

ZAKON

O POTVRĐIVANJU OKVIRNOG UGOVORA O ZAJMU IZMEĐU BANKE ZA RAZVOJ SAVETA EVROPE I REPUBLIKE SRBIJE

Član 1.

Potvrđuje se Okvirni ugovor o zajmu između Banke za razvoj Saveta Evrope i Republike Srbije, potpisan 15. oktobra 2010. godine u Beogradu.

Član 2.

Tekst Okvirnog ugovora o zajmu između Banke za razvoj Saveta Evrope i Republike Srbije, u originalu na engleskom i u prevodu na srpski jezik glasi:

F/P 1711 (2010)

FRAMEWORK LOAN AGREEMENT

between

COUNCIL OF EUROPE DEVELOPMENT BANK

and

REPUBLIC OF SERBIA

The **COUNCIL OF EUROPE DEVELOPMENT BANK**, International Organisation, Paris (hereinafter called the **CEB**), on the one hand,

and

The **REPUBLIC OF SERBIA** (hereinafter called the **Borrower**), on the other hand,

Having regard to the application submitted by the Member Government of Serbia dated 28 May 2010,

Having regard to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe,

Having regard to CEB's Overall policy framework for loan and project financing (hereinafter, the **Loan Policy**), adopted by CEB Administrative Council's Resolution 1495 (2006), and subsequently amended by CEB Administrative Council's Resolution 1522 (2009),

Having regard to CEB's Loan Regulations (hereinafter, the **Loan Regulations**).

HAVE AGREED UPON THE FOLLOWING:

Definitions

“Allocation of a Tranche” (hereinafter also **“Allocation”** or **“Allocated”**) means the commitment of a Tranche by the Borrower to the component parts of the Project (identified by means of a standard table appended to this Agreement) even if such Tranche has not yet been paid out for the Project.

“Business Day” means a day on which the TARGET System (Trans-European Automated Real-time Gross Settlement Express Transfer System) is operating.

“Closing Date” means the date from which, upon notification by the CEB to the Borrower, no further disbursements can be requested by the Borrower.

“Environmental Law” means EU law and the national laws and regulations of the Republic of Serbia, as well as applicable international treaties, of which a principal objective is the preservation, protection or improvement of the environment.

“EURIBOR” (Euro Interbank Offered Rate) is the rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank. It is sponsored by the European Banking Federation, computed by Reuters and published every working day in Brussels at 11 a.m. on Reuters page EURIBOR01.

“Final Beneficiary/ies” is/are the individuals or legal entity/ies that benefit/s from the social effects of the Project.

“Modified Following Business Day Convention” means a convention whereby if a specified date would fall on a day which is not a Business Day, such date would be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date would be the first preceding day that is a Business Day.

“Project Implementing Agency” (*hereinafter called the PIA*) means the Project Manager who, by delegation of the Borrower, implements and manages the Project.

“Project Implementing Unit” (*hereinafter called the PIU*) means the Project Manager in charge of the day-to-day implementation, physical and financial management and follow-up of the Project.

“Projected State of Progress of Works” means the ratio of eligible expenditures, for all the component parts of the Project, to total eligible cost of the Project, where eligible expenditures include already-incurred expenditures as well as those that are expected to be incurred for a determined period of time not exceeding one year from the date of the monitoring report (as defined in Article 4.2.2. below).

“State of Progress of Works” means the ratio of already-incurred eligible expenditures, on all the component parts of the Project, to total eligible cost of the Project.

“Tranche” means an amount disbursed or to be disbursed from the loan.

Article 1. Conditions

This loan is granted under the general conditions of the Loan Regulations and under the special conditions established by this framework loan agreement (hereinafter the **Agreement**), its Appendices and its side letters (hereinafter the **Side Letters**).

Article 2. The Project

The CEB grants to the Borrower, who accepts, a loan (hereinafter **the Loan**) for the financing of F/P 1711 (2010) approved by CEB's Administrative Council on 11 June 2010 and concerning the partial financing of eligible investments (hereinafter **the sub-projects**) for the improvement and upgrading of science and education infrastructure and the provision of housing for young researchers in Serbia.

The Loan is granted by the CEB in consideration of the commitment that the Borrower is making to apply it solely to financing the project, as described in Appendix 1 (hereinafter the **Project**), and to carry out such Project under the conditions which are detailed in said Appendix.

