ПРЕДЛОГ ЗАКОНА

О ПОТВРЂИВАЊУ УГОВОРА О ЗАЈМУ (ПРОГРАМ ЗА ОТПОРНОСТ НА КЛИМАТСКЕ ПРОМЕНЕ И НАВОДЊАВАЊЕ У СРБИЈИ - ФАЗА I) ИЗМЕЂУ РЕПУБЛИКЕ СРБИЈЕ И ЕВРОПСКЕ БАНКЕ ЗА ОБНОВУ И РАЗВОЈ

Члан 1.

Потврђује се Уговор о зајму (Програм за отпорност на климатске промене и наводњавање у Србији - фаза I) између Републике Србије и Европске банке за обнову и развој, који је потписан у Београду 20. децембра 2019. године, у оригиналу на енглеском језику.

Члан 2.

Текст Уговора о зајму (Програм за отпорност на климатске промене и наводњавање у Србији - фаза I) између Републике Србије и Европске банке за обнову и развој, у оригиналу на енглеском и преводу на српски језик гласи:

(Operation Number 50848)

**LOAN AGREEMENT**

**(SERBIAN CLIMATE RESILIENCE AND IRRIGATION PROGRAMME – PHASE I)**

between

**REPUBLIC OF SERBIA**

and

**EUROPEAN BANK**

**FOR RECONSTRUCTION AND DEVELOPMENT**

Dated 20 December 2019

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LOAN AGREEMENT

**AGREEMENT** dated 20 December 2019 between **REPUBLIC OF SERBIA** represented by Jelena Tanasković, State Secretary of Ministry of Finance, on behalf of the Government as representative of the Republic of Serbia **(**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 economics;

**WHEREAS,** the Borrower is planning to implement climate resilience and irrigation project in the Republic of Serbia. As part of the implementation of this project the Borrower intends to implement the first phase of the project as described in Schedule 1 which is designed to assist in construction of new irrigation infrastructure in the municipalities of Svilajnac and Negotin (the “Municipalities”) and to provide support in project implementation (the “Project”);

**WHEREAS,** the Project will be carried out by Public Water Management Company Srbijavode (the "Executing Entity") with financial assistance from the Borrower, the Municipalities and with the participation of the Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia (the “Beneficiary”);

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

**WHEREAS,** the Bank is in the process of arranging technical cooperation funds on a grant basis in an estimated amount of EUR 1,200,000 (one million two hundred thousand Euros) to assist the Borrower in preparation of the Irrigation Strategy as defined below, as well as in capacity building and delivering of training plan on efficient irrigation technologies for local farmers and preparation of technical documentation for the next phase;

**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 15,000,000 (fifteen million Euros) (the “Loan”), 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 Executing Entity, the Beneficiary, Municipalities and the Bank (the "Project Agreement") as defined in the Standard Terms and Conditions.

**NOW, THEREFORE,** the parties hereby agree as follows:

# ARTICLE I - 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, subject, however, to the following modifications (such provisions as so modified are hereinafter called the "Standard Terms and Conditions"):

(a) The Project Agreement is hereby specified as a Project Agreement for the purposes of the Standard Terms and Conditions;

(b) Each of the Executing Entity, the Beneficiary and the Municipalities are specified as a Project Entity for the purposes of 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 of the Borrower or any other person duly authorised by the Borrower’s Government as may be notified in writing by the Borrower to the Bank from time to time.

"Enforcement Policy and

Procedures" means the Bank’s Enforcement Policy and Procedures dated 4 October 2017.

"Irrigation

Strategy" means national irrigation strategy (including the five-year action plan for its implementation) to be prepared by the Food and Agriculture Organization of the United Nations and adopted by the Borrower pursuant to Section 3.01(g) below.

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

"PIU" means the Project Implementation Unit referred in Section 5.01(b) of this Agreement.

## 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 EUR 15,000,000 (fifteen million Euros).

## Section 2.02. Other Financial Terms of the Loan

(a) The Minimum Drawdown Amount shall be EUR 50,000.

(b) The Minimum Prepayment Amount shall be EUR 1,000,000.

(c) The Minimum Cancellation Amount shall be EUR 1,000,000.

(d) The Interest Payment Dates shall be 25 April and 25 October of each year.

(e) (1) The Borrower shall repay the Loan in 24 equal (or as nearly equal as possible) semi-annual instalments on 25 April and 25 October of each year, with the first Loan Repayment Date being 25 April 2023 and the last Loan Repayment Date being 25 October 2034.

(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 Bank extends the Last Availability Date specified in Section 2.02.(f) below to a date which 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 22 December 2022*,* 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.

## Section 2.03. Drawdowns

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.

# ARTICLE III - EXECUTION OF THE PROJECT[[1]](#endnote-2)

## Section 3.01. Other Affirmative 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 Executing Entity the benefit of the Loan;

(b) Comply with the provisions of this Agreement and take all actions within its authority to accomplish the purposes for which the Loan is made;

(c) Perform, as the Beneficiary, and cause the Executing Entity and the Municipalities to perform all of their obligations under the Project Agreement;

(d) Provide or cause to be provided, when requested, all governmental licences, approvals or consents required for the financing and carrying out of the Project by the Executing Entity and for carrying on of the Executing Entity’s business;

(e) Take, or cause to be taken, all additional actions necessary to provide adequate funds for the completion of the Project, including the governmental contributions, if required;

(f) Prepare and adopt the Irrigation Strategy by not later than 31 December 2022; and

(g) Exempt from VAT and customs duties all goods, works and services (including consultancy services), procured by the Executing Entity for the Project and financed from the proceeds of the Loan or any technical cooperation funds made available by the Bank, or provide for their reimbursement.

