LOAN AGREEMENT

(MITROVICA WASTEWATER DEVELOPMENT PROJECT)

between

REPUBLIC OF KOSOVO

and

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

Dated 10 December 2021
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LOAN AGREEMENT

LOAN AGREEMENT (this "Agreement") dated 10 December 2021 between the REPUBLIC OF KOSOVO, represented by its Ministry of Finance, Labor and Transfers (the "Borrower") and EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank").

PREAMBLE

WHEREAS, the Bank has been established to provide financing for specific projects to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in certain countries committed to and applying the principles of multiparty democracy, pluralism and market economies;

WHEREAS, the Borrower intends to implement the Project as described in Schedule 1 which is designed to assist in the rehabilitation and extension of the wastewater network in the Municipality of Mitrovica, Kosovo (the "Municipality of Mitrovica") and the Municipality of Vushtrri (the "Municipality of Vushtrri", together with the Municipality of Mitrovica, the "Municipalities", each a "Municipality") and to connect neighbouring communities, through the construction of a new wastewater treatment plant (the "WWTP");

WHEREAS, Part A of the Project will be carried out by Mitrovica Regional Water Company (the "Project Entity") with financial assistance from the Borrower and Part B of the Project will be carried out by the Municipality of Mitrovica, in each case pursuant to the Project Agreement;

WHEREAS, the Borrower has requested assistance from the Bank in financing part of the Project;

WHEREAS, the Western Balkans Investment Framework (the "WBIF") has approved in December 2020 an investment grant of up to EUR 5 million of the capital cost for the Project, such grant to be provided to the Borrower pursuant to the terms of a grant agreement to be signed between the Bank and the Borrower (the "WBIF Grant Agreement");

WHEREAS, the Borrower intends to contract a loan from European Investment Bank (the "Co-financier") to assist in co-financing of the Project, subject to the terms and conditions to be set forth in an agreement (the "Co-financing Agreement") between the Borrower and the Co-financier; and

WHEREAS, the Bank has agreed on the basis of, inter alia, the foregoing to make a loan to the Borrower in the amount of EUR thirteen million five hundred thousand (EUR 13,500,000), subject to the terms and conditions set forth or referred to in this Agreement and in the project agreement dated the date hereof between the Project Entity, the Municipalities and the Bank (the "Project Agreement" as defined in the Standard Terms and Conditions).

NOW, THEREFORE, the parties hereby agree as follows:
ARTICLE 1 - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01.  Incorporation of Standard Terms and Conditions

All of the provisions of the Bank's Standard Terms and Conditions dated 1 October 2018 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein (the "Standard Terms and Conditions").

Section 1.02.  Definitions

Wherever used in this Agreement (including the Preamble and Schedules), unless stated otherwise or the context otherwise requires, the terms defined in the Preamble have the respective meanings given to them therein, the terms defined in the Standard Terms and Conditions have the respective meanings given to them therein and the following terms have the following meanings:

"Borrower's Authorised Representative" means the Minister of Finance, Labor and Transfers of the Borrower, except as specified in Section 2.04.

"ClientNet" means the Bank's online portal for the transmission of documents and information between the Bank and its clients, and any replacement website as the Bank may from time to time notify the Borrower.

"Contract(s)" means the contracts in place or to be entered into between the Borrower and any Contractors, in form and substance satisfactory to the Bank, in connection with the procurement of goods, works and related services for the Project.

"Contractor(s)" means the contractors, suppliers and/or consultants, of good standing and repute, engaged by the Borrower for and/or in connection with the supply or delivery of goods, works of services required to complete the Project with each such contractor to be selected in accordance with Section 5.14 (Procurement).

"Enforcement Policy and Procedures" means the Bank's Enforcement Policy and Procedures dated 4 October 2017, as amended from time to time, and any policy or procedures adopted by the Bank as a successor to or replacement of such policy or policies.

"Fiscal Year" means the Borrower's fiscal year commencing on 1 January of each year.

"IPAM" means the Independent Project Accountability Mechanism of EBRD as set forth under the Project Accountability
Policy dated April 2019, as amended, supplemented or replaced from time to time.

"Last Availability Date" means last availability date specified in Section 2.02(f).

