WWTP MITROVICA

Finance Contract

between

Kosovo*

and

European Investment Bank

Pristina, 10 December 2021

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.
THIS CONTRACT IS MADE BETWEEN:

Kosovo acting through its Ministry of
Finance, Labor and Transfers and
represented by the Minister of Finance,
Labor and Transfers, Mr Hekuran Murati,

of the first part, and

The European Investment Bank having
its seat at 100 blvd Konrad Adenauer,
Luxembourg, L-2950 Luxembourg,
represented by Matteo Rivellini, Head of
Division, and by Cagin Pabuccu, Legal
Counsel

of the second part.

(the "Borrower")

(the "Bank")
RECITALS - WHEREAS:

(a) The Borrower has stated that it is undertaking, through Kompania Rajonale Ujesjellesit Mitrovica SHA (the "Final Beneficiary"), a company wholly owned by the Borrower, a project consisting of construction of a waste water treatment facility and rehabilitation of the sewerage network in the district of Mitrovica in Kosovo, as more particularly described in the technical description (the "Technical Description") set out in Schedule A (the "Project").

(b) The total cost of the Project, as estimated by the Bank, is EUR 41,800,000.00 (forty one million eight hundred thousand euros) net of VAT and the Borrower has stated that it intends to finance the Project as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount (EUR m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own funds</td>
<td>8,500,000.00</td>
</tr>
<tr>
<td>Credit from the Bank under this Contract</td>
<td>19,800,000.00</td>
</tr>
<tr>
<td>Loan from European Bank for Reconstruction and Development</td>
<td>13,500,000.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>41,800,000.00</td>
</tr>
</tbody>
</table>

(c) In order to fulfil the financing plan set out in Recital (b), the Borrower has requested from the Bank a credit of EUR 19,800,000.00 (nineteen million eight hundred thousand euros) to be made available from the Bank's own resources and pursuant to the Bank's 2014-2021 external lending mandate in accordance with the Decision (the "Mandate").

(d) By Regulation (EU) 2021/947 of the EU Parliament and of the Council of 9 June 2021 amending and repealing Decision No. 466/2014/EU (the "Decision"), the European Parliament and the Council of the European Union have decided to grant a guarantee to the Bank against certain losses incurred by it under loans and loan guarantees granted from 2014 to 2021 for projects carried out in certain countries outside the European Union listed in the Decision. Kosovo is an eligible country under Annex II of the Decision.

(e) Kosovo and the Bank concluded on 7 June 2013 a framework agreement which entered into force on 8 November 2013 governing the Bank's activities in the territory of Kosovo (the "Framework Agreement"). By signing this Contract, the Borrower gives its formal consent to the loan financing to be provided hereunder falling within the scope of the Framework Agreement.

(f) The Bank considering that the financing of the Project falls within the scope of its functions, and is consistent with the objectives of the Mandate, and having regard to the statements and facts cited in these Recitals, has decided to give effect to the Borrower's request providing to it a credit in an amount of EUR 19,800,000.00 (nineteen million eight hundred thousand euros) under this finance contract (the "Contract"); provided that the amount of the Bank loan shall not, in any case, exceed (i) 50% (fifty per cent) of the total cost of the Project set out in Recital (b) nor (ii) when aggregated with any EU grants available for the Project, 90% (ninety per cent) of the total cost of the Project set out in Recital (b).

(g) The Borrower has duly authorised to sign this Contract and to borrow the sum of EUR 19,800,000.00 (nineteen million eight hundred thousand euros) represented by this credit on the terms and conditions set out in this Contract. The Borrower confirms the Bank's preferred creditor status as an international financial institution.

(h) The Borrower owns 100% of the share capital of, and fully controls, the Final Beneficiary.

(i) The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union.

(j) The financing of the Project includes certain state subsidies or grants and the provision of such funds has been duly authorised and will be provided in compliance with all relevant legislation of the European Union.
In accordance with the Recommendations of the Financial Action Task Force, as established within the Organisation for Economic Cooperation and Development, the Bank gives special attention to its transactions and its business relations in those cases where it provides finance (a) for a project located in a territory that does not sufficiently apply those recommendations or (b) for a borrower or beneficiary resident in any such territory.

The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances and has therefore established its transparency policy, the purpose of which is to enhance the accountability of the EIB Group towards its stakeholders.

The processing of personal data shall be carried out by the Bank in accordance with applicable European Union legislation on the protection of individuals with regard to the processing of personal data by the European Union institutions and bodies and on the free movement of such data.

The Bank supports the implementation of international and European Union standards in the field of anti-money laundering and countering the financing of terrorism and promotes tax good governance standards. It has established policies and procedures to avoid the risk of misuse of its funds for purposes which are illegal or abusive in relation to applicable laws. The Bank's group statement on tax fraud, tax evasion, tax avoidance, aggressive tax planning, money laundering and financing of terrorism is available on the Bank's website and offers further guidance to the Bank's contracting counterparties.1

1 http://www.eib.org/about/compliance/tax-good-governance/index.htm?f=search&media=search
NOW THEREFORE it is hereby agreed as follows:

INTERPRETATION AND DEFINITIONS

Interpretation

In this Contract:

(a) references to Articles, Recitals, Schedules and Annexes are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract;

(b) references to "law" or "laws" mean (a) any applicable law and any applicable treaty, constitution, statute, legislation, decree, normative act, rule, regulation, judgement, order, writ, injunction, determination, award or other legislative or administrative measure or judicial or arbitral decision in any jurisdiction which is binding or applicable case law, and (b) EU Law;

(c) references to applicable law, applicable laws or applicable jurisdiction means (a) a law or jurisdiction applicable to the Borrower, its rights and/or obligations (in each case arising out of or in connection with the Contract), its capacity and/or assets and/or the Project and/or, as applicable, (b) a law or jurisdiction (including in each case the Bank's Statute) applicable to the Bank, its rights, obligations, capacity and/or assets;

(d) references to a provision of law are references to that provision as amended or re-enacted;

(e) references to any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated, and

(f) words and expressions in plural shall include singular and vice versa.

Definitions

In this Contract:

"Accepted Tranche" means a Tranche in respect of which a Disbursement Offer has been duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline.

"Agreed Deferred Disbursement Date" has the meaning given to it in Article 1.5.A(2)(b).

"Authorisation" means an authorisation, permit, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"Authorised Signatory" means a person authorised to sign individually or jointly (as the case may be) Disbursement Acceptances on behalf of the Borrower and named in the most recent List of Authorised Signatories and Accounts received by the Bank prior to the receipt of the relevant Disbursement Acceptance.

"Business Day" means a day (other than a Saturday or Sunday) on which the Bank and commercial banks are open for general business in Luxembourg.

"Change-of-Law Event" has the meaning given to it in Article 4.3.A(3).

"Contract" has the meaning given to it in Recital (e).

"Contract Number" shall mean the Bank generated number identifying this Contract and indicated on the cover page of this Contract after the letters "FIN".

"Credit" has the meaning given to it in Article 1.1.

"Decision" has the meaning given to it in Recital (d).

"Deferment Indemnity" means a fee calculated on the amount of disbursement deferred or suspended being the higher of (a) 0.125% (12.5 basis points), per annum, and (b) the percentage rate by which...
(a) The interest rate that would have been applicable to such amount had it been disbursed to the Borrower on the Scheduled Disbursement Date, exceeds EURIBOR (one month rate) less 0.125% (12.5 basis points), unless this value is less than zero in which case it will be set at zero.

(b) Such fee shall accrue from the Scheduled Disbursement Date to the Disbursement Date or, as the case may be, until the date of cancellation of the Accepted Tranche in accordance with this Contract.

"Disbursement Acceptance" means a copy of the Disbursement Offer duly countersigned by the Borrower.

"Disbursement Acceptance Deadline" means the date and time of expiry of a Disbursement Offer, as specified therein.

"Disbursement Account" means, in respect of each Tranche, the bank account set out in the most recent List of Authorised Signatories and Accounts.

"Disbursement Date" means the date on which disbursement of a Tranche is made by the Bank.

"Disbursement Offer" means a letter substantially in the form set out in Schedule C.

"Dispute" has the meaning given to it in Article 11.2.

"Disruption Event" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with this Contract; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasurers or payments operations of either the Bank or the Borrower, preventing that party from:

(i) performing its payment obligations under this Contract; or

(ii) communicating with other parties,

and which disruption (in either such case as per (a) or (b) above) is not caused by, and is beyond the control of, the party whose operations are disrupted.

"Effective Date" has the meaning given to it in Article 12.4.

"EIB Environmental and Social Principles and Standards" means the Environmental and Social Standards dated 2013 (as may be updated from time to time and lastly updated on 8 October 2018) as accessed on the date of this Contract from EIB's website that outlines the standards that the Bank requires of the projects that it finances and the responsibilities of the various parties.

"Eligible Country" means any country specified in Annex III to the Decision, as may be amended from time to time by the European Commission in accordance with Articles 4(2) and 18 of the Decision, or any other country in respect of which the European Parliament and the Council have adopted a decision pursuant to Article 4(1) of the Decision.

"Environment" means the following, in so far as they affect human health and social well-being:

(a) fauna and flora;

(b) soil, water, air, climate and the landscape; and

(c) cultural heritage and the built environment.

"Environmental and Social Management Plan" means a plan developed by the Final Beneficiary and that describes the mitigation of environmental and social impacts and risks, the
performance improvement as well as the opportunities, as described in the Environmental and Social Standards.

"Environmental and Social Impact Assessment Study" means a study as an outcome of the environmental and social impact assessment identifying and assessing the potential environmental and social impacts associated with the proposed project and recommending measures to avoid, minimise and/or remedy any impacts.

"Environmental and Social Documents" means (a) the Environmental and Social Impact Assessment Study; (b) Non-Technical Summary; (c) the Stakeholder Engagement Plan; (d) the Environmental and Social Management Plan; (d) the Resettlement Action Plan; and (e) other documents referred to in the Environmental and Social Standards.

"Environmental and Social Standards" means:
(a) Environmental Laws and Social Laws applicable to the Project, the Borrower and/or the Final Beneficiary;
(b) EIB Environmental and Social Principles and Standards; and
(c) the Environmental and Social Documents.

"Environmental or Social Approval" means any permit, licence, authorisation, consent or other approval required by an Environmental Law or a Social Law in connection with the construction or operation of the Project.

"Environmental or Social Claim" means any claim, proceeding, formal notice or investigation by any person in respect of the Environment or Social Matters affecting the Project including any breach or alleged breach of any Environmental and Social Standard.

"Environmental Law" means:
(a) EU Law, including principles and standards;
(b) the laws and regulations of Kosovo and relevant final administrative acts of competent authorities which are irrevocable and no longer subject to judicial review; and
(c) international treaties and conventions signed and ratified by or otherwise applicable and binding on Kosovo,
of which a principal objective is the preservation, protection or improvement of the Environment.

"EU Guarantee" a European Union guarantee to the Bank against certain losses under loans for projects outside the European Union, in the event of non-payment, pursuant to the Decision.

"EU Law" means the acquis communautaire of the European Union as expressed through the Treaties of the European Union, the regulations, directives, delegated acts, implementing acts, and the case law of the Court of Justice of the European Union.

"EUR" or "euro" means the lawful currency of the Member States of the European Union which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union or their succeeding treaties.

"EURIBOR" has the meaning given to it in Schedule B.

"Event of Default" means any of the circumstances, events or occurrences specified in Article 10.1.

"External Debt Instrument" has the meaning given to it in Article 7.1.

"Final Availability Date" means the date falling 60 months after the Effective Date.

"Financing of Terrorism" means the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out any of the offences listed in the Directive (EU) 2017/754 of the European Parliament and of the Council of 15 March 2017 on combating terrorism and replacing Council Framework Decision 2002/475/JHA and amending Council Decision 2005/671/JHA (as amended, replaced or re-enacted from time to time).
"Fixed Rate" means an annual interest rate determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of the Tranche and bearing equivalent terms for the repayment of capital and the payment of interest. Such rate shall not be of negative value.

"Fixed Rate Tranche" means a Tranche on which the Fixed Rate is applied.

"Floating Rate" means a fixed-spread floating annual interest rate, determined by the Bank for each successive Floating Rate Reference Period equal to the Relevant Interbank Rate plus the Spread. If the Floating Rate for any Floating Rate Reference Period is calculated to be below zero, it will be set at zero.

"Floating Rate Reference Period" means each period from one Payment Date to the next relevant Payment Date; the first Floating Rate Reference Period shall commence on the date of disbursement of the Tranche.

"Floating Rate Tranche" means a Tranche on which the Floating Rate is applied.

"Framework Agreement" has the meaning given in Recital (e).

"GAAP" means generally accepted accounting principles in Kosovo.

"Guide to Procurement" means the Guide to Procurement published on EIB's website that informs the promoters of projects financed in whole or in part by the EIB of the arrangements to be made for procuring works, goods and services required for the Project.