# 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 irrigation and construction sector in the territory of the Borrower shall have been amended, suspended, abrogated, repealed or waived in a manner that would have a material adverse effect on the Project or the ability of the Borrower or any of the Project Entities to perform their obligations under this Agreement and/or the Project Agreement;

(b) The Statute shall have been amended, suspended, abrogated, repealed or waived in a manner that would have a material adverse effect on the Project or the ability of the Executing Entity to perform its obligations under this Agreement and/or the Project Agreement;

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

(d) Any of the Project Entities shall have failed to perform any of its obligations under the Project Agreement.

## Section 4.02. Acceleration of Maturity

The following are specified for purposes of Section 7.06(f) of the Standard Terms and Conditions: any of the events specified under Section 4.01 shall have occurred and continued without remedy for thirty (30) days after the notice thereof has been given by the Bank to the Borrower.

# ARTICLE V - EFFECTIVENESS

## Section 5.01. Conditions Precedent to Effectiveness

1. The parties acknowledge that the conditions to the effectiveness of the Loan are referred to in Section 9.02 of the Standard Terms and Conditions and, among other matters, include the execution and delivery by each of the Project Entity of the Project Agreement, which has to be duly authorised by each Project Entity.
2. For purposes of Section 9.02(c) of the Standard Terms and Conditions, the following constitutes additional condition to the effectiveness of the Loan: the PIU, with adequate resources and staffed with suitably qualified personnel in a manner satisfactory to the Bank, shall have been established by the Executing Entity and shall have become operational.

(c) For purposes of Section 9.03(a) of the Standard Terms and Conditions, the opinion shall be given on behalf of the Borrower by the Ministry of Justice and shall confirm that the Loan Agreement has been duly authorised by the Borrower and constitute valid and legally binding obligations of the Borrower, enforceable in accordance with its terms.

(d) For purposes of Section 9.03(c) of the Standard Terms and Conditions,

(1) the opinion shall be given on behalf of the Executing Entity by the head of legal department of the Executing Entity and shall confirm that the Project Agreement has been duly authorised by the Executing Entity and constitutes valid and legally binding obligations of the Executing Entity, enforceable in accordance with its terms;

(2) the opinion shall be given on behalf of each of the Municipalities by the head of the legal department of each of the Municipalities and shall confirm that the Project Agreement has been duly authorised by each of the Municipalities and constitutes valid and legally binding obligations of each of the Municipalities enforceable in accordance with its terms.

(3) the opinion shall be given on behalf of the Beneficiary by the Ministry of Justice and shall confirm that the Project Agreement has been duly authorised by the Beneficiary and constitutes valid and legally binding obligations of the Beneficiary enforceable in accordance with its terms.

## Section 5.02. 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.

# ARTICLE VI - MISCELLANEOUS

## Section 6.01. Notices

The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions:

For the Borrower:

Ministry of Finance of the Republic of Serbia

Kneza Milosa 20

11000 Belgrade

Serbia

Attention: Minister of Finance

Fax: + 381 11 361 8961

For the Bank:

European Bank for Reconstruction and Development

One Exchange Square

London EC2A 2JN

United Kingdom

Attention: Operation Administration Department

Fax: +44-20-7338-6100

**IN WITNESS WHEREOF,** the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in four copies in the English language and delivered at Belgrade, the Republic of Serbia as of the day and year first above written.

**REPUBLIC OF SERBIA**

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: Jelena Tanasković

Title: State Secretary

**EUROPEAN BANK**

**FOR RECONSTRUCTION AND DEVELOPMENT**

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: Meran Lukić

Title: Principal Banker

SCHEDULE 1 - DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to assist the Borrower in construction and rehabilitation of primary irrigation infrastructure in the municipalities of Svilajnac and Negotin (the “Municipalities”) and to provide support in Project implementation and supervision of construction works.

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: Civil works: construction and rehabilitation of primary irrigation infrastructure in the municipalities of Svilajnac and Negotin;

Part B: Engagement of suitably qualified consultants to assist in Procurement and Project Implementation Support.

Part C: Engagement of suitably qualified consultants to supervise construction works on the Project.

3. The Project is expected to be completed by 31 December 2022.

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,

(1) no Drawdown shall be made in respect of expenditures incurred prior to the date of the Loan Agreement effectiveness;

(2) no Drawdown shall be made prior to appointment by the Executing Entity of qualified consultants acceptable to the Bank to assist the Executing Entity with the procurement and implementation of the Project and appointment by the Executing Entity of an independent engineer to supervise construction works.

1. **Attachment to Schedule 2**

   |  |  |  |
   | --- | --- | --- |
   | **Category** | **Amount of the Loan (EUR)** | **% of Expenditures to be financed** |
   | (1) Part (A): Civil Works to include construction and rehabilitation of primary irrigation infrastructure in the municipalities of Negotin, and Svilajnac | 14,050,000 | 100%  (excluding VAT and custom duties) |
   | (2) Part (B) and (C): Support in project implementation, procurement and supervision of works | 800,000 | 100% |
   | (3) Front-end Fee | 150,000 | 100% |
   | **Total Loan :** | **15,000,000** |  |

   [↑](#endnote-ref-2)