"Procurement Rules and Policies" means the procurement rules for public sector operations under the Procurement Policies and Rules for Projects Financed by the Bank, as amended from time to time.

"Prohibited Practice" has the meaning defined in the Enforcement Policy and Procedures in effect as of the date of this Agreement.

"Project" means the rehabilitation and extension of the wastewater network in the Municipality of Mitrovica, Kosovo and the Municipality of Vushtrri and to connect neighbouring communities, through the construction of a new wastewater treatment plant.

"Project Implementation Plan" means the project implementation plan for the Project provided by the Borrower to EBRD, as the same may be amended from time to time with EBRD’s prior written consent.

"Public Service Contract" means, as and when it is executed, the public service contract between the Project Entity and the Municipalities, in a form and substance satisfactory to the Bank.

"Subsidiary Grant Agreement" means the grant agreement to be entered into between the Project Entity and the Borrower pursuant to Section 3.01(a), as such grant agreement may be amended from time to time.

Section 1.03. Interpretation

In this Agreement, a reference to a specified Article, Section or Schedule shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article or Section of, or Schedule to, this Agreement.

ARTICLE II - PRINCIPAL TERMS OF THE LOAN

Section 2.01. Amount and Currency

The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of up to EUR 13,500,000 assuming that the principal amount of the loan and the principal amount of the Co-Financing Agreement will each be reduced by an amount equal to 50% of the amount committed or expected to be committed to the Borrower under any WBIF Grant Agreement relating to the Project.
Section 2.02. Other Financial Terms of the Loan

(a) The Minimum Drawdown Amount shall be EUR 750,000.

(b) The Minimum Prepayment Amount shall be EUR 2,000,000.

(c) The Minimum Cancellation Amount shall be EUR 100,000.

(d) The Interest Payment Dates shall be 30 March and 30 September of each year.

(e) (1) The Borrower shall repay the Loan in 24 equal (or as nearly equal as possible) semi-annual instalments on 30 March and 30 September of each year, with the first Loan Repayment Date being 30 September 2024 and the last Loan Repayment Date being 30 March 2036.

(2) Notwithstanding the foregoing, in the event that (i) the Borrower does not draw down the entire Loan amount prior to the first Loan Repayment Date specified in this Section 2.02.(e), and (ii) the Last Availability Date falls after such first Loan Repayment Date, then the amount of each drawdown made on or after the first Loan Repayment Date shall be allocated for repayment in equal amounts to the several Loan Repayment Dates which fall after the date of such drawdown (with the Bank adjusting the amounts so allocated as necessary so as to achieve whole numbers in each case). The Bank shall, from time to time, notify the Borrower of such allocations.

(f) The Last Availability Date shall be 31 December 2025, or such later date that the Bank may in its discretion establish and notify to the Borrower.

(g) The rate of the Commitment Charge shall be 0.5% per annum.

(h) The Loan is subject to a Variable Interest Rate. Notwithstanding the foregoing, the Borrower may, as an alternative to paying interest at a Variable Interest Rate on all or any portion of the Loan then outstanding, elect to pay interest at a Fixed Interest Rate on such portion of the Loan in accordance with Section 3.04(c) of the Standard Terms and Conditions.

(i) The rate of the Front-End Commission shall be 1% of the maximum principal amount of the Loan (EUR 135,000) and payable from the date of this Agreement, in accordance with Section 3.05 of the Standard Terms and Conditions.

(j) The prepayment fee shall be 0.125% of the principal amount of the Loan being prepaid, payable in accordance with Section 3.07 of the Standard Terms and Conditions.

(k) The cancellation fee shall be 0.125% of the amount to be cancelled, to be calculated and payable in accordance with Section 3.08 of the Standard Terms and Conditions, provided that no cancellation fee shall apply to any cancellation of the Loan as a result of the award of the WBIF grant to the Borrower.

(l) The rate of the default interest shall be 2% per annum plus the Margin and the interbank rate referred to in Section 3.09 (a) (iii) of the Standard Terms and Conditions to be calculated and payable in accordance with Section 3.09 of the Standard Terms and Conditions.
(m) The payments of principal, interest and Charges on the Loan shall be made in accordance with the relevant provisions of the Standard Terms and Conditions and subject to Section 3.11 of the Standard Terms and Conditions.