"IFRS" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"IL0" means the International Labour Organisation.

"IL0 Standards" means any treaty, convention or covenant of the IL0 signed and ratified by or otherwise applicable and binding on Kosovo, and the Core Labour Standards (as defined in the IL0 Declaration on Fundamental Principles and Rights at Work).

"Indemnifiable Prepayment Event" means a Prepayment Event other than those specified in paragraphs 4.3.A(2) (Pari Passu to Non-EIB Financing) or 4.3.A(4) (Illegality).

"Interest Revision/Conversion" means the determination of new financial conditions relative to the interest rate, specifically the same interest rate basis ("revision") or a different interest rate basis ("conversion") which can be offered for the remaining term of a Tranche or until the next Interest Revision/Conversion Date, if any.

"Interest Revision/Conversion Date" means the date, which shall be a Payment Date, specified by the Bank pursuant to Article 1.2.B in the Disbursement Offer.

"Interest Revision/Conversion Proposal" means a proposal made by the Bank under Schedule D.

"Interest Revision/Conversion Request" means a written notice from the Borrower, delivered at least 75 (seventy-five) days before an Interest Revision/Conversion Date, requesting the Bank to submit to it an Interest Revision/Conversion Proposal. The Interest Revision/Conversion Request shall also specify:

(a) the Payment Dates chosen in accordance with the provisions of Article 3.1;
(b) the amount of the Tranche for which the Interest Revision/Conversion shall apply; and
(c) any further Interest Revision/Conversion Date chosen in accordance with Article 3.1.

"List of Authorised Signatories and Accounts" means a list, in form and substance satisfactory to the Bank, setting out: (i) the Authorised Signatories, accompanied by evidence of signing authority of the persons named on the list and specifying if they have individual or joint signing authority, (ii) the specimen signatures of such persons, and (iii) the bank account(s) to which disbursements may be made under this Contract (specified by IBAN code if the country

is included in the IBAN Registry published by SWIFT, or in the appropriate account format in line with the local banking practice, BIC/SWIFT code of the bank and the name of the bank account(s) beneficiary.

"Loan" means the aggregate of the amounts disbursed from time to time by the Bank under this Contract.

"Loan Outstanding" means the aggregate of the amounts disbursed from time to time by the Bank under this Contract that remains outstanding.

"Mandate" has the meaning given in Recital (c).

"Market Disruption Event" means any of the following circumstances:

(a) there are, in the reasonable opinion of the Bank, events or circumstances adversely affecting the Bank's access to its sources of funding;

(b) in the opinion of the Bank, funds are not available from the Bank's ordinary sources of funding in order to adequately fund a Tranche in the relevant currency and/or for the relevant maturity and/or in relation to the reimbursement profile of such Tranche; or

(c) in relation to a Tranche in respect of which interest would be payable at Floating Rate:

(i) the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, for a period equal to the Floating Rate Reference Period of such Tranche (i.e. in the money market) would be in excess of the applicable Relevant Interbank Rate; or

(ii) the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche or it is not possible to determine the Relevant Interbank Rate in accordance with the definition contained in Schedule B.

"Material Adverse Change" means, any event or change of condition, which, in the reasonable opinion of the Bank, has a material adverse effect on:

(a) the ability of the Borrower to perform its obligations under this Contract;

(b) the business, operations, property, condition (financial or otherwise) or prospects of the Borrower; or

(c) the legality, validity or enforceability of, or the effectiveness or ranking of, or the value of any Security granted to the Bank, or the rights or remedies of the Bank under this Contract.

"Maturity Date" means the last or sole Repayment Date of a Tranche specified pursuant to Article 4.1.A(b)(iv) or Article 4.1.B.

"Money Laundering" means:

(a) the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such activity to evade the legal consequences of his action;

(b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or from an act of participation in such activity;

(c) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such activity; or

(d) participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions mentioned in the foregoing points.

"Non-EIB Financing" has the meaning given to it in Article 4.3.A(2).
"Non-Technical Summary" means a summary document within the Environmental and Social Impact Assessment Study or the Strategic Environmental Assessment, written in a non-technical language.

"Payment Date" means the annual, semi-annual or quarterly dates specified in the Disbursement Offer until and including the Interest Revision/Conversion Date, if any, or the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means:

(a) for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.1 except for those cases where a payment is made (i) in full and in relation to the Interest Revision/Conversion in accordance with Schedule D, point C, or (ii) as a single installment, in accordance with Article 4.1.B, and to the final interest payment only, when it shall mean the preceding Relevant Business Day with adjustment to the interest due under Article 3.1; and

(b) for a Floating Rate Tranche, the next day, if any, of that calendar month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.1.

"Prepayment Amount" means the amount of a Tranche to be prepaid by the Borrower in accordance with Article 4.2.A or Article 4.3.A, as applicable.

"Prepayment Date" means the date, which shall be a Payment Date, on which the Borrower proposes to or is requested by the Bank, as applicable, to effect prepayment of a Prepayment Amount.

"Prepayment Event" means any of the events described in Article 4.3.A.

"Prepayment Indemnity" means in respect of any principal amount to be prepaid or cancelled, the amount communicated by the Bank to the Borrower as the present value (calculated as of the Prepayment Date or the date of cancellation pursuant to Article 1.6.C(2)) of the excess, if any, of:

(a) the interest that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date, or the date of cancellation pursuant to Article 1.6.C(2), to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were net prepaid; over

(b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (fifteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date.

"Prepayment Notice" means a written notice from the Bank to the Borrower in accordance with Article 4.2.C.

"Prepayment Request" means a written request from the Borrower to the Bank to prepay all or part of the Loan Outstanding, in accordance with Article 4.2.A.

"Prohibited Conduct" means any Financing of Terrorism, Money Laundering or Prohibited Practice.

"Prohibited Practice" means any:

(a) Coercive Practice, meaning the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of a party to influence improperly the actions of a party;

(b) Collusive Practice, meaning an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

(c) Corrupt Practice, meaning the offering, giving, receiving or soliciting, directly or indirectly, of anything of value by a party to influence improperly the actions of another party;

(d) Fraudulent Practice, meaning any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial (including, for the avoidance of doubt, taxation related) or other benefit or to avoid an obligation;
(e) Obstructive Practice, meaning in relation to an investigation into a Corrupt, Collusive, or Fraudulent Practice in connection with this Loan or the Project, (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or (b) acts intending to materially impede the exercise of the contractual rights of audit or access to information; or

(f) Tax Crime, meaning all offences, including tax crimes relating to direct taxes and indirect taxes and as defined in the national laws of Kosovo, which are punishable by deprivation of liberty or a detention order for a maximum of more than one year.

(g) Misuse of EIB Group Resources and Assets, meaning any illegal activity committed in the use of the EIB Group's resources or assets (including the funds lent under this Contract) knowingly or recklessly.

"Project" has the meaning given to it in Recital (a).

"Project Implementation Unit" or "PIU" means a team of professional and support staff, established by the Final Beneficiary, having the necessary administrative powers as well as physical and financial resources necessary to implement the Project.

"Qualifying Expenditure" means the total expenditure (net of taxes and duties payable by the Borrower and/or the Final Beneficiary) incurred by the Borrower for the Project, in respect of works, goods and services specified in the Technical Description as eligible for financing under the Credit, which have been the object of contract or contracts executed on terms satisfactory to the Bank, having regard to the most recent edition of the Bank's Guide to Procurement, as published on its website.

"Redeployment Rate" means the fixed annual rate determined by the Bank, being a rate which the Bank would apply on the day of the Indemnity calculation to a loan that has the same currency, the same terms for the payment of interest and the same repayment profile to the Interest Revision/Conversion Date, if any, or the Maturity Date as the Tranche in respect of which a prepayment or cancellation is proposed or requested to be made. Such rate shall not be of negative value.

"Relevant Business Day" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2) is open for the settlement of payments in EUR.

"Relevant Interbank Rate" means EURIBOR.

"Repayment Date" shall mean each of the Payment Dates specified for the repayment of the principal of a Tranche in the Disbursement Offer, in accordance with the criteria set out in Article 4.1.

"Requested Deferred Disbursement Date" has the meaning given to it in Article 1.5.A(1)(b).

"Resettlement Action Plan" means land acquisition, involuntary resettlement and economic displacement plan that outlines the procedure and entitlement for compensation.

"Sanctions" means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

"Sanctions Authority" means:

(a) the European Union;
(b) the United Nations Security Council;
(c) the United Kingdom;
(d) the United States of America.

"Sanctioned Country" means a country or territory which is, or whose government is, at any time the subject or target of comprehensive, country-wide or territory-wide Sanctions (as of this date including the Crimean region of Ukraine, Cuba, Iran, North Korea, or Syria).

"Sanction Lists" means:
any economic, financial and trade restrictive measures and arms embargoes issued by the European Union pursuant to Chapter 2 of Title V of the Treaty on European Union as well as Article 215 of the Treaty on the Functioning of the European Union, including, but not limited to those, as available in the official EU websites https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en, http://en.europa.eu/express/what-we-do/sanctions_en.htm and https://sanctionsmap.eu/main, as amended and supplemented from time to time or on any successor page; or,

any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to Article 41 of the UN Charter, including, but not limited to those, as available in the official UN website https://www.un.org/sc/suborg/en/ and https://www.un.org/securitycouncil/content/un-sc-consolidated-list, as amended and supplemented from time to time or on any successor page; or

any economic, financial and trade restrictive measures and arms embargoes issued by the competent bodies/official institutions or agencies charged with administering, enacting or enforcing sanctions in the United Kingdom, including Her Majesty's Treasury's Office of Financial Sanction Implementation, including but not limited to those as made available in the official website https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets as amended and supplemented from time to time or on any successor page; or

any economic, financial and trade restrictive measures and arms embargoes issued by the competent bodies/official institutions or agencies charged with administering, enacting or enforcing sanctions in the United States of America, including the US Treasury Department's Office of Foreign Assets Control, including but not limited to those as made available in the official websites, https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx, https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx, https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/consolidated.aspx, and https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx, as amended and supplemented from time to time or on any successor page.

"Sanctioned Persons" means:

(a) any individual or entity listed on, or directly or indirectly owned or controlled by, or acting on behalf of or at the direction of, a person listed on, any Sanction List;

(b) any person located in or resident or organized or incorporated under the laws of, or directly or indirectly owned or controlled by, or acting on behalf of or at the direction, of a person located in or resident or organized or incorporated under the laws of, a Sanctioned Country; or

(c) otherwise a person with whom a person subject to the jurisdiction of the European Union, the United Nations Security Council, the United Kingdom, or the United States of America would be prohibited or restricted from doing business.

"Scheduled Disbursement Date" means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.2.C.

"Security" means any mortgage, pledge, lien, charge, assignment, hypothecation, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Services Component" means the technical assistance to the Final Beneficiary in preparation of Project related studies and designs, in the procurement of works and supplies, and during implementation (supervision of works), as more particularly described in the Technical Description.
"Social Law" means each of:
(a) any law, rule or regulation applicable in Kosovo relating to Social Matters;
(b) any ILO Standards;
(c) any United Nations treaty, convention or covenant on human rights signed and ratified by or otherwise applicable and binding on Kosovo.

"Social Matters" means all, or any of, the following: (i) labour and employment conditions, (ii) occupational health and safety, (iii) protection and empowerment of rights and interests of indigenous peoples, ethnic minorities and vulnerable groups, (iv) cultural heritage (tangible and intangible), (v) public health, safety and security, (vi) involuntary physical resettlement and/or economic displacement and loss of livelihood of persons, and (vii) public participation and stakeholder engagement.

"Spread" means the fixed spread (being of either positive or negative value) to the Relevant Interbank Rate, as determined by the Bank and notified to the Borrower in the relevant Disbursement Offer, or in the Interest Revision/Conversion Proposal.

"Stakeholder Engagement Plan" means a plan which (a) describes regulatory and/or Borrower’s and Final Beneficiary’s requirements for consultation and disclosure; (b) identifies and prioritises key stakeholder groups; provides a strategy and timetable for sharing information and engaging and consulting with each of these groups; and (c) establishes firm references and links to the operation’s grievance mechanism.

"Strategic Environmental Assessment" means the formal process to ensure that environmental consequences of certain public sector plans and programmes are identified and assessed during their preparation and before their adoption, in accordance with the Strategic Environmental Assessment Directive 2001/42/EC.

"Supplies Component" means the supply of goods, materials, operation and maintenance equipment related to the Project, as more particularly described in the Technical Description.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"Technical Description" has the meaning given to it in Recital (a).

"Tranche" means each disbursement made or to be made under this Contract. In case no Disbursement Acceptance has been received, Tranche shall mean a Tranche as offered under Article 1.2.B.

"Works Component" means construction of the plant, installation, replacement and upgrading of the sewerage system components, as more particularly described in the Technical Description.

