Number - means farmers regularly registered in the Farmers Register maintained by the ministry responsible for agriculture and equipped with Farm Identification Number who are subject to the Credit Guarantee in accordance with criteria set out in the Guarantee Agreement, even in cases where the respective farmer is not registered in KBRA.

Article 5

Article 5 of the basic Law, paragraph 6., the text "based on the Guarantee Percentage", shall be replaced by the text "as defined in the Guarantee Agreement".

Article 6

Article 6 of the basic Law, paragraph 1., after sub-paragraph 1.6., a new sub-paragraph 1.7. is added with the following text:

1.7. Notwithstanding paragraph 1., subparagraph 1.2. of this Article, the loan may be used to prepay and close a previous loan up to thirty percent (30%) of the total amount of the new loan covered by the Credit Guarantee, as defined with the Guarantee Agreement.

Article 7

1. Article 7 of the basic Law, paragraph 2., the text "within fifteen (15) days", is amended with the text "within the period specified in the Guarantee Agreement".

2. Article 7 of the basic Law, paragraph 2., sub-paragraph 2.1., the word "Guarantee" is deleted.

Article 8

Article 8 of the basic law, shall be amended with the following text:

Article 8 Fees and Charges

1. The Registered Financial Institution will pay KCGF a Guarantee Fee at the time the Credit is put under a Credit Guarantee by the KCGF and annually thereafter on the outstanding principal balance of the guaranteed loan.
2. In addition to the guarantee fee according to paragraph 1. of this Article, which constitutes the basic fee applied by the KCGF for Registered Financial Institutions, the KCGF may also apply the following fees for the services provided:
 - 2.1. Commitment fee;
 - 2.2. Maintenance fee;
 - 2.3. Fee at the level of the guaranteed portfolio.
3. Commitment fee and maintenance fee are complementary fees that can be applied together with the guarantee fee, while the portfolio guarantee level fee can be applied as a complementary fee together with the guarantee fee or in particular as a replacement of the guarantee fee.
4. The percentage and methodology of calculation of the tariffs applied by KCGF will be specified in the Guarantee Agreements. The level of fees applied by the KCGF should cover the overall operation costs and eventual loan losses of the KCGF, calculated throughout its portfolio to enable the stability of the KCGF. Any surpluses of fees collected above the operational costs and eventual loan losses will be retained in the KCGF for purposes of increasing the sustainability of the KCGF.
5. The level of the guarantee fee will be led by the following principles:
 - 5.1. functioning, management and administration is led by the principle of rationality, efficiency and effectiveness of administrative and other costs, by ensuring the sustainability of the KCGF; and
 - 5.2. KCGF will undertake necessary measures that the level of the fee will not impact the level of interest rates related to the financing of the loans of MSMEs or farmers with Farm Identification Number in a need.
6. KCGF will periodically assess the levels of the fees and calculation methodology in relation to its overall operational and budgetary sustainability and risk assessments and adjust them accordingly to cover its operational costs and loan losses. Registered Financial Institutions are responsible for their own credit analysis and risk assessment of loans to be covered by the KCGG Credit Guarantee.
7. The fees charged to Registered Financial Institutions are not interest.
8. In exceptional circumstances when there is a need for emergency support of the economy of Kosovo or when it is considered necessary for further support of a certain sector or economic activity, KCGF with the prior approval of the Board of Directors may enter into an agreement with the Government of the Republic of Kosovo, one or more donors or international financial institutions for the purpose of subsidizing/paying one or more fees applicable to registered financial institutions for one or more guarantee windows. The amount of applicable fee or fees to be subsidies/paid is determined by the KCGF according to the principles set out in this Article.

Article 9

Article 11 of the basic Law, paragraph 1., sub-paragraph 1.4., the text "the Guarantee" is deleted.

Article 10

Article 13 of the basic law, paragraph 1., subparagraph 1.2., shall be amended as following:

1.2. the fees paid by Registered Financial Institutions for Credit Guarantees.

Article 11
Entry into force

This Law shall enter into force on the day its publication in the Official Gazette of the Republic of Kosovo.

Law No. 08/L-138
4 August 2022

Promulgated by Decree No. DL-274/2022 dated 19.08.2022 President of the Republic of Kosovo
Vjosa Osmani-Sadriu