Section 2.03. Drawdowns

(a) The Available Amount may be drawn down from time to time in accordance with the provisions of Schedule 2 to finance (1) expenditures made (or, if the Bank so agrees, to be made) in respect of the reasonable cost of goods, works and services required for the Project, and (2) the Front-end Commission.

(b) Any Drawdowns under this Agreement must be made on the same dates and in the same amounts as drawdowns made under the Co-Financing Agreement.

Section 2.04. Authorised Representatives for Drawdowns

Four individuals from the Project Entity, the Municipality of Mitrovica, the Municipality of Vushtrri and the Treasury Department of the Ministry of Finance, Labor and Transfers will be jointly designated as the Borrower's Authorised Representatives for the purpose of taking any action required or permitted to be taken under the provisions of Section 2.03(a) and under the provisions of Sections 3.01 and 3.02 of the Standard Terms and Conditions.

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01. Other Affirmative and Negative Project Covenants

In addition to the general undertakings set forth in Articles IV and V of the Standard Terms and Conditions, the Borrower shall, unless the Bank otherwise agrees:

(a) Make available to the Project Entity, pursuant to a Subsidiary Grant Agreement in form and substance satisfactory to the Bank, the proceeds of the Loan in the form of grants;

(b) Exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Borrower and the Bank, to comply with the provisions of this Agreement and to accomplish the purposes for which the Loan is made;

(c) Not, except as the Bank otherwise agrees, assign, amend, abrogate or waive any provision of the Subsidiary Grant Agreement;

(d) Support, cause and enable the Project Entity and the Municipalities to perform all of their obligations under the Project Agreement, including without limitation their obligations relating to:

(1) establishment and operation of a project implementation unit as provided for in Section 2.03 of the Project Agreement;
(2) procurement of goods, works and services from the Project as provided for in Section 2.04 of the Project Agreement;

(3) environmental and social matters as provided for in Section 2.05 of the Project Agreement;

(4) employment and use of consultants to assist in the implementation of the Project as provided for in Section 2.06 of the Project Agreement;

(5) preparation and submission of reports on matters relating to the Project and to the Project Entity's operations as provided for in Section 2.08 of the Project Agreement;

(6) maintenance of procedures, records and accounts, preparation, auditing and submission to the Bank of financial statements and furnishing to the Bank any other relevant information relating to the Project or the Project Entity's operations as provided for in Section 3.01 of the Project Agreement; and

(7) compliance with all covenants regarding financial and operational aspects of the Project, the Municipalities and the Project Entity as provided for in Sections 3.02, 3.03 and 3.04 of the Project Agreement.

(e) Take all action necessary to achieve that the Co-financing Agreement becomes effective no later than 31 July 2022 or such other date as the Bank has established in writing (the "Co-financing Deadline");

(f) Take, or cause to be taken, all additional action necessary to provide adequate funds for the completion of the Project;

(g) Compensate the Project Entity for any losses or expenses suffered or incurred by it in connection with any adverse change in applicable laws of the Republic of Kosovo;

(h) Ensure that all goods, works and services required for the Project and to be financed out of the proceeds of the Loan are procured in compliance with the Procurement Policies and Rules, and the following shall apply:

(i) Goods, works and services (other than consultants' services which are included within Section 3.01(h)(iii)) shall be procured through open tendering.

(ii) For the purpose of sub-section (i) above, the procedures for open tendering, simplified open tendering and direct contracting and standards for alternative procurement procedures in accordance with national law are set out in Section III, Article 3 of the Procurement Policies and Rules.

(iii) Consultants to be employed by the Borrower to assist in carrying out the Project shall be selected in accordance with the procedures set out in Section III, Article 5 of the Procurement Policies and Rules.

(iv) All contracts shall be subject to the review procedures set out in the Procurement Policies and Rules and shall be subject to prior review by the Bank.
If in accordance with the Enforcement Policy and Procedures, the Bank determines that the Borrower, a Contractor or any other supplier, a sub-supplier, a contractor, a sub-contractor, a concessionaire, a consultant or a sub-consultant in competing for or in executing any agreement in relation to the Project or any transactions contemplated therein, has engaged in any Prohibited Practice, the Bank may declare such agreement to be ineligible for financing and the Bank may take any Enforcement Action and any Disclosure Action.