"WWTP" means new wastewater treatment plant with a capacity of approximately up to 146,000 population equivalents (PEs), as more particularly described in the Technical Description.
ARTICLE 1
Credit and Disbursements

1.1 Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit in an amount of EUR 19,800,000 (nineteen million eight hundred thousand euros) for the financing of the Project (the "Credit").

1.2 Disbursement procedure

1.2.A Tranches

The Bank shall disburse the Credit in up to 10 Tranches. The amount of each Tranche shall be:

(a) in a minimum amount of EUR 1,000,000.00 (one million euros) or (if less) the entire undrawn balance of the Credit, if such Tranche will be applied, in full or part, towards the financing of the Works Component; and

(b) in a minimum amount of EUR 500,000.00 (five hundred thousand euros) or (if less) the entire undrawn balance of the Credit, if such Tranche will be applied, in full or part, towards the financing of the Services Component or the Supplies Component.

1.2.B Disbursement Offer

Upon request by the Borrower and subject to Article 1.4, provided that no event mentioned in Article 1.6 or Article 1.6B has occurred and is continuing, the Bank shall send to the Borrower within 5 (five) Business Days after the receipt of such request a Disbursement Offer for the disbursement of a Tranche. The latest time for receipt by the Bank of such Borrower's request is 15 (fifteen) Business Days before the Final Availability Date. The Disbursement Offer shall specify:

(a) the amount of the Tranche in EUR;

(b) the Scheduled Disbursement Date, which shall be a Relevant Business Day, falling at least 10 (ten) days after the date of the Disbursement Offer and on or before the Final Availability Date;

(c) the interest rate basis of the Tranche, being: (i) a Fixed Rate Tranche; or (ii) a Floating Rate Tranche, in each case, pursuant to the relevant provisions of Article 3.1;

(d) the Payment Dates and the first interest Payment Date for the Tranche;

(e) the terms for repayment of principal for the Tranche, in accordance with the provisions of Article 4.1;

(f) the Repayment Dates and the first and the last Repayment Date for the Tranche, or the single Repayment Date;

(g) the Interest Revision/Conversion Date, if requested by the Borrower, for the Tranche;

(h) for a Fixed Rate Tranche, the Fixed Rate and for a Floating Rate Tranche the Spread, applicable until the Interest Revision/Conversion Date, if any or until the Maturity Date;

(i) the purpose of the Tranche (Works Component and Supplies Component / Services Component); and,

(j) the Disbursement Acceptance Deadline.
1.2.C Disbursement Acceptance

The Borrower may accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank no later than the Disbursement Acceptance Deadline. The Disbursement Acceptance shall be signed by an Authorised Signatory with individual representation right or two or more Authorised Signatories with joint representation right and shall specify the Disbursement Account to which the disbursement of the Tranche shall be made in accordance with Article 1.2.D.

If a Disbursement Offer is duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline, the Bank shall make the Accepted Tranche available to the Borrower in accordance with the relevant Disbursement Offer and subject to the terms and conditions of this Contract.

The Borrower shall be deemed to have refused any Disbursement Offer which has not been duly accepted in accordance with its terms on or before the Disbursement Acceptance Deadline.

1.2.D Disbursement Account

Disbursement shall be made to the Disbursement Account specified in the relevant Disbursement Acceptance, provided that such Disbursement Account is acceptable to the Bank.

Notwithstanding Article 5.2(e), the Borrower acknowledges that payments to a Disbursement Account notified by the Borrower shall constitute disbursements under this Contract as if they had been made to the Borrower's own bank account.

Only one Disbursement Account may be specified for each Tranche.

1.3 Currency of disbursement

The Bank shall disburse each Tranche in EUR.

1.4 Conditions of disbursement

1.4.A Condition precedent to the first request for Disbursement Offer

The Bank shall have received from the Borrower in form and substance satisfactory to the Bank:

(a) evidence that the execution of this Contract by the Borrower has been duly authorised and that the person or persons signing this Contract on behalf of the Borrower is/are duly authorised to do so together with the specimen signature of each such person or persons, and

(b) the List of Authorised Signatories and Accounts;

prior to requesting a Disbursement Offer under Article 1.2.B by the Borrower. Any request for a Disbursement Offer made by the Borrower without the above documents having been received by the Bank and to its satisfaction shall be deemed not made.

1.4.B First Tranche

The disbursement of the first Tranche under Article 1.2 is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date (and, in the case of deferral under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively), of the following documents or evidence:

(a) 2 (two) originals of this Contract duly signed by authorised signatories of the Borrower;

(b) evidence that the Borrower has obtained all Authorisations required in connection with this Contract and the Project;
(c) a legal opinion issued by the relevant legal counsel of the Borrower confirming that:

(i) the execution of this Contract by the Borrower has been duly authorised and executed and that the person signing the Contract on behalf of the Borrower is duly authorised to do so;

(ii) that the conclusion of this Contract and its execution by the Borrower have been duly ratified by law, if required, or in any other manner required in Kosovo;

(iii) the obligations expressed to be assumed by the Borrower under this Contract are legal, valid, binding and enforceable in Kosovo and the Contract is in full force and effect;

(iv) the Borrower has or will have obtained all necessary consents, authorisations, licences or approvals of governmental or public bodies or authorities required in connection with this Contract;

(v) no exchange control restrictions are in place or consents are required in order to permit the receipt of all amounts to be disbursed hereunder on the special account mentioned in Article 1.2D and to permit the repayment of the Loan and payment of interest and all other amounts due under this Contract; and

(vi) all actions necessary to exempt from taxation for all payments of principal, interest and other sums due hereunder and to permit the payment of all such sums gross without deduction of tax at source have been taken;

d) evidence that insurances in accordance with the requirements of Article 6.5(c) are in place;

e) evidence that the final implementation and procurement plans for the Project are in place to the satisfaction of the Bank; and

f) evidence that the Project Implementation Unit is in operation with terms of reference, staff, resources and technical assistance all to the satisfaction of the Bank including appointment of an international consultant with experts for technical, procurement environmental and social issues.

1.4.C All Tranches

The disbursement of each Tranche under Article 1.2, including the first, is subject to the following conditions:

(a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:

(i) a certificate from the Borrower in the form of Schedule E.1 signed by an authorised representative of the Borrower and dated no earlier than the date falling 30 (thirty) days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively);

(ii) a copy of any other authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with (i) the entry into and performance of, and the transactions contemplated by, this Contract or the legality, validity, binding effect or enforceability of the same and (ii) compliance with Article 6.8 of the Contract by the Borrower and the Final Beneficiary:
(iii) evidence demonstrating that, following drawdown of the relevant Tranche, the amount of the Loan will not exceed the aggregate eligible expenditure incurred or contractually committed by the Borrower in respect of the Project up to the date of the relevant Disbursement Offer;

(iv) in respect of the disbursement of the last Tranche only, evidence that the creating and staffing of the team for the operation of the WWTP and of the pumping mains has been completed to the satisfaction of the Bank; and

(v) evidence that it may reasonably be expected that the Borrower and/or the Final Beneficiary will have incurred, by the 120th (one hundred and twentieth) day falling after the proposed date for disbursement specified in the Disbursement Offer, Qualifying Expenditure in compliance with Article 4.3A(5) of this Contract, in an amount at least equal to the aggregate: (i) 80% percent of the amount of that Tranche and 100% (one hundred per cent) of the amounts of all previously disbursed Tranches (if any); and (ii) if such Tranche is the last Tranche to be disbursed, 100% (hundred per cent) of the amount of the Tranche to be disbursed (100% (one hundred per cent) of the amount of the Tranche and 100% (one hundred per cent) of the amounts of all Tranches disbursed prior to it;

(b) that on the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, on the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche:

(i) the representations and warranties which are repeated pursuant to Article 6.8 are correct in all respects; and

(ii) no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute:

(1) an Event of Default; or

(2) a Prepayment Event; or

has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche;

(c) the Bank being satisfied by the Scheduled Disbursement Date for the proposed Tranche that:

(i) the EU Guarantee is valid, binding and enforceable and that no events or circumstances have occurred which could, in the opinion of the Bank, adversely affect the legal, valid, binding and enforceable nature of the EU Guarantee or the Bank's right to make a demand thereunder;

(ii) Kosovo continues to be an Eligible Country; and

(iii) the Framework Agreement is valid, binding and enforceable and that no events or circumstances have occurred which could, in the opinion of the Bank, adversely affect the legal, valid, binding and enforceable nature of the Framework Agreement.

1.4.D Additional condition for Works and Supplies Components Tranche.

In addition to the conditions set out in this Article 1.4, the disbursement of the first Tranche under Article 1.2 that will be applied towards the financing of the Works Component or the Supplies Component is subject to the condition that the Bank has received, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche evidence that (i) the land acquisition procedure, including compensation, is completed to the satisfaction of the Bank, before providing the right of access to the site, and (ii) the land for construction of the WWTP is secured and is sufficiently large to allow accommodation of the wastewater from North Mitrovica and Zvecan, and corresponding future upgrading of the WWTP.
1.5 Deferral of disbursement

1.5.A Grounds for deferral

1.5.A(1) BORROWER'S REQUEST

The Borrower may send a written request to the Bank requesting the deferral of the disbursement of an Accepted Tranche. The written request must be received by the Bank at least 5 (five) Business Days before the Scheduled Disbursement Date of the Accepted Tranche and specify:

(a) whether the Borrower would like to defer the disbursement in whole or in part and if in part, the amount to be deferred; and

(b) the date until which the Borrower would like to defer a disbursement of the above amount (the "Requested Deferred Disbursement Date"), which must be a date:

(i) falling not later than 6 (six) months from its Scheduled Disbursement Date; and

(ii) falling not later than 30 (thirty) days prior to the first Repayment Date; and

(iii) falling not later than the Final Availability Date.

Upon receipt of such a written request, the Bank shall defer the disbursement of the relevant amount until the Requested Deferred Disbursement Date.

1.5.A(2) FAILURE TO SATISFY CONDITIONS TO DISBURSEMENT

(a) The disbursement of an Accepted Tranche shall be deferred if any condition for disbursement of such Accepted Tranche referred to in Article 1.4 is not fulfilled both:

(i) at the date specified for fulfilment of such condition in Article 1.4; and

(ii) at its Scheduled Disbursement Date (or, where the Scheduled Disbursement Date has been deferred previously, the date expected for disbursement).

(b) The Bank and the Borrower shall agree the date until which the disbursement of such Accepted Tranche shall be deferred (the "Agreed Deferred Disbursement Date"), which must be a date:

(i) falling not earlier than 5 (five) Business Days following the fulfilment of all conditions of disbursement; and

(ii) falling not later than the Final Availability Date.

(c) Without prejudice to the Bank's right to suspend and/or cancel the undisbursed portion of the Credit in whole or in part pursuant to Article 1.6.B, the Bank shall defer disbursement of such Accepted Tranche until the Agreed Deferred Disbursement Date.

1.5.A(3) DEFERMENT INDEMNITY

If disbursement of an Accepted Tranche is deferred pursuant to paragraphs 1.5.A(1) or 1.5.A(2) above, the Borrower shall pay the Defeiment Indemnity.

1.5.B Cancellation of a disbursement deferred by 6 (six) months

If a disbursement has been deferred by more than 6 (six) months in aggregate pursuant to Article 1.5.A, the Bank may notify the Borrower in writing that such disbursement shall be cancelled and such cancellation shall take effect on the date of such written notification. The amount of the disbursement which is cancelled by the Bank pursuant to this Article 1.5.B shall remain available for disbursement under Article 1.2.
1.6 Cancellation and suspension

1.6.A Borrower's right to cancel

The Borrower may send a written notice to the Bank requesting the cancellation of the undisbursed portion of the Credit. The written notice:

(a) must specify whether the Borrower would like to cancel the undisbursed portion of the Credit in whole or in part and, if in part, the amount of the Credit the Borrower would like to cancel; and

(b) must not relate to an Accepted Tranche which has a Scheduled Disbursement Date falling within 5 (five) Business Days of the date of the written notice.

Upon receipt of such written notice, the Bank shall cancel the requested undisbursed portion of the Credit with immediate effect.

1.6.B Bank's right to suspend and cancel

At any time upon the occurrence of the following events, the Bank may notify the Borrower in writing that the undisbursed portion of the Credit shall be suspended and/or (apart from on the occurrence of a Market Disruption Event) cancelled in whole or in part:

(a) a Prepayment Event;

(b) an Event of Default;

(c) an event or circumstance which would with the passage of time or giving of notice under this Contract constitute a Prepayment Event or an Event of Default;

(d) Kosovo is no longer an Eligible Country for operations under the Mandate;

(e) a Material Adverse Change;

(f) a Market Disruption Event provided the Bank has not received a Disbursement Acceptance.