Any change to the way the Loan is applied that has not received the CEB's approval may lead to the suspension, cancellation or early reimbursement of the Loan, under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

Article 3. The Loan

3.1. Financial conditions

The amount of the Loan granted is:

EUR 35 000 000
Thirty five million euros

It shall be disbursed in Tranches.

For each Tranche, the amount, the interest rate, the disbursement date, the repayment period and each party's accounts for remittance, shall be determined jointly by the Borrower and the CEB. The repayment period shall not be greater than twenty (20) years, including a five (5) years grace period.

A Side Letter which specifies these conditions shall be drawn up at the time of disbursement substantially in the form set out in Appendix 2.

3.2. Disbursement

The CEB shall disburse the Loan in a minimum of two Tranches. The amount of each Tranche shall be determined according to the State of Progress of Works and/or Projected State of Progress of Works.

The signature of the Side Letter for the first Tranche must occur within twelve (12) months following the entry into force of the present Agreement as defined under Article 15. The

signature of the Side Letter for the first Tranche will be conditional upon receipt by the CEB in form and substance deemed satisfactory to it of the following information or evidence:

- Evidence of the establishment and functioning of a PIU in accordance with Article 4.1.2. below;
- Identification of the priority Research & Development areas;
- Identification of the criteria for the selection of the research equipment under the Project; and
- Identification of the eligibility criteria for the housing beneficiaries under the Project.

The first Tranche shall not exceed 50% of the approved Loan amount.

Each subsequent Tranche can be disbursed only after the Borrower confirms in writing to the CEB, subject to compliance with article 4.2.2 below, that 90% of the previous Tranche has been Allocated. Subsequent Tranches shall be calculated on the basis of the State of Progress of Works and – if deemed appropriate – of the Projected State of Progress of Works.

3.3. Closing Date

The Closing Date is set on 30 June 2014.

3.4. Payment details

All the amounts due by the Borrower under this Agreement are payable in the currency of each Tranche to the account number communicated by the CEB to the Borrower at the time of disbursement.

The Borrower or the bank instructed by the Borrower, as the case may be, shall send a written payment notice to the CEB at least five (5) Business Days before payment of any amounts due under this Agreement.

Any payment under this Agreement shall be made on a Business Day subject to the Modified Following Business Day Convention.

Article 4. Monitoring the Loan and the Project

4.1. Use of the Loan

4.1.1. Period

The Tranches must be Allocated by the Borrower to the Project within twelve (12) months after each disbursement.

The amount not Allocated to the Project within such period must be repaid to the CEB, within thirty (30) days at the latest.

The proceeds of the Loan cannot be used for financing of taxes, customs and other duties.

The Borrower undertakes to bear the cost resulting from this repayment. This cost shall include that which the CEB will have to bear due to the reinvestment of the same amount on the date of repayment for the residual life of the original Loan, as well as any other related cost. The reinvestment rate shall be determined by the CEB on the basis of market conditions on the repayment date and for the period in question. The cost shall therefore be

calculated taking into account the difference between the original rate and the reinvestment rate.

Furthermore, if a Tranche disbursed by the CEB is not Allocated to the Project or is only partially Allocated to it within the period mentioned in the first paragraph above, this would constitute an event as listed in Article 3.3 (h) of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

4.1.2. Implementation of the Project

The Borrower designates the Ministry of Science and Technological Development as the PIA.

The Borrower designates PIU Research and Development LLC as PIU under the authority of the Borrower and the PIA, established pursuant to the Government Decision 05 No: 02-5424/2010 ("Official Gazette of the Republic of Serbia", No. 51/10), and the Borrower undertakes to maintain the designated PIU for the duration of the Project, and to take all necessary actions for the PIU to be appropriately staffed and equipped to the satisfaction of the CEB.

The Borrower undertakes to provide for the financial resources necessary for the functioning of the PIU within the budget line of the PIA, for the duration of the Project. However, the responsibility to comply with all obligations under the Agreement remains with the Borrower.

4.1.2.1. Duty of care

The Borrower shall apply all care and diligence, and shall exercise all typically used means, in particular financial, technical, social, managerial and those concerning environmental protection, which shall be necessary for the proper implementation of the Project.