In tender documents and any contracts in relation to the Project or any transactions contemplated therein, provisions are included:

(A) stating that Contractors, suppliers, sub-suppliers, contractors, subcontractors, concessionaires, consultants and sub-consultants shall not, and shall not authorise or permit any of their officers, directors, authorised employees, Affiliates, agents or representatives to, engage in any Prohibited Practice in relation to the Project or any transactions contemplated therein; and

(B) notifying Contractors, suppliers, sub-suppliers, contractors, subcontractors, concessionaires, consultants and sub-consultants that the Bank has the right to invoke the Enforcement Policy and Procedures, including any Enforcement Action and Disclosure Action, in respect of allegations of Prohibited Practices in relation to the Project or the transactions contemplated therein.

Not enter into any transaction or series of transactions (whether related or not and whether voluntary or involuntary) to directly or indirectly sell, transfer or otherwise dispose of its participation (or any part thereof) in the Project Entity’s charter capital, including by way of privatisation or otherwise;

Maintain procedures and records adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify any and all goods, works and services financed out of the proceeds of the Loan and to identify their use in the Project, and make such records available to the Bank’s representatives on request of the Bank;

Furnish promptly to the Bank such information as the Bank may from time to time reasonably request and enable the Bank’s representatives, at the Bank’s request:

(i) to visit any facilities and construction sites relating to the Project or any of the other premises where the business of the Borrower is conducted;

(ii) to have access to and examine any and all goods, works and services financed out of the proceeds of the Loan and any plants, installations, sites, works, buildings, property, equipment, assets, books, accounts, records and documents of the Borrower and allow such records and accounts to be audited by auditors of the Bank; and

(iii) to meet and hold discussions with such representatives and employees of the Borrower as the Bank may deem necessary and appropriate,
in each case, including in order (1) to facilitate the Bank’s monitoring and evaluation of
the Project and enable the Bank to examine and address any Project-related request made
to IPAM, and (2) to assess whether a Prohibited Practice has occurred in relation to the
Project or the transactions contemplated therein; and

(1) Ensure that in tender documents and any contracts in relation to the Project or any
transactions contemplated therein, provisions to the effect of (a) and (b) above are
included in relation to Contractors, suppliers, sub-suppliers, contractors, sub-contractors,
concessionaires, consultants, and sub-consultants.

(m) Do all things necessary, in compliance with all applicable laws of the Republic of
Kosovo, to procure that the water and wastewater tariff adjustments and increases agreed
or required to be agreed pursuant to the Project Agreement and the Public Service
Contract are made and/or implemented and ensure that the Water Services Regulatory
Authority approves the tariffs to cover operational and maintenance expenses of the assets
financed under the Project;

(n) Bear all taxes (including, without limitation, VAT) and duties (including, without
limitation, any customs duties) all goods, works and services (including consultancy
services), procured by the Project Entity for the Project and financed from the proceeds
of the Loan, or provide for their reimbursement;

(o) Maintain the corporate existence of the Project Entity in compliance with all
applicable laws and not enter into any transaction or series of transactions (whether
related or not and whether voluntary or involuntary) to directly or indirectly sell, transfer
or otherwise dispose of its participation (or any part thereof) in the Project Entity’s charter
capital, including by way of privatisation or otherwise; and

ARTICLE IV - SUSPENSION; ACCELERATION; CANCELLATION

Section 4.01. Suspension

The following are specified for purposes of Section 7.01 (a)(xvii) of the Standard
Terms and Conditions:

(a) The legislative and regulatory framework applicable to the water services sector in
the territory of the Borrower shall have been amended, suspended, abrogated, repealed or
waived in a manner other than as approved by the Bank in writing;

(b) The Statutes shall have been amended, suspended, abrogated, repealed or waived;

(c) Control of the Project Entity shall have been transferred to a party other than the
Borrower;

(d) The Project Entity shall have failed to perform any of its obligations under the
Subsidiary Loan Agreement or the Project Agreement or any of the Municipalities shall
have failed to perform any of its obligations under the Project Agreement.
(e) The Co-Financing Agreement has not been declared effective by the Co-Financing Deadline.

Section 4.02. Acceleration of Maturity

The following are specified for purposes of Section 7.06(f) of the Standard Terms and Conditions:

(a) any of the events specified in Section 4.01 shall have occurred and be continuing without remedy for 30 days after notice thereof has been given by the Bank to the Borrower.