On the date of such written notification the relevant undisbursed portion of the Credit shall be suspended and/or cancelled with immediate effect. Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

1.6.G Indemnity for suspension and cancellation of a Tranche

1.6.C(1) SUSPENSION

If the Bank suspends an Accepted Tranche upon the occurrence of an Indemnifiable Prepayment Event or an Event of Default or upon the occurrence of a Material Adverse Change, the Borrower shall pay to the Bank the Deferral Indemnity calculated on the amount of disbursement suspended.

1.6.C(2) CANCELLATION

(a) If an Accepted Tranche which is a Fixed Rate Tranche is cancelled:

(i) by the Borrower pursuant to Article 1.6.A;

(ii) by the Bank upon an Indemnifiable Prepayment Event or upon the occurrence of a Material Adverse Change or pursuant to Article 1.5.8 or Article 1.6.B(d),

the Borrower shall pay to the Bank the Prepayment Indemnity. The Prepayment Indemnity shall be calculated as if the cancelled amount had been disbursed and repaid on the Scheduled Disbursement Date or, to the extent that the disbursement of the Tranche is currently deferred or suspended, on the date of the cancellation notice.

(b) If the Bank cancels an Accepted Tranche upon the occurrence of an Event of Default, the Borrower shall indemnify the Bank in accordance with Article 10.3
(c) Save in the cases (a) or (b) above, no indemnity is payable upon cancellation of a Tranche.

1.7 Cancellation after expiry of the Credit

On the day following the Final Availability Date, and unless otherwise specifically agreed in writing by the Bank, any part of the Credit in respect of which no Disbursement Acceptance has been received in accordance with Article 1.2.C shall be automatically cancelled, without any notice being served by the Bank to the Borrower and without liability arising on the part of either party.

1.8 Sums due under Articles 1.5 and 1.6

Sums due under Articles 1.5 and 1.6 shall be payable in EUR. Sums due under Articles 1.5 and 1.6 shall be payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's demand.

ARTICLE 2
The Loan

2.1 Amount of Loan

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under the Credit, as confirmed by the Bank pursuant to Article 2.3.

2.2 Currency of repayment, interest and other charges

Interest, repayments and other charges payable in respect of each Tranche shall be made by the Borrower in the currency in which the Tranche is disbursed.

Other payment, if any, shall be made in the currency specified by the Bank having regard to the currency of the expenditure to be reimbursed by means of that payment.

2.3 Confirmation by the Bank

The Bank shall deliver to the Borrower the amortisation table referred to in Article 4.1, if applicable, showing the Disbursement Date, currency, the amount disbursed, the repayment terms and the interest rate of and for that Tranche.

ARTICLE 3
Interest

3.1 Rate of interest

3.1.A Fixed Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Fixed Rate Tranche at the Fixed Rate quarterly, semi-annually or annually in arrear on the relevant Payment Dates as specified in the Disbursement Offer, commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

Interest shall be calculated on the basis of Article 5.1(a).
3.1.B Floating Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Floating Rate Tranche at the Floating Rate quarterly or semi-annually in arrear on the relevant Payment Dates, as specified in the Disbursement Offer commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

The Bank shall notify the Borrower of the Floating Rate within 10 (ten) days following the commencement of each Floating Rate Reference Period.

If pursuant to Articles 1.5 and 1.6 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date the Relevant Interbank Rate applicable to the first Floating Rate Reference Period shall apply as though the disbursement had been made on the Scheduled Disbursement Date.

Interest shall be calculated in respect of each Floating Rate Reference Period on the basis of Article 5.1(b).

3.1.C Revision or Conversion of Tranches

Where the Borrower exercises an option to revise or convert the interest rate basis of a Tranche, it shall, from the effective Interest Revision/Conversion Date (in accordance with the procedure set out in Schedule D) pay interest at a rate determined in accordance with the provisions of Schedule D.

3.2 Interest on overdue sums

Without prejudice to Article 10 and by way of exception to Article 3.1, if the Borrower fails to pay any amount payable by it under this Contract on its due date, interest shall accrue on any overdue amount payable under the terms of this Contract from the due date to the date of actual payment at an annual rate equal to:

(a) for overdue sums related to Floating Rate Tranches, the applicable Floating Rate plus 2% (200 basis points);
(b) for overdue sums related to Fixed Rate Tranches, the higher of (a) the applicable Fixed Rate plus 2% (200 basis points) or (b) the Relevant Interbank Rate plus 2% (200 basis points); and
(c) for overdue sums other than under (a) or (b) above, the Relevant Interbank Rate plus 2% (200 basis points),

and shall be payable in accordance with the demand of the Bank. For the purpose of determining the Relevant Interbank Rate in relation to this Article 3.2, the relevant periods within the meaning of Schedule B shall be successive periods of one month commencing on the due date. Any unpaid but due interest may be capitalised in conformity with article 1154 of the Luxembourg Civil Code. For the avoidance of doubt, capitalisation of interest shall occur only for interest due but unpaid for a period of more than one year. The Borrower hereby agrees in advance to have the unpaid interest due for a period of more than one year compounded and that as of the capitalisation, such unpaid interest will in turn produce interest at the interest rate set out in this Article 3.2.

If the overdue sum is in a currency other than the currency of the Loan, the following rate per annum shall apply, namely the relevant interbank rate that is generally retained by the Bank for transactions in that currency plus 2% (200 basis points), calculated in accordance with the market practice for such rate.

3.3 Market Disruption Event

If at any time:
(a) from the receipt by the Bank of a Disbursement Acceptance in respect of a Tranche, and
(b) until the date falling 30 (thirty) calendar days prior to the Scheduled Disbursement Date,
a Market Disruption Event occurs, the Bank may notify to the Borrower that this clause has come into effect. In such case, the following rules shall apply:

(i) The rate of interest applicable to such Accepted Tranche until the Maturity Date or the Interest Revision/Conversion Date if any, shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

The Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notice and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding portion of the Credit shall remain available for disbursement under Article 1.2.8. If the Borrower does not refuse the disbursement in time, the parties agree that the disbursement and the conditions thereof shall be fully binding for both parties.

(ii) The Spread or the Fixed Rate previously accepted by the Borrower shall no longer be applicable.

ARTICLE 4
Repayment

4.1 Normal repayment

4.1.A Repayment by instalments

(a) The Borrower shall repay each Tranche by instalments on the Repayment Dates specified in the relevant Disbursement Offer in accordance with the terms of the amortisation table delivered pursuant to Article 2.3.

(b) Each amortisation table shall be drawn up on the basis that:

(i) in the case of a Fixed Rate Tranche without an Interest Revision/Conversion Date, repayment shall be made quarterly, semi-annually or annually by equal instalments of principal or constant instalments of principal and interest;

(ii) in the case of a Fixed Rate Tranche with an Interest Revision/Conversion Date or a Floating Rate Tranche, repayment shall be made by equal quarterly, semi-annual or annual instalments of principal;

(iii) the first Repayment Date of each Tranche shall be a Payment Date falling not earlier than 30 (thirty) days from the Scheduled Disbursement Date and not later than the first Repayment Date immediately following the 5th (fifth) anniversary of the Scheduled Disbursement Date of the Tranche; and

(iv) the last Repayment Date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 25 (twenty five) years from the Scheduled Disbursement Date.
4.1.B Single instalment
Alternatively, the Borrower shall repay the Tranche in a single instalment on the sole Repayment Date specified in the Disbursement Offer, being a date falling not less than 3 (three) years or more than 15 (fifteen) years from the Scheduled Disbursement Date.

4.2 Voluntary prepayment

4.2.A Prepayment option
Subject to Articles 4.2.B, 4.2.C and 4.4, the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Request with at least 30 (thirty) calendar days' prior notice specifying:
(a) the Prepayment Amount;
(b) the Prepayment Date;
(c) if applicable, the choice of application method of the Prepayment Amount in line with Article 5.5.C(a), and
(d) the Contract Number.

The Prepayment Request shall be irrevocable.

4.2.B Prepayment Indemnity

4.2.B(1) FIXED RATE TRANCHE
Subject to Article 4.2.B(3) below, if the Borrower prepays a Fixed Rate Tranche, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnily in respect of the Fixed Rate Tranche which is being prepaid.

4.2.B(2) FLOATING RATE TRANCHE
Subject to Article 4.2.B(3) below, the Borrower may prepay a Floating Rate Tranche without indemnity on any relevant Payment Date.

4.2.B(3) REVISION/CONVERSION
Prepayment of a Tranche on its Interest Revision/Conversion Date may be effected without indemnity unless the Borrower has accepted in writing a Fixed Rate under an Interest Revision/Conversion Proposal, as accepted under Article 4.2.C, or pursuant to Schedule C.

4.2.C Prepayment mechanics
Upon presentation by the Borrower to the Bank of a Prepayment Request, the Bank shall issue a Prepayment Notice to the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date. The Prepayment Notice shall specify the Prepayment Amount, the accrued interest due thereon, the Prepayment Indemnity payable under Article 4.2.B or, as the case may be, that no indemnity is due, the method of application of the Prepayment Amount and, if a Prepayment Indemnity is applicable, the deadline by which the Borrower may accept the Prepayment Notice.

If the Borrower accepts the Prepayment Notice no later than by the deadline (if any) specified in the Prepayment Notice, the Borrower shall effect the prepayment. In any other case, the Borrower may not effect the prepayment.

The Borrower shall accompany the payment of the Prepayment Amount by the payment of accrued interest and the Prepayment Indemnity, if any, due on the Prepayment Amount, as specified in the Prepayment Notice.
4.2.D Administrative Fee

If the Borrower prepays a Tranche on a date other than a relevant Payment Date, or if the Bank exceptionally accepts, solely upon the Bank’s discretion, a Prepayment Request with prior notice of less than 30 (thirty) calendar days, the Borrower shall pay to the Bank an administrative fee in such amount as the Bank shall notify to the Borrower.

4.3 Compulsory prepayment

4.3.A Prepayment Events

4.3.A(1) PROJECT COST REDUCTION

If the total cost of the Project falls below the figure stated in Recital (a) so that the amount of the Credit exceeds:

(a) 50% (fifty per cent); and/or
(b) when aggregated with the amount of any other funds from the European Union made available for the Project, 90% (ninety per cent),

of such total cost of the Project, the Bank may forthwith, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan Outstanding up to the amount by which the Credit exceeds the limits referred to in (a) and (b) above, together with accrued interest and all other amounts accrued and outstanding under this Contract in relation to the proportion of the Loan Outstanding to be prepaid. The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

4.3.A(2) PARI PASSU TO NON-EIB FINANCING

If the Borrower voluntarily prepays (for the avoidance of doubt, prepayment shall include a repurchase or cancellation where applicable) a part or the whole of any Non-EIB Financing and:

(a) such prepayment is not made within a revolving credit facility (save for the cancellation of the revolving credit facility); or
(b) such prepayment is not made out of the proceeds of a loan or other indebtedness having a term at least equal to the unexpired term of the Non-EIB Financing prepaid; and
(c) such prepayment is not made on the basis of a decision taken in the ordinary course of the Borrower’s treasury and debt management to address the consequences of any fluctuations in currency exchange rates,

the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan. The proportion of the Loan that the Bank may require to be prepaid shall be the same as the proportion that the prepaid amount of the Non-EIB Financing bears to the aggregate outstanding amount of all Non-EIB Financing.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article, “Non-EIB Financing” includes any loan (save for the Loan and any other direct loans from the Bank to the Borrower), credit bond or other form of financial indebtedness or any obligation for the payment or repayment of money originally granted to the Borrower for a term of more than 5 (five) years.

4.3.A(3) CHANGE OF LAW

The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is likely to occur. In such case, or if the Bank otherwise has reasonable cause to
believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank’s request. If, after the lapse of 30 (thirty) days from the date of such request for consultation the Bank is of the reasonable opinion that the effects of the Change-of-Law Event cannot be mitigated to its satisfaction, the Bank may by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article "Change-of-Law Event" means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation, including Sanctions (or in the application or official interpretation of any law, rule or regulation, including Sanctions) that occurs after the date of this Contract and which, in the sole discretion of the Bank, would materially impair the Borrower’s or the Final Beneficiary’s ability to perform its obligations under this Contract or any Security provided in respect of this Contract.

4.3.A(4) ILLEGALITY

If

(a) In the Bank’s sole discretion it becomes unlawful in any applicable jurisdiction or it becomes or is likely to become contrary to any Sanctions for the Bank to perform any of its obligations as contemplated in this Contract, or fund or maintain the Loan; or

(b) In the Bank’s sole discretion the Framework Agreement is or is likely to be:

(i) repudiated by Kosovo or not binding on Kosovo;

(ii) not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms; or

(iii) breached, in that any obligation assumed by Kosovo under the Framework Agreement ceases to be fulfilled as regards any loan made in the territory of Kosovo from the resources of the Bank or the EU; or

(c) in relation to the EU Guarantee in the Bank’s sole discretion:

(i) it is no longer valid or in full force and effect;

(ii) the conditions for cover thereunder are not fulfilled; or

(iii) it is not effective in accordance with its terms or is alleged to be ineffective in accordance with its terms,

the Bank may, by notice to the Borrower, immediately (i) suspend or cancel the undisbursed portion of the Credit, and/or (ii) demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract on the date indicated by the Bank in its notice to the Borrower.