4.1.2.2. Increased or revised cost of the Project

Should the costs of the Project, as described in Appendix 1 attached hereto, increase or be revised for whatever reason, the Borrower shall ensure that the additional financial resources for the completion of the Project are available.

In any case, financing by the CEB shall not exceed 27% of the total cost of the Project, excluding interest and financial charges, such as defined in Appendix 1.

4.1.2.3. CEB visibility

The Borrower shall indicate to the Final Beneficiaries that the Project is partly financed by the CEB via appropriate means of communication including web-site, press release, brochures and/or the exhibit of billboards at relevant sub-project sites.

In any case, information given to the media, official notices, reports, brochures, billboards or publications shall display in an appropriate way the CEB logo.

4.1.2.4. Further undertakings

The Borrower shall undertake that:

- The implementation of the Project complies with the relevant rules on fraud, corruption and money laundering;

- The implementation of the Project does not lead to a violation of the European Convention on Human Rights and of the European Social Charter;
- All rights of way or use related to land and real estate property and all permits necessary for the implementation and operation of the Project are obtained and remain in force;
- To the extent not otherwise covered by Serbian law, all works and property forming part of the Project are permanently insured in accordance with standard industry practice;
- Maintenance (direct or indirect), repair, overhaul and renewal of all equipment and real estate property forming part of the Project is carried out as required to keep it in good working order; in this respect, the Borrower shall inform CEB in due course of all the arrangements made to this end;
- The implementation and operation of the Project complies with CEB's Environmental Management Principles included in the Loan Policy. In particular, the Borrower shall ensure that:
 - (i) The implementation and operation of the sub-projects complies with Environmental Law;
 - (ii) All environmental consents and planning permissions, as and when necessary for the realisation of the sub-projects, are duly obtained;
 - (iii) All sub-projects comply with any prescription given by and condition attached to each such consent or permission;
 - (iv) Implementation of all sub-projects is carried out in line with the recommendations of any required Environmental Impact Assessments (EIAs) and the final permits from the relevant environmental authorities.

Failure to comply with the above provisions would represent an event as laid down in Article 3.3. (h) of Chapter 3 of the Loan Regulations and, following a notification from CEB, may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Article 3.3, 3.5 and 3.6 of the Loan Regulations.

4.1.3. Procurement

Procurement of works, goods and services to be financed under the Project will be carried out in accordance with the European Investment Bank's (hereinafter the *EIB Guide to Procurement*) in force at the date of this Agreement. The CEB will not issue any "non-objection" to the procurement arrangements proposed by the Borrower, but it will reserve the right to review at any time the procurement procedures and documentation, on a sample basis, to verify their conformity with the applicable *EIB Guide to Procurement*.

Should CEB conclude that the procurement of works, goods and services to be financed under the Project was not carried out in conformity with the applicable *EIB Guide to Procurement*, it is the policy of the CEB to cancel that portion of the Loan allocated to the works, goods and services which have been misprocured. This would constitute an event as listed in Article 3.3.-g of Chapter 3 of the Loan Regulations which may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3., 3.5 and 3.6 of the Loan Regulations.

The Borrower, through the Ministry of Science and Technological Development, should promptly inform the CEB of any delay, or other changes in the scheduling of the procurement process, which could significantly affect the timely and successful implementation of the project contracts, and agree with the CEB on corrective measures.

In any case the responsibility for the implementation of the Project, and therefore the responsibility for the award and administration of contracts under the Project, remains with the Borrower. Should the Borrower not be directly responsible for the award and administration of contracts under the Project, the Borrower shall nevertheless ensure, through any appropriate means, that procurement for the Project complies with the applicable *EIB Guide to Procurement*.

4.2. Information requirements

4.2.1. Information concerning the Project

The Borrower shall keep accounting records concerning the Project, which shall be in conformity with international standards, showing, at any point, the Project's state of progress, and which shall record all operations made and identify the assets and services financed with the help of the Loan.

The Borrower undertakes to respond within a reasonable period to any request for information from the CEB and to provide it with any documentation that the CEB should consider necessary and may reasonably request, for the proper implementation of the Agreement, particularly as concerns the monitoring of the Project and the use of the Loan.

The Borrower shall inform the CEB immediately of any legislative or regulatory change in the economic sector relevant to the Project, and, in a general sense, of any event which may have a material adverse impact on the execution of its obligations under the Agreement. Any event that may have a material adverse impact on the execution of the Borrower's obligations under the Agreement would constitute an event as listed in Article 3.3-h of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

4.2.2. Monitoring reports

At least once a year, from disbursement of the Loan until completion of the entire Project, the Borrower shall send to the CEB a monitoring report. The Borrower shall also send a monitoring report prior to any disbursement with the exception of the first Tranche. These reports must be deemed satisfactory by the CEB before any disbursements may be made.

Appendix 3 provides the template specifying the minimum information required by the CEB for monitoring reports. Alternative formats containing the same information may also be used.

In any case, monitoring reports shall address:

- the state of Allocation of the disbursed Loan Tranches;
- the progress of the Project's financing and procurement plans;
- the progress of the Project itself, in terms of physical advancement and expenditures incurred;
- Project management details; and
- Technical indicators (as specified in Appendix 4)

4.2.3. Project completion report

Upon physical completion of the entire Project, the Borrower shall present a final report containing an appraisal of the Project's economic, financial, social and environmental effects. This report must be deemed satisfactory by the CEB.

4.2.4. Monitoring missions

The Borrower undertakes to favourably receive any monitoring missions carried out by employees of the CEB or outside consultants hired by the CEB, and to provide all the necessary co-operation for their monitoring missions, by facilitating any possible visits to the site of the Project. In particular, the CEB may have an on-site audit of the Project's accounting carried out by one or more consultants of its choice, at the Borrower's expense, in the case of default by the Borrower in respect of any of its obligations under the Loan.

Article 5. Discharge of the Borrower's obligations

After payment of the full amount of the principal of the Loan and all interest and other expenses resulting therefrom, in particular those amounts under Articles 6 and 7 below, the Borrower shall be fully released from its obligations towards the CEB, with the exception of those set out in Articles 4.2.1 and 4.2.4. above for the purposes of a possible ex-post evaluation of the Project.

Article 6. Interest for delay

For disbursements in EURO, and notwithstanding any other recourse available to the CEB under the Agreement and the Loan Regulations or otherwise, if the Borrower does not pay all interest or any other amount payable under the Agreement, at the latest on the due date specified, the Borrower must pay additional interest on the amount due and not fully paid, at the one-month EURIBOR rate as of the due date at 11 a.m. (local time in Brussels), plus 2.5% per annum, as of the due date of this amount until the date of actual payment.

The applicable one-month EURIBOR rate shall be updated every 30 days.

Article 7. Associated costs

All duties and taxes of all kinds, due and paid, and all expenses resulting either from the conclusion, execution, liquidation, cancellation or suspension of this Agreement, in all or in part, or from the guarantee or the Loan, together with all judicial or extra-judicial acts having this Loan as their origin, shall be borne by the Borrower.

However, the provisions of Article 4.7 of Chapter 4 of the Loan Regulations shall apply regarding the costs of the arbitration procedure mentioned in said Chapter 4.

Article 8. Pari passu and negative pledge

The Borrower declares that no other commitment has been made or will be made in the future which might give a third party a preferential rank, a preferential right of payment, a

collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties (hereinafter a **Security**).

If such a Security were nevertheless granted to a third party, the Borrower agrees to form or supply an identical Security in favour of the CEB or, where it is hindered in doing so, an equivalent Security, and to stipulate the formation of such a Security in favour of the CEB.

Failure to comply with these provisions would represent an event as laid down in Article 3.3 (h) of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

Article 9. Representations and warranties

The Borrower represents and warrants:

- that its competent bodies have authorized it to enter into the Agreement and have given the signatory(ies) the authorization therefor, in accordance with the laws, decrees, regulations, articles of association and other texts applicable to it;
- that the drawing up and execution of the Agreement does not contravene the laws, decrees, regulations, articles of association, and other texts applicable to it and that all the permits, licences, and authorizations necessary therefor have been obtained and shall remain valid for the entire Loan period.

Any change in relation to the above representations and warranties must, for the entire Loan period, be notified to the CEB immediately, and any supporting documents provided.

Article 10. Relations with third parties

The Borrower may not raise any fact relating, within the scope of the use of the Loan, to its relations with third parties in order to avoid fulfilling, either totally or partially, the obligations resulting from the Agreement.

The CEB may not be involved in disputes which might arise between the Borrower and third parties and the costs, whatever their nature, incurred by the CEB due to any claims, and in particular all legal or court costs, shall be at the expense of the Borrower.

Article 11. Interpretation of the Agreement

The Borrower states that it has received a copy of the Loan Regulations, and has taken note thereof.

Where there is a contradiction between any provision whatsoever of the Loan Regulations and any provision whatsoever of the Agreement, the provision of the Agreement shall prevail.

The headings of the paragraphs, sections, and chapters of the Agreement shall not be used for its interpretation.

In no case shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

Article 12. Applicable law

The Agreement, its Appendices and the Side Letters relating thereto shall be governed by the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and, secondarily, if necessary, by French law.

Disputes between the parties to the Agreement shall be subject to arbitration under the conditions laid down in Chapter 4 of the Loan Regulations.

Article 13. Execution of an arbitration award

The contracting parties agree not to take advantage of any privilege, immunity or legislation before any jurisdictional or other authority, whether domestic or international, in order to object to the enforcement of an award handed down under the conditions laid down in Chapter 4 of the Loan Regulations.

Article 14. Notices

Any notice or other communication to be given or made under this Agreement to CEB or the Borrower shall be in writing and shall be deemed to have been duly given or made when it is delivered by hand, airmail or facsimile by one party to the other at such party's address specified below.

For the Borrower: **Ministry of Finance of the Republic of Serbia**
20 Kneza Milosa Street
11000 Belgrade, Serbia
Attention: the Minister of Finance and/or the Assistant Minister
Fax: (00 381) 11 3618 961 or 3642 632

For the CEB: **Council of Europe Development Bank**
55, Avenue Kléber
75116 Paris, France
Attention: Directorate General for Loans
Fax: (00 33 1) 47 55 37 52

All communications to be given or made shall be in English or French or, if in another language, shall be accompanied by an English or French certified translation thereof, when so required by the CEB.

Article 15. Entry into force

The Agreement shall enter into force upon ratification by the Parliament of the Republic of Serbia and upon written confirmation to that effect received by CEB from the Borrower.

Upon entry into force of the Agreement, and as a condition precedent to enter into the Side Letter for the first Tranche, the Borrower shall deliver a legal opinion in the English language satisfactory to CEB covering the issues of capacity, power and authority of the Borrower and confirming that the Agreement is valid, binding and enforceable in accordance with its terms.

Article 16. Originals of Agreement

The Agreement is drawn up in two (2) originals, each of which is equally valid.

One original is kept by each of the contracting parties.

For the **Republic of Serbia**

Diana DRAGUTINOVIĆ, s.r.
Minister of Finance

Božidar Đelić, s.r.
Deputy Prime Minister for EU Integration
Minister of Science and Technological
Development

For the **Council of Europe Development Bank**

Raphael Alomar, s.r.
The Governor

LIST OF APPENDICES

- APPENDIX 1** PROJECT DESCRIPTION
- APPENDIX 2** SIDE LETTER (TEMPLATES):
- *Appendix 2a: Side Letter for a fixed rate loan in Euro*
 - *Appendix 2b: Side Letter for a floating rate loan in Euro*
- APPENDIX 3** MONITORING REPORTS (TEMPLATES)
- *Table 1a: Equipment costs*
 - *Table 1b: Housing costs*
 - *Table 2: Loan utilisation*
 - *Table 3: Financing sources*
 - *Table 4: Procurement Plan*
- APPENDIX 4** TECHNICAL INDICATORS

Appendix 1

Project Description

I.	F/P :	1711 (2010)											
	Borrower:	The Republic of Serbia (through the Ministry of Finance)											
	Approval by the Administrative Council:	11 June 2010											
	Amount approved:	EUR 35 000 000											
II.	Intervention area(s):	The Project will encompass the following sectors of action of the CEB: <ul style="list-style-type: none"> – Education and vocational training. – Housing for low-income persons. 											
	Planned works:	The project's scope includes several activities grouped under the following Project components: <ul style="list-style-type: none"> – <u>Component 1 (research equipment)</u>: purchasing of research equipment for public research units and laboratories. – <u>Component 2 (rental housing for young researchers)</u>: building non-commercial housing for rent for researchers with the goal of improving living conditions particularly for young researchers (some 130 new dwellings will be constructed in Belgrade). 											
	Location:	Throughout Serbia											
	Estimated total cost of the Project:	At least EUR 130 000 000 (without VAT)											
	Indicative cost breakdown:	The indicative cost breakdown of the above two components is as follows: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><i>In EUR</i></th> <th style="text-align: center;">Component 1</th> <th style="text-align: center;">Component 2</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td>Total budget</td> <td style="text-align: center;">50 000 000</td> <td style="text-align: center;">80 000 000</td> <td style="text-align: center;">130 000 000</td> </tr> </tbody> </table>			<i>In EUR</i>	Component 1	Component 2	Total	Total budget	50 000 000	80 000 000	130 000 000	
<i>In EUR</i>	Component 1	Component 2	Total										
Total budget	50 000 000	80 000 000	130 000 000										
	Indicative financing plan:	Indicative financing plan for the Project: <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td>CEB loan</td> <td style="text-align: center;">35 000 000</td> <td style="text-align: center;">27%</td> </tr> <tr> <td>EIB loan</td> <td style="text-align: center;">95 000 000</td> <td style="text-align: center;">73%</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: center;">130 000 000</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>			CEB loan	35 000 000	27%	EIB loan	95 000 000	73%	TOTAL	130 000 000	100%
CEB loan	35 000 000	27%											
EIB loan	95 000 000	73%											
TOTAL	130 000 000	100%											
	Progress of works at the time of Loan application:	0%											
	Schedule of works:	2010-2013. The Project's closing date is accordingly set at 30 June 2014.											
	Specific conditions:	<ul style="list-style-type: none"> – The housing units will be rented at affordable rates to young researchers. Subject to a minimum five-year prior occupancy requirement, the latter will be able to acquire the rented dwellings. In addition, the new buyers will be prohibited from selling the properties for five years following purchase, giving a minimum occupancy of 10 years. This latter condition (prohibiting sale of the properties for five years following purchase) will be recorded when the sale deeds are registered in the official property registers. – The purchase of the rented dwellings under the scheme will be limited to a maximum of one dwelling per household, which must be the sole residence of the purchaser and/or the other members of the household. 											

III.	Criteria of eligibility:	The Borrower will comply with the eligibility criteria set out in the Administrative Council's Resolution 1522 (2009). The Project is eligible under the following sectors of action of the CEB: <ul style="list-style-type: none">- Education and vocational training.- Housing for low-income persons.
IV.	Technical indicators:	A list of technical indicators which shall serve as a basis for the evaluation during Project implementation is presented in Appendix 4.
V.	Social and environmental aspects:	Bearing in mind that moving towards innovation-based sustainable growth lies at the heart of the EU's response to globalisation, this Project strengthens Serbia's capacity to meet challenges such as energy security, climate change, environmental degradation, exclusion of vulnerable groups, ageing population and disabilities, global health threats, and demographic developments.

Appendix 2a

SIDE LETTER FOR A FIXED RATE LOAN IN EURO (TEMPLATE)

F/P 1711 (2010) – [number] Tranche

COUNCIL OF EUROPE DEVELOPMENT BANK

SIDE LETTER

To the Framework Loan Agreement dated [date]

between

The **COUNCIL OF EUROPE DEVELOPMENT BANK**
(hereinafter called "CEB")

and

The **REPUBLIC OF SERBIA**
(hereinafter called the "Borrower")

The present *Side Letter* and the Framework Loan Agreement determine the terms and conditions agreed upon for the [number] Tranche in reference to article [number] of the said Framework Loan Agreement.

Loan Amount	EUR [amount]
Maturity	[number] -year final maturity with a [number] year grace period
Fixed Interest Rate	[number percent] [net] per annum
Interest Payment	Semi-annually/Annually in arrears
Day-Count-Fraction	30/360 unadjusted, Modified Following Business Day Convention
Business Day	As defined in the Framework Loan Agreement
Disbursement Date	[date]
Payment Instructions (Borrower)	Account number [number] of [name of Bank and city]. SWIFT CODE: [cipher] via [name correspondent bank and city] SWIFT CODE: [cipher]
Payment Instructions (CEB)	As per Art. 3.4 of Framework Loan Agreement

Payments for interest and principal will be made in accordance with the attached Schedule of Repayments. Whereas interest will be paid for the first time on [date], principal will be repaid for the first time on [date].

All payments shall be made to CEB's account according to the Payment Instructions (CEB) described above.

These provisions are subject to the agreement "Modified Following Business Day Convention", the definition of which is to be found in the Framework Loan Agreement, signed between CEB and the Borrower on [date].

The present Side Letter shall enter into force upon signature by the Borrower and CEB.

[City, date]
For the **Council of Europe
Development Bank**

[City, date]
For the **Republic of Serbia**

Appendix 2b

SIDE LETTER FOR A FLOATING RATE LOAN IN EURO (TEMPLATE)

F/P 1711 (2010) – [number] Tranche

COUNCIL OF EUROPE DEVELOPMENT BANK

SIDE LETTER

To the Framework Loan Agreement dated [date]

between

The **COUNCIL OF EUROPE DEVELOPMENT BANK**
(hereinafter called "CEB")

and

The **REPUBLIC OF SERBIA**
(hereinafter called the "Borrower")

The present *Side Letter* and the Framework Loan Agreement determine the terms and conditions agreed upon for the [number] Tranche in reference to article [number] of the said Framework Loan Agreement.

Loan Amount	EUR [amount]
Maturity	[number] -year final maturity with a [number] years grace period
EURIBOR	As defined in the Framework Loan Agreement
Floating Interest Rate	EURIBOR 3 or 6 months plus or less [number] basis points per annum (Telerate [reference] or Reuters [reference])
Interest Payment	Quarterly/Semi-annually in arrears
Day-Count-Fraction	Actual/360, Modified Following Business Day Convention
Business Day	As defined in the Framework Loan Agreement
Disbursement Date	[date]
Payment Instructions (Borrower)	Account number [number] of [name of Bank and city]. SWIFT CODE: [cipher] via [name correspondent bank and city] SWIFT CODE: [cipher]
Payment Instructions (CEB)	As per Art. 3.4 of Framework Loan Agreement

The interest rate will be calculated for each *[number]* month period, starting from the date of the disbursement date. The interest will be fixed two working days prior to each new interest period. CEB will inform the Borrower about the interest payable every *[number]* months. The interest payment will take place on *[day, month]*¹ every year, and for the first time on *[date]*. ***[list the repayment dates and the principal amount due for each date]***

All payments shall be made to the CEB's account according to the Payment Instructions (CEB) described above.

These provisions are subject to the agreement "Modified Following Business Day Convention", the definition of which is to be found in the Framework Loan Agreement, signed between CEB and the Borrower on *[date]*.

The present Side Letter shall enter into force upon signature by the Borrower and CEB.

[City, date]
For the **Council of Europe**
Development Bank

[City, date]
For the **Republic of Serbia**

¹ mention 4 dates for quarterly payments and 2 dates for semi-annual payments

TABLE 3 – FINANCING SOURCES

COUNTRY: SERBIA
 PROJECT: FIP 1711 (2010) First phase of the Serbian R&D Infrastructure Investment
 in EUR (net of VAT) Date:

FINANCING SOURCES	EQUIPMENT							
	FUNDING RECEIVED			FUNDING TO BE RECEIVED		TOTAL FUNDING	% Received per financing sources	% participation per financiers
	YEAR 1*	YEAR 2*	TOTAL	Upon to Completion	Expected to be received in the current year			
CEB Contribution	1	2	3=1+2	4	5	6=3+4	7=3/6	8
EIB Contribution								
TOTAL								

* Please replace the column Title with the referenced year and add columns during the project implementation to indicate annually incurred expenditure.

FINANCING SOURCES	RENTAL HOUSING							
	FUNDING RECEIVED			FUNDING TO BE RECEIVED		TOTAL FUNDING	% Received per financing sources	% participation per financiers
	YEAR 1*	YEAR 2*	TOTAL	Upon to	Expected to be			
CEB Contribution	1	2	3=1+2	4	5	6=3+4	7=3/6	8
EIB Contribution								
TOTAL								

* Please replace the title of the column with the referenced year and add columns during the project implementation to indicate annually incurred expenditure.