(b) any of the events specified in Section 4.01 and any other events which are specified in the Co-financing Agreement as giving the Co-financier rights to accelerate the maturity of the loan pursuant to the Co-financing Agreement having occurred and continuing without remedy for 30 days after notice thereof has been given by the Co-financier to the Borrower.

ARTICLE V - EFFECTIVENESS

Section 5.01. Conditions Precedent to Effectiveness

The following are specified for purposes of Section 9.02(c) of the Standard Terms and Conditions as additional conditions to the effectiveness of this Agreement and the Project Agreement:

(a) Each of this Agreement, the Project Agreement and the Subsidiary Grant Agreement is in form and substance satisfactory to the Bank, has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Project Entity or Borrower to make drawings thereunder, except only the effectiveness of this Agreement, have been fulfilled;

(b) The Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make drawings thereunder, except only the effectiveness of this Agreement, have been fulfilled.

(c) This Agreement and the Co-financing Agreement have been ratified and confirmed by a Presidential Decree.

Section 5.02. Legal Opinions

(a) For purposes of Section 9.03(a) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Borrower by the Minister of Justice or the head of the legal department of the Ministry of Finance, Labor and Transfers and the following are specified as additional matters to be included in the opinion or opinions to be furnished to the Bank:
(1) the Subsidiary Grant Agreement has been duly authorised by, and delivered on behalf of, the Borrower and constitutes a valid and legally binding obligation of the Borrower, enforceable in accordance with its terms.

(b) For purposes of Section 9.03(c) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Project Entity by the General Manager or the head of the legal department of the Project Entity and on behalf each of the Municipalities by the head of the legal department of that Municipality and the following are specified as additional matters to be included in the opinion or opinions to be furnished to the Bank:

(1) the Subsidiary Grant Agreement has been duly authorised by, and executed and delivered on behalf of, the Project Entity and constitutes a valid and legally binding obligation of the Project Entity, enforceable in accordance with its terms; and

(2) the Project Agreement has been duly authorised by, and executed and delivered on behalf of, the Project Entity and each Municipality and constitutes a valid and legally binding obligation of the Project Entity and the Municipalities, in each case enforceable in accordance with its terms.

Section 5.03. Termination for Failure to Become Effective

The date 180 days after the date of this Agreement is specified for purposes of Section 9.04 of the Standard Terms and Conditions.

Section 5.04. Conditions Precedent to the first Drawdown

The obligation of the Bank to make the first Drawdown of the Loan shall be subject to:

(a) The prior receipt by the Bank, or,  

(b) At the sole discretion of the Bank, the waiver, whether in whole or part and whether subject to conditions or unconditional, of the receipt by the Bank, of the evidence, in form and substance satisfactory to it, that:

(i) The Co-Financing Agreement has been executed and delivered and has been ratified and confirmed by a Presidential Decree;

(ii) Confirmation from the Borrower of a funding plan and availability of all funding for Part A and Part B of the Project (including the availability or not of the WBIF grant);

(iii) The PIU with adequate resources, suitably qualified personnel and terms of reference, in form and substance satisfactory to the Bank, has been established by the Project Entity and is operational;
(iv) the Land Acquisition and Livelihood Restoration Plan (LALRP) for the Project, in form and substance satisfactory to the Bank, has been provided by the Project Entity;

(v) Appointment by the Project Entity of consultants to assist the PIU with the preparation, implementation and supervision of the Project; and

(vi) the Co-financier having signed an implementation agreement with the Bank in relation to the Project.

ARTICLE VI - MISCELLANEOUS

Section 6.01. Notices

(a) The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions, except that any notice shall be deemed to be delivered if by hand, mail, or in pdf or similar format by electronic mail:

For the Borrower:

Ministry of Finance, Labor and Transfers
Government of the Republic of Kosovo
Bulevardi Nëna Terezë
10000 Pristina
Kosovo

Attention: Debt Management unit, Treasury of Kosovo

Fax: +38138213113
E-mail: debtunit@rksgov.net

For the Bank:

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Attention: Operation Administration Department/ Operation No. 50458

Telephone: +44-20-7338-6000
Email: oad@ebrd.com

(b) The Bank may invite the Borrower to register to use ClientNet or another form of electronic communication and, if the Borrower and the Bank agree to use ClientNet or such other form of electronic communication, any notice, application or other communication from the Borrower to the Bank or from the Bank to the Borrower (other
than any notice, application or other communication that is required by this Agreement or any other Financing Agreement to be in an original, certified or hard copy, may, subject to the terms and conditions of ClientNet or such other form of electronic communication, be given or made by posting such notice, application or other communication on ClientNet or sent in accordance with the terms agreed concerning such other form of electronic communication.