4.3.A(5) QUALIFYING EXPENDITURE LESS THAN THE AMOUNT OF THE TRANCHE

The Borrower shall:

(a) within 120 (one hundred and twenty) days following the disbursement of any Tranche hereunder, incur Qualifying Expenditure in an amount being at least equal to the aggregate of 80% (eighty per cent) of the amount of that Tranche and 100% (one hundred per cent) of the amounts of all Tranches disbursed prior to it, if any,
within 120 (one hundred and twenty) days following the disbursement of the last Tranche hereunder, incur Qualifying Expenditure in an amount being at least equal to the aggregate of 100% (one hundred per cent) of the amount of that Tranche and 100% (one hundred per cent) of the amounts of all Tranches disbursed prior to it, if any.

As evidence of compliance with the above obligations, the Borrower shall deliver in a manner satisfactory to the Bank, documents in English or accompanied by an English translation.

If in respect of any disbursed Tranche, the Borrower fails to deliver to the Bank any of the documents referred to in this Article 4.3.4(5) by their respective due dates, the Bank may demand prepayment of the portion of the Tranche which exceeds the amount of Qualifying Expenditure incurred by the Borrower in respect of which the Borrower has produced evidence satisfactory to the Bank.

4.3.B Prepayment mechanics

Any sum demanded by the Bank pursuant to Article 4.3.A, together with any interest or other amounts accrued or outstanding under this Contract including, without limitation, any indemnity due under Article 4.3.C, shall be paid on the date indicated by the Bank in its notice of demand.

4.3.C Prepayment indemnity

In the case of an Indemnifiable Prepayment Event, the indemnity, if any, shall be determined in accordance with Article 4.2.B.

4.4 General

4.4.A No prejudice to Article 10

This Article 4 shall not prejudice Article 10.

4.4.B No reborrowing

A repaid or prepaid amount may not be reborrowed.

ARTICLE 5

Payments

5.1 Day count convention

Any amount due by way of interest, indemnity or fee from the Borrower under this Contract, and calculated in respect of a fraction of a year, shall be determined on the following respective conventions:

(a) in respect of interest and indemnities due under a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days; and

(b) in respect of interest and indemnities due under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days and the number of days elapsed.

5.2 Time and place of payment

(a) Unless otherwise specified in this Contract or in the Bank's demand, all sums other than sums of interest, indemnity and principal are payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand.
5.3 No set-off by the Borrower

All payments to be made by the Borrower under this Contract shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

5.4 Disruption to Payment Systems

If either the Bank determines (in its discretion) that a Disruption Event has occurred or the Bank is notified by the Borrower that a Disruption Event has occurred:

(a) the Bank may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of this Contract as the Bank may deem necessary in the circumstances;

(b) the Bank shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes; and

(c) the Bank shall not be liable for any damages, costs or losses whatsoever arising as a result of a Disruption Event or for taking or not taking any action pursuant to or in connection with this Article 5.4.

5.5 Application of sums received

5.5.A General

Sums received from the Borrower shall only discharge its payment obligations if received in accordance with the terms of this Contract.

5.5.B Partial payments

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment:

(a) firstly, in or towards pro rata to each of any unpaid fees, costs, indemnities and expenses due under this Contract;

(b) secondly, in or towards payment of any accrued interest due but unpaid under this Contract;

(c) thirdly, in or towards payment of any principal due but unpaid under this Contract; and

(d) fourthly, in or towards payment of any other sum due but unpaid under this Contract.
5.3.C Allocation of sums related to Tranches:

(a) In case of:
   (i) a partial voluntary prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied pro rata to each outstanding instalment, or, at the request of the Borrower, in inverse order of maturity; or
   (ii) a partial compulsory prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied in reduction of the outstanding instalments in inverse order of maturity.

(b) Sums received by the Bank following a demand under Article 10.1 and applied to a Tranche, shall reduce the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.

(c) In case of receipt of sums which cannot be identified as applicable to a specific Tranche, and on which there is no agreement between the Bank and the Borrower on their application, the Bank may apply these between Tranches at its discretion.

ARTICLE 6

Borrower undertakings and representations

The undertakings in this Article 6 remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

A. PROJECT UNDERTAKINGS

6.1 Use of Loan and availability of other funds

The Borrower shall, and shall ensure that the the Final Beneficiary will, use all amounts borrowed by it under this Contract for the execution of the Project.

The Borrower shall ensure that it has available to it the other funds listed in Recital (b) and that such funds are expended, to the extent required, on the financing of the Project.

6.2 Completion of Project

The Borrower shall, and shall ensure that the Final Beneficiary will, carry out the Project in accordance with the Technical Description as may be modified from time to time with the approval of the Bank, and complete it by the final date specified therein.

6.3 Increased cost of Project

If the total cost of the Project exceeds the estimated figure set out in Recital (b), the Borrower shall obtain the finance to fund the excess cost without recourse to the Bank, so as to enable the Project to be completed in accordance with the Technical Description. The plans for funding the excess cost shall be communicated to the Bank without delay.
**6.4 Procurement procedure**

(a) The Borrower shall, and shall ensure that the Final Beneficiary will, purchase equipment, secure services and order works for the Project by acceptable procurement procedures complying, to the Bank's satisfaction, with its policy as described in its Guide to Procurement.

(b) The Borrower shall ensure that a review procedures for remedies as provided in the Kosovo law is available to any party having had an interest in obtaining a particular contract and who has been harmed or risks being harmed by an alleged infringement.

(c) The Borrower shall confirm availability of such remedy mechanism before the starting of the procurement process under the Project.

(d) The Borrower shall, and shall ensure that the Final Beneficiary will, include in the tender documents for all contracts to be financed by the Bank a reference to the above-mentioned mechanism for reviewing complaints related to the procurement process.

(e) The Borrower shall, and shall ensure that the Final Beneficiary will, promptly inform the Bank of any changes to the initial procurement and implementation plan and to update the plans on a regular basis.

**6.5 Continuing Project undertakings**

The Borrower shall, and shall ensure that the Final Beneficiary will:

(a) Maintenance: maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;

(b) Project assets: unless the Bank shall have given its prior consent in writing retain title to and possession of all or substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Project ineligible for financing by the Bank under its Statute or under article 309 of the Treaty on the Functioning of the European Union;

(c) Insurance: insure all works and property forming part of the Project with first class insurance companies in accordance with the most comprehensive relevant industry practice;

(d) Rights and Permits: maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of the Project;

(e) Environment and Social:

(i) Implement and operate the Project in compliance with Environmental and Social Standards and shall ensure that the contracts that are financed by the Bank includes provisions implementing the principles of equal treatment and non-discrimination in employment and at the workplace, and equal access for men and women to employment opportunities;

(ii) obtain, maintain and comply with, requisite Environmental or Social Approvals for the Project;

(iii) prepare and implement Resettlement Action Plan for WWTP to the satisfaction of the Bank;

(iv) implement the Project in accordance with the Environmental and Social Management Plan and the Stakeholders Engagement Plan, inclusive of a grievance mechanism, and report to the Bank on the status of implementation; and
(v) in the case that environmental impact assessment is required under the applicable laws, provide the Bank with the final version of the relevant document and the approval by the relevant competent authority in Kosovo, for publication on the Bank's website.

(f) EU law: execute and operate the Project in accordance with the relevant laws of Kosovo and the relevant standards of EU law, save for any general derogation made by the European Union.

(g) Other Project undertakings:

(i) maintain the PIU with terms of reference, staff, resources, all to the Bank’s satisfaction;

(ii) complete the update of the technical feasibility study and the conceptual design of the WWTP, based on the chemical analyses of samples collected from existing sewage flows, allowing to confirm dimensioning of the WWTP, including a long term solution of the sludge disposal and/or additional treatment, and detailed design for the wastewater networks, to the satisfaction of the Bank, before preparation of the procurement documents in respect of the Project;

(iii) ensure that a works supervision team shall be in place with terms of reference, staff and resources, all to the Bank’s satisfaction before the start of the implementation of the Project;

(iv) inform the Bank of any changes to the initial procurement plan and update the plan on a regular basis;

(v) consult with the Bank regarding any amendment of the works and supplies contracts that are financed by the Bank and shall obtain the Bank’s non-objection prior to entering into any material amendments to these contracts;

(vi) by no later than two years from the date when the Works Component and the Supplies Component are initiated, submit a business plan that is satisfactory to the Bank aimed at achieving full recovery of operation and maintenance costs and depreciation charges on existing assets from tariffs and charges (excluding subsidies) on or before completion of construction works in respect of the Project;

(vii) by no later than the date when the Works Component and the Supplies Component are completed, achieve recovery of operation & maintenance (O&M) costs and depreciation charges on existing assets from tariffs and charges (excluding subsidies), it being understood that, to the extent there is any deficit between such operation and maintenance costs and the tariff revenues, such deficit shall be promptly financed by the Borrower and/or the Final Beneficiary;

(h) submit an approved business plan aimed at achieving full recovery of O&M costs and depreciation charges on existing assets from tariffs and charges (excluding subsidies) on or before completion of construction of the wastewater treatment plant, not later than two years from the start of the works to:

(i) develop and maintain a programme to track, mitigate and eliminate stormwater inflow due to infiltration or illegal connections;

(ii) on or before the completion of the WWTP, ensure that a properly trained operational team to operate the WWTP is in place, to the satisfaction of the Bank;

(iii) ensure that all the necessary machinery, spare parts and laboratory facilities to support smooth operation and maintenance of the WWTP are provided before the start of its operation, to the satisfaction of the Bank; and
(iv) ensure that construction of networks, collectors, and pumping mains is completed, to the satisfaction of the Bank, before the WWTP testing and start-up, in any case delivering the 30% (thirty per cent) equivalent of the design capacity.

6. GENERAL UNDERTAKINGS

6.6 Compliance with laws

The Borrower and the Final Beneficiary have been and are in compliance with, and the Borrower shall, and shall ensure that the Final Beneficiary will, comply in all respects with all laws and regulations to which the Borrower, the Final Beneficiary or the Project is subject.

6.7 Books and records

The Borrower shall, and shall ensure that the Final Beneficiary will:

(a) ensure that it has kept and will continue to keep proper books and records of account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and the Final Beneficiary (as applicable), including expenditures in connection with the Project, in accordance with GAAP as in effect from time to time; and

(b) keep records of contracts financed with the proceeds of the Loan including a copy of the contract itself and material documents relating to the procurement for at least 6 (six) years from substantial performance of the contract.

6.8 Integrity

(a) Prohibited Conduct:

(i) The Borrower shall not, and shall ensure that the Final Beneficiary will not, engage in (and shall not authorise or permit any other person acting on its behalf to engage in) any Prohibited Conduct in connection with the Project, any tendering procedure for the Project, or any transaction contemplated by the Contract.

(ii) The Borrower undertakes to take, and shall ensure that the Final Beneficiary will take, such actions as the Bank shall reasonably request to investigate or terminate any alleged or suspected occurrence of any Prohibited Conduct in connection with the Project.

(iii) The Borrower undertakes to ensure that contracts financed by this Loan include the necessary provisions to enable the Borrower and/or the Final Beneficiary to investigate or terminate any alleged or suspected occurrence of any Prohibited Conduct in connection with the Project.

(b) Sanctions: The Borrower shall not, and shall not permit or authorise any other person to, directly or indirectly:

(i) enter into a business relationship with any Sanctioned Person, or

(ii) make all or any part of the proceeds of this Loan available to or for the benefit of, directly or indirectly, any Sanctioned Person;

(iii) engage in any activity that could cause any person, including the Bank, to violate Sanctions; or

(iv) engage in any activity that could cause any person, including the Bank, to become a Sanctioned Person.

The Borrower shall ensure that the Final Beneficiary will not, and will not permit or authorise any other person to, directly or indirectly:

(f) enter into a business relationship with any Sanctioned Person, or
(ii) make all or any part of the proceeds of this Loan available to or for the benefit of, directly or indirectly, any Sanctioned Person;

(iii) engage in any activity that could cause any person, including the Bank, to violate Sanctions; or

(iv) engage in any activity that could cause any person, including the Bank, to become a Sanctioned Person.

(c) Officials, Representatives and Employees: Except as disclosed, no person holding public office in or otherwise employed by the Borrower or the Final Beneficiary, and no member of management bodies of the Final Beneficiary, in connection with the Loan or the Project, is a Sanctioned Person, is in breach of Sanctions, or has received notice or is aware of any claim, action, suit, proceeding, notice or investigation against it by any Sanctions Authority with respect to Sanctions. The Borrower undertakes to take, and undertakes that the Final Beneficiary will take, within a reasonable timeframe appropriate measures in respect of any official or person holding a public office in the Borrower, or any member of the management bodies of the Final Beneficiary, or otherwise employed by the Borrower or the Final Beneficiary, who:

(i) is or becomes a Sanctioned Person; or

(ii) is the subject of a final and irrevocable court ruling in connection with Prohibited Conduct perpetrated in the course of the exercise of their professional duties,

In order to ensure that such official or person is suspended, dismissed or in any case excluded from any of the Borrower’s and the Final Beneficiary’s activities in relation to this Contract, the Loan and the Project.

(d) Neither the Borrower, nor the Final Beneficiary is a Sanctioned Person, is in breach of Sanctions, or has received notice or is aware of any claim, action, suit, proceeding, notice or investigation against it by any Sanctions Authority with respect to Sanctions.

(e) The Borrower shall, and shall ensure that the Final Beneficiary will, maintain appropriate controls and safeguards designed to prevent the violation of any Sanctions.

6.9 General Representations and Warranties

The Borrower represents and warrants to the Bank that:

(a) it has the power to execute, deliver and perform its obligations under this Contract and all necessary governmental or other action has been taken to authorise the execution, delivery and performance of the same by it;

(b) this Contract constitutes its legally valid, binding and enforceable obligations;

(c) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not contravene or conflict with:

(i) any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it or the Bank is subject;

(ii) any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract;

(d) there has been no Material Adverse Change since 19 November 2019;

(e) no event or circumstance which constitutes a Prepayment Event or an Event of Default has occurred and is continuing;
The undertakings in this Article 7 remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.
7.1 Pari passu ranking

The Borrower shall ensure that its payment obligations under this Contract rank, and will rank, not less than pari passu in right of payment with all other present and future unsecured and unsubordinated obligations under any of its External Debt Instruments.

In particular, if the Bank makes a demand under Article 10.1 or if an event or potential event of default under any unsecured and unsubordinated External Debt Instrument of the Borrower or of any of its agencies or instrumentalities has occurred and is continuing, the Borrower shall not make (or authorize) any payment in respect of any other such External Debt Instrument (whether regularly scheduled or otherwise) without simultaneously paying, or setting aside in a designated account for payment on the next Payment Date a sum equal to, the same proportion of the debt outstanding under this Contract as the proportion that the payment under such External Debt Instrument bears to the total debt outstanding under that Instrument. For this purpose, any payment of an External Debt Instrument that is made out of the proceeds of the issue of another instrument, to which substantially the same persons as hold claims under the External Debt Instrument have subscribed, shall be disregarded.

In this Contract, "External Debt Instrument" means (a) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement), (b) an obligation evidenced by a bond, debenture or similar written evidence of indebtedness or (c) a guarantee granted by the Borrower for an obligation of a third party; provided in each case that such obligation is: (i) governed by a system of law other than the law of the Borrower; or (ii) payable in a currency other than the currency of the Borrower's territory; or (iii) payable to a person incorporated, domiciled, resident or with its head office or principal place of business outside the Borrower's territory.

7.2 Additional security

Should the Borrower grant to a third party any security for the performance of any External Debt Instrument or any preference or priority in respect thereof, the Borrower shall, if so required by the Bank, provide to the Bank equivalent security for the performance of its obligations under this Contract or grant to the Bank equivalent preference or priority.

7.3 Clauses by inclusion

If the Borrower concludes with any other financial creditor a financing agreement that includes a loss-of-rating clause, a cross default clause, a pari passu clause or a covenant or other provision regarding its financial ratios, if applicable, that is not provided for in this Contract or is more favourable to the relevant financial creditor than any equivalent provision of this Contract is to the Bank, the Borrower shall promptly inform the Bank and shall provide a copy of the more favourable provision to the Bank.

The Bank may request that the Borrower promptly executes an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

ARTICLE 8
Information and Visits

8.1 Information concerning the Project

The Borrower shall, and shall ensure the Final Beneficiary will:

(a) deliver to the Bank:
the information in content and in form, and at the times, specified in Schedule A.2 or otherwise as agreed from time to time by the parties to this Contract; and

(ii) any such information or further document concerning the financing, procurement, implementation, operation of the Project and related environmental or social matters as the Bank may reasonably require within a reasonable time,

provided always that if such information or document is not delivered to the Bank on time, and the Borrower or the Final Beneficiary does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower's expense and the Borrower shall provide such persons with all assistance necessary for the purpose;

(b) submit for the approval of the Bank without delay any material change to the Project, also taking into account the disclosures made to the Bank in connection with the Project prior to the signing of this Contract, in respect of, inter alia, the price, design, plans, timetable or to the expenditure programme or financing plan for the Project;

(c) promptly inform the Bank of:

(i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or the Final Beneficiary or any Environmental or Social Claim that is to its knowledge commenced, pending or threatened against it or the Final Beneficiary; and

(ii) any fact or event known to the Borrower or the Final Beneficiary, which may substantially prejudice or affect the conditions of execution or operation of the Project;

(iii) any non-compliance by it or the Final Beneficiary with any Environmental and Social Standards;

(iv) any suspension, revocation or modification of any Environmental or Social Approval;

(v) a genuine allegation or complaint with regard to any Prohibited Conduct related to the Project;

(vi) should the Borrower or the Final Beneficiary become aware of any fact or information confirming or reasonably suggesting that (a) any Prohibited Conduct has occurred in connection with the Project, or (b) any of the funds invested in its share capital or in the Project was derived from an illicit origin or from activities involved Sanctioned Persons or Sanctioned Countries or from any action or activity which is in breach of any Sanctions;

(vii) any proceeds of this Loan being made available, directly or indirectly, to any Sanctioned Persons or Sanctioned Countries or used in breach of any Sanctions;

(viii) any breach of the representations and warranties given under or in connection with this Contract;

and set out the action to be taken with respect to such matters; and

(d) provide to the Bank, if so requested:

(i) a certificate of its insurers showing fulfilment of the requirements of Article 6.5(c);

(ii) annually, a list of policies in force covering the insured property forming part of the Project, together with confirmation of payment of the current premiums; and
true copies of contract financed with the proceeds of the Loan and evidence of expenditure relating to the disbursement.

8.2 Information concerning the Borrower

The Borrower shall:

(a) deliver to the Bank:

(i) from time to time, such further information, evidence or document concerning:

(1) its general financial situation or such certificates of compliance with the undertakings of Article 6; and

(2) customer due diligence matters of, or for, the Borrower and Final Beneficiary to comply with "know your customer" (KYC) or similar identification procedures,

as the Bank may deem necessary or may reasonably require to be provided within a reasonable time, and

(b) inform the Bank immediately of:

(i) any fact which obliges it to prepay any financial indebtedness or any European Union funding;

(ii) any event or decision that constitutes or may result in a Prepayment Event;

(iii) any intention on its part to grant any Security over any of its assets in favour of a third party;

(iv) any intention on its part or on part of the Final Beneficiary to relinquish ownership of any material component of the Project;

(v) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;

(vi) any Event of Default having occurred or being threatened or anticipated;

(vii) any fact or event which results in (a) any officials or persons holding a public office in the Borrower or otherwise employed by it or any member of the management bodies or controlling entities of the Final Beneficiary or otherwise employed by the Final Beneficiary or (b) any of the controlling entities of the Final Beneficiary, being a Sanctioned Person;

(viii) unless prohibited by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of its knowledge and belief, is current, imminent or pending against the Borrower or any officials or persons holding a public office in the Borrower, the Final Beneficiary or the controlling entities of the Final Beneficiary or members of the Final Beneficiary's management bodies in connection with Prohibited Conduct related to the Credit, the Loan or the Project;

(ix) any measure taken by the Borrower or the Final Beneficiary pursuant to, or any action prohibited by, Article 8.8 of this Contract; and

(x) any litigation, arbitration or administrative proceedings or investigation which is current, threatened or pending and which might if adversely determined result in a Material Adverse Change.
8.3 Visits, Right of Access and Investigation:

(a) The Borrower shall, and shall ensure that the Final Beneficiary will, allow persons designated by the Bank, as well as persons designated by other institutions or bodies of the European Union when so required by the relevant mandatory provisions of European Union law, the competent EU institutions including the Court of Auditors of the European Communities, the European Commission, the European Anti-Fraud Office and the European Public Prosecutor's Office to:

(i) visit the sites, installations and works comprising the Project and to conduct such checks as they may wish for purposes connected with this Contract and the financing of the Project;

(ii) interview representatives of the Borrower and/or the Final Beneficiary, and not obstruct contacts with any other person involved in or affected by the Project; and

(iii) review the Borrower's and/or the Final Beneficiary's books and records in relation to the execution of the Project and to be able to take copies of related documents to the extent permitted by the law.

(b) The Borrower shall, and shall ensure that the Final Beneficiary will, facilitate investigations by the Bank and by other competent European Union institutions or bodies in connection with any alleged or suspected occurrence of a Prohibited Conduct or violation of any Sanctions and shall provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Article.

(c) The Borrower acknowledges, and shall ensure that the Final Beneficiary will acknowledge, that the Bank may be obliged to communicate information relating to the Borrower, the Final Beneficiary and the Project to any competent institution or body of the European Union including the Court of Auditors of the European Communities, the European Commission, the European Anti-Fraud Office and the European Public Prosecutor's Office as are necessary for the performance of their task in accordance with the laws of the European Communities.

ARTICLE 9

Taxes, duties and fees

The Borrower shall pay all Taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of this Contract or any related document and in the creation, perfection, registration or enforcement of any Security for the Loan to the extent applicable. For the avoidance of doubt, the Borrower shall bear all taxes (including, without limitation, VAT), duties (including, without limitation, any customs duties), fees and other impositions of whatsoever nature, including stamp duty and registration fees, on all goods, works and services (including consultancy services), procured by the Final Beneficiary for the Project and financed from the proceeds of the Loan, or provide for their reimbursement.

The Borrower shall pay all principal, interest, indemnities and other amounts due under this Contract gross without any withholding or deduction of any national or local impositions whatsoever required by law or under an agreement with a governmental authority or otherwise. If the Borrower is obliged to make any such withholding or deduction, it shall gross up the payment to the Bank so that after withholding or deduction, the net amount received by the Bank is equivalent to the sum due.
9.2 Other charges

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the preparation, execution, implementation, enforcement and termination of this Contract or any related document, any amendment, supplement or waiver in respect of this Contract or any related document, and in the amendment, creation, management, enforcement and realisation of any security for the Loan.

The Bank shall provide documentary support for any such charges or expenses upon the Borrower’s request.

9.3 Increased costs, indemnity and set-off

(a) The Borrower shall pay to the Bank any costs or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation which occurs after the date of signature of this Contract, in accordance with or as a result of which (i) the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract, or (ii) any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.

(b) Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any full or partial discharge that takes place in a manner other than as expressly set out in this Contract.

(c) The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Borrower regardless of the place of payment, banking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.

ARTICLE 10

Events of Default

10.1 Right to demand repayment

The Borrower shall repay all or part of the Loan Outstanding (as requested by the Bank) forthwith, together with accrued interest and all other accrued or outstanding amounts under this Contract, upon written demand being made by the Bank in accordance with the following provisions.

10.1.A Immediate demand

The Bank may make such demand immediately without prior notice (mise en demeure préalable) or any judicial or extra judicial step:

(a) if the Borrower does not pay on the due date any amount payable pursuant to this Contract at the place and in the currency in which it is expressed to be payable, unless:

(i) its failure to pay is caused by an administrative or technical error or a Disruption Event, and

(ii) payment is made within 3 (three) Business Days of its due date;
(b) if any information or document given to the Bank by or on behalf of the Borrower or any representation, warranty or statement made or deemed to be made by the Borrower in or pursuant to this Contract is or proves to have been incorrect, incomplete or misleading;

(c) if, following any default of the Borrower in relation to any loan, or any obligation arising out of any financial transaction, other than the Loan:

(i) the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity such other loan or obligation, or

(ii) any financial commitment for such other loan or obligation is cancelled or suspended,

(d) if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or seeks to make a composition with its creditors;

(e) if an encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority, of or over, any part of the business or assets of the Borrower or any property forming part of the Project;

(f) if the Borrower defaults in the performance of any obligation in respect of any other loan granted by the Bank or financial instrument entered into with the Bank;

(g) if the Borrower defaults in the performance of any obligation in respect of any other loan made to it from the resources of the Bank or the European Union;

(h) if any expropriation, attachment, arrestment, distress, execution, sequestration or other process is levied or enforced upon the property of the Borrower or any property forming part of the Project and is not discharged or stayed within 14 (fourteen) days;

(i) if, following a default of the Borrower in the performance of any obligation in respect to any loan or grant referred to in Recital (b) or any other grant extended to it by the European Union, the right of the Borrower to drawdown the proceeds of that loan or any such grant shall, in whole or in part, have been cancelled or terminated or if that loan or any such grant shall have become repayable pursuant to its terms;

(j) if a Material Adverse Change occurs, as compared with the Borrower's condition at the date of this Contract; or

(k) if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms.