(c) Any notice, application or other communication delivered by hand, airmail or facsimile transmission or via ClientNet or another agreed form of electronic communication will only be effective when actually received (or made available) in readable form, provided that any notice, application or other communication that is received (or made available) after 5:00 p.m. in the place in which the party to whom the relevant notice, application or communication is sent has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(d) The following are the names, titles and email addresses of the persons designated as the initial contacts of the Borrower for purposes of any invitation the Bank may send to the Borrower regarding ClientNet:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>E-mail address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ardita Haxhija</td>
<td>Head of Public Debt Management Division</td>
<td><a href="mailto:ardita.haxhija@rks-gov.net">ardita.haxhija@rks-gov.net</a></td>
</tr>
<tr>
<td>Vjosa Zeqiraj</td>
<td>Debt Management Officer – Middle Office</td>
<td><a href="mailto:vjosa.zeqiraj@rks-gov.net">vjosa.zeqiraj@rks-gov.net</a></td>
</tr>
</tbody>
</table>
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in four copies and delivered at Pristina, Kosovo, as of the day and year first above written.

REPUBLIC OF KOSOVO

By: ____________________________
Name: Hekuran Murati
Title: Minister of Finance, Labor and Transfers

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

By: ____________________________
Name: Matteo Colangeli
Title: Director, Regional Head of Western Balkans
SCHEDULE 1 - DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to assist the Borrower in the construction of a new wastewater treatment plant and the rehabilitation and extension of the wastewater network in the Municipality of Mitrovica and the Municipality of Vushtrri, Kosovo and connecting neighbouring communities. Currently, the Municipalities discharge wastewater without prior treatment into the Ibër, Lushta, Trepça and Sitnica rivers, which flow into Danube river. The Project will provide wastewater treatment services to about 123,000 residents in the Municipalities and surrounding areas and will also alleviate damage to local ecosystems by preventing the pollution of local water resources from discharges of untreated wastewater. Future Phase II, which is not part of the current Project, is anticipated to cover municipalities in Northern Mitrovica and increase the total capacity of the wastewater treatment plant to 146,000 population equivalent and introduce enhanced nutrient removal.

2. The Project consists of the following Parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time:

PART A: (i) construction of a WWTP with a capacity of 123,000 population equivalent in South Mitrovica with sufficient space for a potential later upgrade to further nutrient removal, (ii) rehabilitation and extension of the wastewater network in the Municipality of Mitrovica and Municipality of Vushtrri, including a combined sewer overflow and 12 km interceptor to connect Vushtrri with the WWTP in Mitrovica, (ii) acquisition of wastewater maintenance equipment and vehicles; and (iii) engineering services for Detailed Design for the sewage network as well as supervision services.

PART B: Expropriation and acquisition of a land plot to be used for the completion of the Project by the Municipality of Mitrovica.

3. The Project is expected to be completed by 28 February 2026.
SCHEDULE 2 - CATEGORIES AND DRAWDOWNS

1. The table attached to this Schedule sets forth the Categories, the amount of the Loan allocated to each Category and the percentage of expenditures to be financed in each Category.

2. Notwithstanding the provisions of paragraph 1 above, no Drawdown shall be made in respect of expenditures incurred prior to the date of the Loan Agreement.
## Attachment to Schedule 2

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated in the Loan Currency</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods and Works for Part A</td>
<td>EUR 11,165,000</td>
<td>Up to 50% of contract value excluding any taxes</td>
</tr>
<tr>
<td>2. Consulting services for Part A (iii)</td>
<td>EUR 2,200,000</td>
<td>50% of contract value excluding any taxes</td>
</tr>
<tr>
<td>3. Front-end Commission</td>
<td>EUR 135,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>EUR 13,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>