10.1.B Demand after notice to remedy

The Bank may also make such demand without prior notice (mise en demeure préalable) or any judicial or extra judicial step (without prejudice to any notice referred to below):

(a) if the Borrower fails to comply with any provision of this Contract (other than those referred to in Article 10.1.A) or

(b) if any fact related to the Borrower or the Project stated in the Recitals materially alters and is not materially restored and if the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project,

unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within a reasonable period of time specified in] a notice served by the Bank on the Borrower.
10.2 Other rights at law

Article 10.1 shall not restrict any other right of the Bank at law to require prepayment of the Loan Outstanding.

10.3 Indemnity

10.3.A Fixed Rate Tranches

In case of demand under Article 10.1 in respect of any Fixed Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with the indemnity on any amount of principal due to be prepaid. Such indemnity shall (i) accrue from the due date for payment specified in the Bank's notice of demand and be calculated on the basis that prepayment is effected on the date so specified, and (ii) be for the amount communicated by the Bank to the Borrower as the present value (calculated as of the date of the prepayment) of the excess, if any, of:

(a) the interest that would accumulate thereafter on the amount prepaid over the period from the date of prepayment to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over

(b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (fifteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date of the applicable Tranche.

10.3.B Floating Rate Tranches

In case of demand under Article 10.1 in respect of any Floating Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with a sum equal to the present value of 0.15% (fifteen basis points) per annum calculated and accruing on the amount of principal due to be prepaid in the same manner as interest would have been calculated and would have accrued, if that amount had remained outstanding according to the applicable amortization schedule of the Tranche, until the Interest Revision/Conversion Date, if any, or the Maturity Date.

The value shall be calculated at a discount rate equal to the Redeployment Rate applied as of each relevant Payment Date.

10.3.C General

Amounts due by the Borrower pursuant to this Article 10.3 shall be payable on the date specified in the Bank's demand.

10.4 Non-Waiver

No failure or delay or single or partial exercise by the Bank in exercising any of its rights or remedies under this Contract shall be construed as a waiver of such right or remedy. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

ARTICLE 11

Law and jurisdiction, miscellaneous.

11.1 Governing Law

This Contract and any non-contractual obligations arising out of or in connection with it shall be governed by the laws of Luxembourg.
11.2 Jurisdiction

(a) The Court of Justice of the European Union has exclusive jurisdiction to settle any dispute arising out of or in connection with this Contract (including a dispute regarding the existence, validity or termination of this Contract or the consequences of its nullity) or any non-contractual obligation arising out of or in connection with this Contract.

(b) The parties agree that the Court of Justice of the European Union is the most appropriate and convenient court to settle any disputes between them and, accordingly, that they will not argue to the contrary.

(c) The parties to this Contract hereby waive any immunity from or right to object to the jurisdiction of these courts. A decision of the courts given pursuant to this Article shall be conclusive and binding on each party without restriction or reservation.

(d) To the extent that the Borrower may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Borrower hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the extent permitted by the applicable laws of such jurisdiction.

11.3 Place of performance

Unless otherwise specifically agreed by the Bank in writing, the place of performance under this Contract (other than in relation to the obligations of the Borrower established in Article 6 of this Contract relating to the physical implementation of this Project), shall be the seat of the Bank.

11.4 Evidence of sums due

In any legal action arising out of this Contract the certificate of the Bank as to any amount or rate due to the Bank under this Contract shall, in the absence of manifest error, be prima facie evidence of such amount or rate.

11.5 Entire Agreement

This Contract constitutes the entire agreement between the Bank and the Borrower in relation to the provision of the Credit hereunder, and supersedes any previous agreement, whether express or implied, on the same matter.

11.6 Invalidity

If at any time any term of this Contract is or becomes illegal, invalid or unenforceable in any respect, or this Contract is or becomes ineffective in any respect, under the laws of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of this Contract or the effectiveness in any other respect of this Contract in that jurisdiction; or

(b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Contract or the effectiveness of this Contract under the laws of such other jurisdictions.

11.7 Amendments

Any amendment to this Contract shall be made in writing and shall be signed by the parties hereto. The Parties acknowledge that any amendment to this Contract, except
for the extension of the Final Availability Date, shall become binding on the Borrower and become effective between the Parties upon the completion of the necessary internal legal procedures, in line with the Constitution of the Republic of Kosovo.

11.8 Countparts

This Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

ARTICLE 12

Final clauses

12.1 Notices

12.1.A Form of Notice

(a) Any notice or other communication given under this Contract must be in writing and, unless otherwise stated, may be made by letter, electronic mail and facsimile.

(b) Notices and other communications for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter, facsimile or by electronic mail. Such notices and communications shall be deemed to have been received by the other party:

(i) on the date of delivery in relation to a hand-delivered or registered letter;
(ii) on receipt of transmission in relation to a facsimile;

(c) in the case of any electronic mail sent, only when actually received in readable form and only if it is addressed in such a manner as the Bank shall specify for this purpose. Any notice provided by the Borrower to the Bank by electronic mail shall:

(i) mention the Contract Number in the subject line; and
(ii) be in the form of a non-editable electronic image (pdf, tif or other common non-editable file format agreed between the parties) of the notice signed by an Authorised Signatory with individual representation right or by two or more Authorised Signatories with joint representation right of the Borrower as appropriate, attached to the electronic mail.

(d) Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

(e) Without affecting the validity of electronic mail or facsimile notices or communication made in accordance with this article 12.1, the following notices, communications and documents shall also be sent by registered letter to the relevant party at the latest on the immediately following Business Day:

(i) Disbursement Acceptance;

(ii) any notices and communication in respect of the deferment, cancellation and suspension of a disbursement of any Tranche, interest revision or conversion of any Tranche, Market Disruption Event, Prepayment Request, Prepayment Notice, Event of Default, any demand for prepayment, and
(iii) any other notice, communication or document required by the Bank.

(f) The parties agree that any above communication (including via electronic mail) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand (sous seing privé).

12.1 B Addresses

The address, fax number and electronic mail address (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication to be made or document to be delivered under or in connection with this Contract is:

For the Bank

Attention: OPS/MA-3 PUB SEC
(SI, HR, WBs)
100 boulevard Konrad Adenauer
L-2050 Luxembourg
E-mail address:
EIB-MA-Implementation@eib.org

For the Borrower

Attention: Debt Management Division
Treasury
Ministry of Finance
Bul. Nêne Tereza 21
10000 Pristina, Kosovo
Facsimile no: + 383 38 212 362
E-mail address:debtunit@rks-gov.net.org

12.1 C Notification of communication details

The Bank and the Borrower shall promptly notify the other party in writing of any change in their respective communication details.

12.2 English language

(a) Any notice or communication given under or in connection with this Contract must be in English.

(b) All other documents provided under or in connection with this Contract must be:

(i) in English; or

(ii) if not in English, and if so required by the Bank, accompanied by a certified English translation and, in this case, the English translation will prevail.
12.3 Recitals, Schedules

The Recitals and following Schedules form part of this Contract:

Schedule A  Project Specification and Reporting
Schedule B  Definition of EURIBOR
Schedule C  Form of Disbursement Offer/Acceptance
Schedule D  Interest Rate Revision and Conversion
Schedule E  Form of Certificate from Borrower

12.4 Effectiveness

This Contract shall enter into force between the Bank and the Borrower on the date when the Bank confirms to the Borrower in writing (including via electronic mail) that it has received within 6 (six) months (or a later date if notified by the Bank) from the date of this Contract, to its satisfaction, evidence that the internal legal requirements necessary for this Contract to enter into force in Kosovo as an International Agreement have been fulfilled (the "Effective Date"). It being understood, for the avoidance of doubt, that failure by the Borrower to fulfill this condition within 6 (six) months from the date of this Contract (or a later date if notified by the Bank) shall result in termination of this Contract.
The parties hereto have caused this Contract to be executed in 4 (four) originals in the English language each page having been initialed, respectively, by representatives of the Bank and Borrower.

At Pristina, this 10 December 2021

Signed for and on behalf of

KOSOVO

Minister of Finance, Labor and Transfers

EUROPEAN INVESTMENT BANK

Head of Division

Signed for and on behalf of

Legal Counsel

Hekuran MURATI

Malteo RIVELLINI

Cagin FABUCCU
A.1.1 TECHNICAL DESCRIPTION (Article 6.2)

Purpose, Location

The Project’s objective is to collect all wastewater generated in the urban area of Mitrovica district, and treat this wastewater to the standards stipulated in the Urban Wastewater Treatment Directive 91/271/EEC.

The Project is located in the District of Mitrovica and its surrounding areas, including South and North Mitrovica, Vushtrri and Zvecan, which are located in the northern part of Kosovo.

Description

The project consists of:

Works and supplies:

- Construction of the new wastewater treatment plant (WWTP) with a capacity of approximately up to 146,000 population equivalents (PEs);
- Installation, replacement and upgrading of approximately 90 km of sewers and collectors to serve some 6,000 households;
- Installation of 2 pumping stations and approximately 4.25 km of pumping mains to convey the sewage from North Mitrovica and Zvecan to the new WWTP;
- Supply of O&M equipment.

Services:

- Support to PIU and Final Beneficiary (procurement, implementation and operation capacity);
- Project preparation, studies, designs;
- Supervision of works.

Calendar

The Project will be implemented between 2022 and 2026.

*The quantities may be subject to slight modification during the detailed design phase.*
A.2 PROJECT INFORMATION TO BE SENT TO THE BANK AND METHOD OF TRANSMISSION

1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

<table>
<thead>
<tr>
<th>Company</th>
<th>Financial Contact</th>
<th>Technical Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ministry of Finance, Labor and Transfer</td>
<td>Mitrovica Regional Water Company</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contact person</th>
<th>Dije Rizvanoli</th>
<th>Bashkim Kurti</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Acting Head of the Division for International Financial Agreement</td>
<td>Director</td>
</tr>
<tr>
<td>Function / Department</td>
<td>International Financial Cooperation</td>
<td>n/a</td>
</tr>
<tr>
<td>Address</td>
<td>Mother Tereza st, New Government Building, Pristina, Kosovo</td>
<td>Fr. Ligeni Akumulues, Suhodollé 40000 Mitrovica, Kosovo</td>
</tr>
<tr>
<td>Phone</td>
<td>+383 3820034161</td>
<td>+377 45201060</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:dije.rizvanoli@rks-gov.net">dije.rizvanoli@rks-gov.net</a></td>
<td><a href="mailto:bashkimkurti@yahoo.com">bashkimkurti@yahoo.com</a></td>
</tr>
</tbody>
</table>

The above-mentioned contact person(s) is (are) the responsible contact(s) as of the date of this Contract. The Borrower shall inform the Bank immediately in case of any change.

2. Information on specific subjects

The Borrower shall deliver to the Bank the following information at the latest by the deadline indicated below.

<table>
<thead>
<tr>
<th>Document / Information</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement plan acceptable to the Bank</td>
<td>Before the first procurement under the Project</td>
</tr>
<tr>
<td>Confirmation of or the terms of reference and the information on the available and effective remedy mechanism dealing with procurement complaints on the EIB financed contracts, satisfactory to the Bank</td>
<td>Before the first procurement process starts under the Project</td>
</tr>
<tr>
<td>Any changes to the procurement plan</td>
<td>As soon as available</td>
</tr>
<tr>
<td>Implementation plan</td>
<td>Before the first disbursement of the Loan</td>
</tr>
<tr>
<td>Confirmation of agreement having been reached/signed with North Mitrovica Municipality regarding connection to the WWTP operated by MRWC</td>
<td>As soon as available</td>
</tr>
<tr>
<td>Evidence that: - Physical works on site will start only after land acquisition and compensation has been completed; - Project Implementation Unit is in operation with terms of reference, staff, resources and technical assistance, all to the Bank's satisfaction.</td>
<td>As soon as available</td>
</tr>
<tr>
<td>Evidence that the team for operation and maintenance of the WWTP is in place and satisfactory to the Bank</td>
<td>Before the last disbursement of the Loan</td>
</tr>
</tbody>
</table>
3. **Information on the project's implementation**

The Borrower shall deliver to the Bank the following information on project progress during implementation at the latest by the deadline indicated below.

<table>
<thead>
<tr>
<th>Document / Information</th>
<th>Deadline</th>
<th>Frequency of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Progress Report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- A brief update on the Technical Description, explaining the</td>
<td>31st January and 31st July</td>
<td>Semi-annually</td>
</tr>
<tr>
<td>reasons for significant changes vs. initial scope;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Update on the date of completion of each of the main project's components,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>explaining reasons for any possible delay;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Update on the cost of the Project, explaining reasons for any possible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost variations vs. initial budgeted cost;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- A description of any major issue with impact on the environment and social impacts,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>including complaints, if any, and application of grievance mechanism;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Update of the procurement plan;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Update on Stakeholder Engagement Plan, Implementation of Environmental and Social</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Plan and related plans;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Update on the Project's demand or usage and comments;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Any significant issue that has occurred, and any significant risk that may affect</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the project's operation;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Any legal action concerning the project that may be on-going;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Non-confidential project-related pictures, if available.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. **Information on the end of works and first year of operation**

The Borrower shall deliver to the Bank the following information on project completion and initial operation at the latest by the deadline indicated below.

<table>
<thead>
<tr>
<th>Document / Information</th>
<th>Date of delivery to the Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Completion Report, including:</td>
<td>15 months after completion of the Project</td>
</tr>
<tr>
<td>- A final Technical Description of the project as completed, explaining the</td>
<td></td>
</tr>
<tr>
<td>reasons for any significant change compared to the Technical Description</td>
<td></td>
</tr>
<tr>
<td>in A.1.;</td>
<td></td>
</tr>
<tr>
<td>- The date of completion of each of the main Project's components,</td>
<td></td>
</tr>
<tr>
<td>explaining reasons for any possible delay;</td>
<td></td>
</tr>
<tr>
<td>- The final cost of the Project, explaining reasons for any possible cost</td>
<td></td>
</tr>
<tr>
<td>variations vs. initial budgeted cost;</td>
<td></td>
</tr>
<tr>
<td>- Employment effects of the project: person-days required during</td>
<td></td>
</tr>
<tr>
<td>implementation (temporary jobs) as well as permanent new jobs created;</td>
<td></td>
</tr>
<tr>
<td>- A description of any major issue with impact on the environment or social</td>
<td></td>
</tr>
<tr>
<td>impacts, including complaints, if any, and application of grievance</td>
<td></td>
</tr>
<tr>
<td>mechanism;</td>
<td></td>
</tr>
<tr>
<td>- Update on procurement procedures and explanation of deviations from the</td>
<td></td>
</tr>
<tr>
<td>procurement plan;</td>
<td></td>
</tr>
<tr>
<td>- Update on the Project's demand or usage and comments;</td>
<td></td>
</tr>
<tr>
<td>- Any significant issue that has occurred and any significant risk that may affect</td>
<td></td>
</tr>
<tr>
<td>the project's operation;</td>
<td></td>
</tr>
<tr>
<td>- Any legal action concerning the project that may be on-going;</td>
<td></td>
</tr>
<tr>
<td>- Non-confidential project-related pictures, if available.</td>
<td></td>
</tr>
<tr>
<td>- An update on the following Monitoring Indicators:</td>
<td></td>
</tr>
</tbody>
</table>
The financing for this Project benefits from an EU guarantee to the Bank under DECISION No 466/2014/EU of the European Parliament and of the Council. Pursuant to Article 9 (2) of this Decision, the Bank shall require the project promoters to carry out thorough monitoring during project implementation until completion, inter alia, on the economic, development, social, environmental and human rights impact of the investment project. The EIB shall verify on a regular basis the information provided by the project promoters and make it publicly available if the project promoter agrees. Where possible, project completion reports related to EIB financing operations shall be published excluding confidential information.

Accordingly, and without prejudice to the Bank's obligation to make publicly available any project-related environmental information under Aarhus Regulation, the Bank shall make publicly available all information provided by the Borrower in the Project Progress Reports and Project Completion Report provided that such information is expressly marked by the Borrower as "for publication on the EIB website".

Alternatively, the Borrower may also decide to publish this information on its own website and provide the Bank with the corresponding link (URL) which will be used as a source for EIB publication.

The Bank will not take any responsibility for the content of such information made public on its website. Documents marked as "for publication on the EIB website" will be published as received and will not be edited by the Bank. Only functioning URLs that link to the relevant project-related information will be published by the Bank.

5. Information required 3 years after the Project Completion Report

The Borrower shall deliver to the Bank the following information 3 years after the project completion report at the latest by the deadline indicated below.

<table>
<thead>
<tr>
<th>Document / Information</th>
<th>Date of delivery to the Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update on the Monitoring Indicators</td>
<td>3 years after the project completion report</td>
</tr>
</tbody>
</table>

Language of reports

English
Definition of EURIBOR

A. EURIBOR

"EURIBOR" means:

(a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;

(b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and

(c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(1) for the period for which the rate is taken or from which the rates are interpolated being the "Representative Period".

For the purposes of paragraphs (a) to (c) above:

(i) "available" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), or any successor to that function of EMMI, as determined by the Bank; and

(ii) "Screen Rate" means the rate of interest for deposits in EUR for the relevant period as published at 11:00 a.m. Brussels time, or at a later time acceptable to the Bank on the day (the "Reset Date") which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them, as at approximately 11:00 a.m., Brussels time on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations. If no sufficient quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11:00 a.m., Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period. The Bank shall inform the Borrower without delay of the quotations received by the Bank.

All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one thousandth of a percentage point, with halves being rounded up.

If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI (or any successor to that function of EMMI as determined by the Bank) in respect of EURIBOR, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

If the Screen Rate becomes permanently unavailable, the EURIBOR replacement rate will be the rate (inclusive of any spreads or adjustments) formally recommended by (i) the working group on euro risk-free rates established by the European Central Bank (ECB), the Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission, or (ii) the European
Money Market Institute, as the administrator of EURIBOR, or (ii) the competent authority responsible under Regulation (EU) 2016/1011 for supervising the European Money Market Institute, as the administrator of the EURIBOR, (iv) the national competent authorities designated under Regulation (EU) 2016/1011, or (v) the European Central Bank.

If no Screen Rate and/or the EURIBOR replacement rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.
Form of Disbursement Offer/Acceptance (Articles 1.2.B and 1.2.C)

To: Kosovo
From: European Investment Bank
Date:
Subject: Disbursement Offer/Acceptance for the Finance Contract between European Investment Bank and Kosovo dated (the "Finance Contract")
Contract Number 90.381 Operation Number 2018-0777

Dear Sirs,

We refer to the Finance Contract Terms defined in the Finance Contract have the same meaning when used in this letter.

Following your request for a Disbursement Offer from the Bank, in accordance with Article 1.2.B of the Finance Contract, we hereby offer to make available to you the following Tranche:

(a) Amount to be disbursed in EUR:
(b) Scheduled Disbursement Date:
(c) Interest rate basis:
(d) Interest payment periodicity:
(e) Payment Dates:
(f) Terms for repayment of principal:
(g) The Repayment Dates and the first and the last Repayment Date for the Tranche:
(h) The Interest Revision/Conversion Date:
(i) The Fixed Rate or Spread, applicable until the Interest Revision/Conversion Date, if any, or until the Maturity Date:
(j) the purpose of the Tranche (Works Component / Supplies Component /Services Component):

To make the Tranche available subject to the terms and conditions of the Finance Contract, the Bank must receive a Disbursement Acceptance in the form of a copy of this Disbursement Offer duly signed on your behalf, to the following fax number [__] or e-mail [__] no later than the Disbursement Acceptance Deadline of [time] Luxembourg time on [date].

The Disbursement Acceptance below must be signed by an Authorised Signatory and must be fully completed as indicated, to include the details of the Disbursement Account.

If not duly accepted by the above stated time, the offer contained in this document shall be deemed to have been refused and shall automatically lapse.

If you do accept the Tranche as described in this Disbursement Offer, all the related terms and conditions of the Finance Contract shall apply, in particular, the provisions of Article 1.4.

Yours faithfully,

EUROPEAN INVESTMENT BANK

* To be provided on paper bearing the Borrower's letterhead.
We hereby accept the above Disbursement Offer for and on behalf of the Borrower:

Date:

Account to be credited:

Account n°: .................................................................

Account Holder/Beneficiary: .................................................................

(please, provide IBAN format if the country is included in IBAN Registry published by SWIFT, otherwise an appropriate format in line with the local banking practice should be provided)

Bank name and address: .................................................................

Bank identification code (BIC): .................................................................

Payment details to be provided: .................................................................

Please transmit information relevant to:

Name(s) of the Borrower’s Authorised Signatory(ies):

Signature(s) of the Borrower’s Authorised Signatory(ies):

IMPORTANT NOTICE TO THE BORROWER:

BY COUNTERSIGNING ABOVE YOU CONFIRM THAT THE LIST OF AUTHORISED SIGNATORIES AND ACCOUNTS PROVIDED TO THE BANK WAS DULY UPDATED PRIOR TO THE PRESENTATION OF THE ABOVE DISBURSEMENT OFFER BY THE BANK.

IN THE EVENT THAT ANY SIGNATORIES OR ACCOUNTS APPEARING IN THIS DISBURSEMENT ACCEPTANCE ARE NOT INCLUDED IN THE LATEST LIST OF AUTHORISED SIGNATORIES AND ACCOUNTS RECEIVED BY THE BANK, THE ABOVE DISBURSEMENT OFFER SHALL BE DEEMED AS NOT HAVING BEEN MADE.

* The details concerning banking intermediary are also to be provided if such intermediary has to be used to make the transfer to the Beneficiary’s Account.
Interest Rate Revision and Conversion

If an Interest Revision/Conversion Date has been included in the Disbursement Offer for a Tranche, the following provisions shall apply.

A. Mechanics of Interest Revision/Conversion

Upon receiving an Interest Revision/Conversion Request the Bank shall, during the period commencing 60 (sixty) days and ending 30 (thirty) days before the Interest Revision/Conversion Date, deliver to the Borrower an Interest Revision/Conversion Proposal stating:

(a) the Fixed Rate and/or Spread that would apply to the Tranche, or of its part indicated in the Interest Revision/Conversion Request pursuant to Article 3.1; and

(b) that such rate shall apply until the Maturity Date or until a new Interest Revision/Conversion Date, if any, and that interest is payable quarterly, semi-annually or annually, in accordance with Article 3.1, in arrear on designated Payment Dates.

The Borrower may accept in writing an Interest Revision/Conversion Proposal by the deadline specified therein.

Any amendment to the Contract requested by the Bank in this connection shall be effected by an agreement to be concluded not later than 15 (fifteen) days prior to the relevant Interest Revision/Conversion Date.

Fixed Rates and Spreads are available for periods of not less than 4 (four) years or, in the absence of a repayment of principal during that period, not less than 3 (three) years.

B. Effects of Interest Revision/Conversion

If the Borrower duly accepts in writing a Fixed Rate or a Spread in respect of an Interest Revision/Conversion Proposal, the Borrower shall pay accrued interest on the Interest Revision/Conversion Date and thereafter on the designated Payment Dates.

Prior to the Interest Revision/Conversion Date, the relevant provisions of the Contract and Disbursement Offer and Disbursement Acceptance shall apply to the Tranche in its entirety. From and including the Interest Revision/Conversion Date onwards, the provisions contained in the Interest Revision/Conversion Proposal relating to the new Fixed Rate or Spread shall apply to the Tranche (or any part thereof, as indicated in the Interest Revision/Conversion Request) until the new Interest Revision/Conversion Date, if any, or until the Maturity Date.

C. No or Partial Interest Revision/Conversion

If the Borrower does not submit an Interest Revision/Conversion Request or does not accept in writing the Interest Revision/Conversion Proposal for the Tranche or if the parties fail to effect an amendment requested by the Bank pursuant to paragraph A above, the Borrower shall repay the Tranche (or the part thereof, as indicated in the Interest Revision/Conversion Request) on the Interest Revision/Conversion Date, without indemnity.

In case of a partial Interest Revision/Conversion, the Borrower will repay, without indemnity, on the Interest Revision/Conversion Date any part of the Tranche which was not covered by the Interest Revision/Conversion Request and which is therefore not subject to the Interest Revision/Conversion.
Dear Sirs,

Terms defined in the Finance Contract have the same meaning when used in this letter.

For the purposes of Article 1.4 of the Finance Contract we hereby certify to you as follows:

(a) no Prepayment Event has occurred and is continuing unremedied or unwaived;
(b) no security of the type prohibited under Article 6.9 has been created or is in existence;
(c) there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article 8.1, save as previously communicated by us;
(d) we have sufficient funds available to ensure the timely completion and implementation of the Project in accordance with Schedule 1;
(e) no event or circumstance which constitutes or would with the passage of time or giving of notice under the Finance Contract constitute an Event of Default has occurred and is continuing unremedied or unwaived;
(f) no litigation, arbitration, administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us or any of our subsidiaries any unsatisfied judgement or award;
(g) the representations and warranties to be made or repeated by us under Article 6.9 are true in all respects;
(h) no Material Adverse Change has occurred, as compared with the situation at the date of the Finance Contract; and
(i) we have obtained all necessary consents, authorisations, licences or approvals of governmental or public bodies or authorities required in connection with the implementation of the Project.

Yours faithfully,

For and on behalf of Kosovo

Date: