**FRAMEWORK AGREEMENT N° CRS1025**

**ON CREDIT FACILITIES FOR THE FINANCING OF THE SERBIA GREEN AGENDA PROGRAMMATIC DEVELOPMENT POLICY OPERATION**

**dated as of 26 June 2023**

**between**

**AGENCE FRANCAISE DE DEVELOPPEMENT**

The Lender

**and**

**THE REPUBLIC OF SERBIA**

The Borrower

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FRAMEWORK AGREEMENT FOR CREDIT FACILITIES FOR THE FINANCING OF THE SERBIA GREEN AGENDA PROGRAMMATIC DEVELOPMENT POLICY OPERATION

**BETWEEN:**

**REPUBLIC OF SERBIA** represented by the Government of the Republic of Serbia, through Minister of Finance, Mr. Siniša Mali, duly authorised to sign the Framework Agreement,

(“**Republic of Serbia**” or the “**Borrower**”);

**AND**

**AGENCE FRANCAISE DE DEVELOPPEMENT**, a French public entity governed by French law, with its registered office at 5, Rue Roland Barthes, 75598 Paris Cedex 12, France, registered with the Trade and Companies Register of Paris under number 775 665 599, represented by Mr. Dominique Hautbergue, in his capacity as Head of Western Balkans regional office, duly authorised to sign this Framework Agreement,

(“**AFD**” or the “**Lender**”);

(hereinafter jointly referred to as the “**Parties**” and each a “**Party**”).

WHEREAS:

* 1. In the context of the program as defined in Schedule 1A (*Program Description*) of the Framework Agreement (the “**Program**”), the Borrower intends to implement the Program Phases.
  2. Pursuant to resolution n° C20221268 of its *Conseil d’Administration* dated December 15, 2022, AFD is authorized to enter into this Framework Agreement for making two Credits available to the Borrower for the purpose of financing the Program Phases.
  3. The Borrower and AFD have agreed to establish in advance through this Framework Agreement the general terms and conditions applicable to the Credits that may be made available for the financing of the Program Phases.
  4. AFD has agreed to make available to the Borrower through this Framework Agreement, a first Credit of an aggregate amount of one hundred and thirty five millions euros (EUR 135,000,000) (the “**First Credit**”), under the general conditions set out herein and the specific conditions that will be set out in the First Credit Specific Agreement.
  5. Subject to the Program's implementation progress and AFD’s relevant decision-making body’s further approval, a second Credit with a maximum aggregate amount of one hundred and thirty five millions euros (EUR 135,000,000), or any other amount that Parties mutually agree (the “**Second Credit**”), would be made available to the Borrower under the general conditions set out herein and the specific conditions that would be set out in the Second Credit Specific Agreement.
  6. The International Bank for Reconstruction and Development (IBRD) and the *Kreditanstalt für Wiederaufbau* (KFW) (the “**Co-Financiers**”) intend to finance the Program Phases in parallel to the Credits that may be made available by AFD.

THEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:

1. DeFINITIONS and CONSTRUCTION
   1. Definitions

Capitalised words and expressions used in the Framework Agreement (including the Schedules of the Framework Agreement) shall have the meaning given to them in Schedule 2 (*Definitions & Construction*) of the Framework Agreement, except as otherwise provided in the Framework Agreement.

* 1. Construction

Words and expressions used in the Framework Agreement shall be construed pursuant to the provisions of Schedule 2 (*Definitions & Construction*) of the Framework Agreement, unless a contrary indication appears.

1. Purpose of the framework agreement
   1. Uncommitted credit facility

As from the Framework Agreement Signing Date and as long as the Framework Agreement remains in full force in accordance with Clause 3 (*Duration of the Framework Agreement*), the Borrower may request that AFD makes available to it a Credit for the financing of a Program Phase, which AFD may, on a case-by-case and discretionary basis, without any commitment, decide to accept or to refuse to make available.

* 1. General terms and conditions applicable to a Credit

AFD and the Borrower agree that the terms and conditions applicable to a Credit will be those set out in this Framework Agreement and completed by those set out in the First Credit Specific Agreement (with respect to the First Credit) and in the Second Credit Specific Agreement (with respect to the Second Credit, if applicable).

1. Duration OF THE FRAMEWORK AGREEMENT

The Framework Agreement comes into force on the first Effective Date and will remain in full force and effect for three (3) years as from the Framework Agreement Signing Date (the “**Final Date**”).

Each Party may terminate the Framework Agreement at any time until the Final Date, without indemnities (other than those due under the outstanding Credits), subject to the delivery of a notification to the other Party by registered letter with acknowledgment of receipt at least fifteen (15) calendar days before the anticipated termination date as indicated in such notification (the “**Termination Date**”).

As from the date falling three months before the Final Date, or as from the date of the delivery of the termination notice referred to above, the Borrower shall not request that AFD makes available to it a Credit for the financing of a Program Phase, but the Framework Agreement will continue to produce its effects regarding the outstanding Credits as long as any amount remains due under the Finance Documents.

1. AMOUNT, PURPOSE AND Conditions OF UTILISATION
   1. Credits Amounts

The aggregate amount of the Credits that may be granted under the Framework Agreement shall not exceed two hundred and seventy million euros (EUR 270,000,000), or any other amount that Parties mutually agreed, detailed as follows:

the First Credit for the financing of the Program shall be of an amount of one hundred and thirty five million euros (EUR 135,000,000);

the Second Credit for the financing of the Program shall be of a maximum amount of one hundred and thirty five million euros (EUR 135,000,000), or any other amount that Parties mutually agreed;

The number of Credits made available under the Framework Agreement cannot exceed two.

* 1. Purpose

The purpose of the Credits is to contribute to the financing of the budget of the Borrower in relation to the implementation of the Program as described in Schedule 1A (*Program Description*).

* 1. Monitoring

The Lender shall not be held responsible for the use of any amount borrowed which is not in accordance with the provisions of the Finance Documents.

* 1. Conditions Precedent

No later than on the Framework Agreement Signing Date, the Borrower shall provide to the Lender all of the documents set out in Part I (*Conditions Precedent to the signing of the Framework Agreement and the First Credit Specific Agreement*) of Schedule 3 (*Conditions Precedent*) of the Framework Agreement, in form and substance satisfactory to the Lender.

No later than on the Signing Date of the Second Credit Specific Agreement, the Borrower shall provide to the Lender all of the documents set out in Part II (*Conditions Precedent to the signing of the Second Credit Specific Agreement*) of Schedule 3 (*Conditions Precedent*) of the Framework Agreement, in form and substance satisfactory to the Lender.

A Drawdown Request may not be delivered to the Lender unless:

in the case of the First Credit, the Lender has received all of documents listed in Part III - B (*Conditions Precedent to the Drawdown of the First Credit*) of Schedule 3 (*Conditions Precedent*) of the Framework Agreement and has notified the Borrower that such documents are satisfactory in form and substance; and

in the case of the Second Credit, the Lender has received all of the documents set out in Part IV – B (*Conditions Precedent to the Drawdown of the Second Credit*) of Schedule 3 (*Conditions Precedent*) of the Framework Agreement and has notified the Borrower that such documents are satisfactory in form and substance.

The Lender will have to make a Drawdown available only if, on the applicable date of the Drawdown Request and on the applicable Drawdown Date, no Payment Systems Disruption Event has occurred and the conditions set out in the Finance Documents have been fulfilled, including:

no Event of Default is continuing or would result from the proposed Drawdown;

the Drawdown Request has been made in accordance with the terms of Clause 5.2 (*Drawdown Request*) of the Framework Agreement;

each representation given by the Borrower in relation to Clause 12 (*Representations and warranties*) of the Framework Agreement is true.

The Lender reserves the right not to make a Drawdown available if a Co-Financier has suspended its payments in relation to any of the Program Phases.

1. Drawdown of Funds
   1. Availability of Drawdowns

Any amount under a Credit will be made available to the Borrower during the Availability Period related to this Credit, in a single Drawdown.

* 1. Drawdown Request

Provided that the conditions set out in Clause 4.4 (*Conditions Precedent*) of the Framework Agreement and if applicable in the relevant Specific Agreement are satisfied, the Borrower may draw on a Credit by delivery to the Lender of a duly completed Drawdown Request. Each Drawdown Request shall be delivered by the Borrowerto the AFD office Director at the address specified in Clause 18.1 (*Communications in writing and addresses)* of the Framework Agreement.

Each Drawdown Request is irrevocable and will be regarded as having been duly completed if:

* + - 1. the Drawdown Request is substantially in the form set out in Part I (*Form of Drawdown Request*) of Schedule 4 (*Forms for the Drawdowns under a Credit*) of the Framework Agreement;
      2. the Drawdown Request is received by the Lender at the latest fifteen (15) Business Days prior to the Deadline for Drawdown;
      3. the proposed Drawdown Date is a Business Day falling within the Availability Period;
      4. the amount of the Drawdown complies with the Framework Agreement; and
      5. the conditions set out in Clause 4.4(d) are satisfied.
  1. Payment Completion

Subject to Clause 16.7 (*Payment Systems Disruption* ) of the Framework Agreement, if each of the conditions set out in Clause 4.4 (*Conditions Precedent*) of the Framework Agreement and if applicable, in the relevant Specific Agreement has been met, the Lender shall make the requested Drawdown available to the Borrower not later than the Drawdown Date.

The Lender shall provide the Borrower with a letter of Drawdown confirmation substantially in the form set out in Part II (*Form of Confirmation of Drawdown and rate*) of Schedule 4 (*Forms for the Drawdowns under a Credit*) of the Framework Agreement.

* 1. Deadline for Drawdown

The full drawdown of a Credit shall occur on or before the Deadline for Drawdown.

If the full drawdown of a Credit does not occur within the above-mentioned period, the Lender may cancel the Available Credit in accordance with Clause 10.4 *(Cancellation of a Credit by the Lender*) of the Framework Agreement.

The Deadline for Drawdown shall not be postponed without prior consent of the Lender.

Any postponement of the Deadline for Drawdown shall be (i) subject to fees and/or new financial conditions and (ii) in writing between the Parties as an amendment.

1. Interest APPLICABLE TO a CREDIT
   1. Interest Rate applicable to a Credit
      1. Selection of Interest Rate

For each Drawdown under a Credit, the Borrower may select a fixed Interest Rate or a floating Interest Rate, which shall apply to the amount set out in the relevant Drawdown Request, by stating the selected Interest Rate, i.e., fixed or floating, in the Drawdown Request delivered to the Lender substantially in the form set out in Part I (*Form of Drawdown Request*) of the Schedule 4 (*Forms for the Drawdowns under a Credit*) of the Framework Agreement, subject to the following conditions:

Floating Interest Rate

Regardless of the amount of the requested Drawdown, the Borrower may select a floating Interest Rate, which shall be the percentage rate per annum, being the aggregate of:

* six-month EURIBOR, or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause 7 (*Change to the calculation of interest applicable to a Credit*) of the Framework Agreement; and
* the Margin.

Notwithstanding the above, for each Drawdown, in the case of the first Interest Period, if the first Interest Period is less than one hundred and thirty-five (135) days, the applicable EURIBOR shall be:

* one-month EURIBOR, or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause 7 (*Change to the calculation of interest applicable to a Credit*) of the Framework Agreement, if the first Interest Period is less than sixty (60) days; or
* three-month EURIBOR, or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause 7 (*Change to the calculation of interest applicable to a Credit*) of the Framework Agreement if the first Interest Period is between sixty (60) days and one hundred and thirty-five (135) days.

Fixed Interest Rate

Without prejudice to Clause 5.1 (*Availability of Drawdowns*), given that the amount of a requested Drawdown is equal to or greater than three million Euros (EUR 3,000,000), the Borrower may select a fixed Interest Rate for such requested Drawdown. The fixed Interest Rate shall be the Fixed Reference Rate increased or decreased by any fluctuation of the Index Rate between the Signing Rate Setting Date and the Rate Setting Date for each Drawdown.

The Borrower may specify in the Drawdown Request a maximum amount for fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum amount for fixed Interest Rate specified in the relevant Drawdown Request, such Drawdown Request shall be cancelled and the Drawdown amount specified in the cancelled Drawdown Request shall be credited to the Available Credit.

* + 1. Minimum Interest Rate

The Interest Rate determined in accordance with Clause 6.1.1(*Selection of Interest Rate)*, regardless of the elected option, shall not be less than zero point twenty-five per cent (0.25%) per annum, notwithstanding any decline in the Interest Rate.

* + 1. Conversion from a floating Interest Rate to a fixed Interest Rate

The floating Interest Rate applicable to one or more than one Drawdowns shall be converted to a fixed Interest Rate in accordance with the conditions set out below:

Rate Conversion upon the Borrower’s request

At any time, the Borrower may request that the Lender converts the floating Interest Rate applicable to a Drawdown or several Drawdowns to a fixed Interest Rate, given that, without prejudice to Clause 5.1(*Availability of Drawdowns*), the amount of such Drawdown or aggregate amount of Drawdowns (as applicable) is equal to or exceed three million Euros (EUR 3,000,000).

To this effect, the Borrower shall send to the Lender a Rate Conversion Request substantially in the form set out in Part III (*Form of Rate Conversion Request*) of Schedule 4 (*Forms for the Drawdowns under a Credit*) of the Framework Agreement. The Borrower may specify in the Rate Conversion Letter a maximum amount for fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum amount for fixed Interest Rate specified by the Borrower in the Rate Conversion Request, such Rate Conversion Request will be automatically cancelled.

The fixed Interest Rate will be effective two (2) Business Days after the Rate Setting Date.

Rate Conversion mechanics

The fixed Interest Rate applicable to the relevant Drawdown(s) shall be determined in accordance with Clause 6.1.1(b)(*Fixed Interest Rate*) of the Framework Agreement on the Rate Setting Date referred to in subparagraph (a) above.

The Lender shall promptly send to the Borrower a letter of confirmation of Rate Conversion substantially in the form set out in Part IV (*Form of Rate Conversion Confirmation*) of Schedule 4 (*Forms for the Drawdowns under a Credit*) of the Framework Agreement.

A Rate Conversion is final and effected without costs.

* 1. Calculation and payment of interest

The Borrower shall pay accrued interest on Drawdown(s) on each Payment Date.

The amount of interest payable by the Borrower on a relevant Payment Date and for a relevant Interest Period shall be equal to the sum of any interest owed by the Borrower on the amount of the Outstanding Principal in respect of each Drawdown. Interest owed by the Borrower in respect of each Drawdown shall be calculated on the basis of:

the Outstanding Principal owed by the Borrower in respect of the relevant Drawdown as at the immediately preceding Payment Date or, in the case of the first Interest Period, on the corresponding Drawdown Date;

the exact number of days which have accrued during the relevant Interest Period on the basis of a three hundred and sixty (360) day year; and

the applicable Interest Rate determined in accordance with the provisions of Clause 6.1 (*Interest Rate applicable to a Credit*) of the Framework Agreement.

* 1. Late payment and default interest

Late payment and default interest on all amounts due and unpaid (except for interest)

If the Borrower fails to pay any amount payable by it to the Lender under the Finance Documents (whether a payment of principal, a Prepayment Indemnity, any fees or incidental expenses of any kind except for any unpaid overdue interest) on its due date, interest shall accrue on the overdue amount, to the extent permitted by law, from the due date up to the date of actual payment (both before and after an arbitral award, if any) at the Interest Rate applicable to the current Interest Period (default interest) increased by three point five per cent (3.5%) (late-payment interest). No formal prior notice from the Lender shall be necessary.

Late payment and default interest on unpaid overdue interest

Interest which has not been paid on its due date shall bear interest, to the extent permitted by law, at the Interest Rate applicable to the ongoing Interest Period (default interest), increased by three point five per cent (3.5%) (late-payment interest), to the extent that such Interest has been due and payable for at least one (1) year. No formal prior notice from the Lender shall be necessary.

The Borrower shall pay any outstanding interest under Clause 6.3 (*Late payment and default interest*) of the Framework Agreement immediately on demand by the Lender or on each Payment Date following the due date for the outstanding payment.

Receipt of any payment of late payment interest or default interest by the Lender shall neither imply the grant of any payment extension to the Borrower, nor operate as a waiver of any of the Lender’s rights hereunder.

* 1. Communication of Interest Rates

The Lender shall promptly notify the Borrower of the determination of each Interest Rate in accordance with the Finance Documents.

1. Change to the calculation of interest APPLICABLE TO a CREDIT
   1. Market Disruption

If a Market Disruption affects the interbank market in the Eurozone and it is impossible:

(i) for the fixed Interest Rate, to determine the fixed Interest Rate applicable to a Drawdown, or

(ii) for the variable Interest Rate, to determine the applicable EURIBOR for the relevant Interest Period,

the Lender shall inform the Borrower.

Upon the occurrence of the event described in paragraph (a) above, the applicable Interest Rate, as the case may be, for the relevant Drawdown or for the relevant Interest Period will be the sum of:

(i) the Margin; and

(ii) the percentage rate per annum corresponding to the cost to the Lender of funding the relevant Drawdowns(s) from whatever source it may reasonably select. Such rate shall be notified to the Borrower as soon as possible and, in any case, prior to (1) the first Payment Date for interest owed under such Drawdown for the fixed Interest Rate or (2) the Payment Date for interest owed under such Interest Period for the variable Interest Rate.

* 1. Replacement of Screen Rate
     1. Definitions

"**Relevant Nominating Body**" means any central bank, regulator, supervisor or working group or committee sponsored or chaired by, or constituted at the request of any of them.

"**Screen Rate Replacement Event**" means any of the following events or series of events:

(a) the definition, methodology, formula or means of determining the Screen Rate has materially changed;

(b) a law or regulation is enacted which prohibits the use of the Screen Rate, it being specified, for the avoidance of doubt, that the occurrence of this event shall not constitute a mandatory prepayment event;

(c) the administrator of the Screen Rate or its supervisor publicly announces:

(i) that it has ceased or will cease to provide the Screen Rate permanently or indefinitely, and, at that time, no successor administrator has been publicly nominated to continue to provide that Screen Rate;

(ii) that the Screen Rate has ceased or will cease to be published permanently or indefinitely; or

(iii) that the Screen Rate may no longer be used (whether now or in the future);

(d) a public announcement is made about the bankruptcy of the administrator of that Screen Rate or any other insolvency proceedings against it, and, at that time, no successor administrator has been publicly nominated to continue to provide that Screen Rate; or

(e) in the opinion of the Lender, the Screen Rate has ceased to be used in a series of comparable financing transactions.

"**Screen Rate**" means EURIBOR or, following the replacement of this rate by a Replacement Benchmark, the Replacement Benchmark.

"**Screen Rate Replacement Date**" means:

– with respect to the events referred to in items a), d) and e) of the above definition of Screen Rate Replacement Event, the date on which the Lender has knowledge of the occurrence of such event, and,

– with respect to the events referred to in items b) and c) of the above definition of Screen Rate Replacement Event, the date beyond which the use of the Screen Rate will be prohibited or the date on which the administrator of the Screen Rate permanently or indefinitely ceases to provide the Screen Rate or the date beyond which the Screen Rate may no longer be used.

* + 1. Each Party acknowledges and agrees for the benefit of the other Party that if a Screen Rate Replacement Event occurs and in order to preserve the economic balance of the Framework Agreement, the Lender may replace the Screen Rate with another rate (the "**Replacement Benchmark**") which may include an adjustment margin in order to avoid any transfer of economic value between the Parties (if any) (the "**Adjustment Margin**") and the Lender will determine the date from which the Replacement Benchmark and, if any, the Adjustment Margin shall replace the Screen Rate and any other amendments to the Framework Agreement required as a result of the replacement of the Screen Rate by the Replacement Benchmark.
    2. The determination of the Replacement Benchmark and the necessary amendments will be made in good faith and taking into account, (i) the recommendations of any Relevant Nominating Body, or (ii) the recommendations of the administrator of the Screen Rate, or (iii) the industry solution recommended by professional associations in the banking sector or, (iv) the market practice observed in a series of comparable financing transactions on the replacement date.
    3. In case of replacement of the Screen Rate, the Lender will promptly notify the Borrower of the replacement terms and conditions to replace the Screen Rate with the Replacement Benchmark, which will be applicable to Interest Periods starting at least two Business Days after the Screen Rate Replacement Date.
    4. The provisions of Clause 7.2 (*Replacement of Screen Rate*) shall prevail over the provisions of Clause 7.1 (*Market Disruption*).

1. FEES APPLICABLE TO A CREDIT
   1. Commitment fees applicable to a Credit

Starting from one hundred and eighty (180) calendar days after the Signing Date of a Specific Agreement, the Borrower shall pay to the Lender a commitment fee of zero point twenty five per cent (0.25%) per annum.

The commitment fee shall be computed at the rate specified above on the amount of the Available Credit pro-rated for the actual number of days elapsed increased, if applicable, by the amount of any Drawdowns to be made available by the Lender in accordance with any pending Drawdown Requests.

The first commitment fee shall be calculated for the period (i) from the date falling sixty (60) calendar days after the Signing Date of a Specific Agreement (excluded), up to (ii) the immediately following Payment Date (included). Subsequent commitment fees shall be calculated for periods starting on the day immediately following (included) a Payment Date and ending on the next Payment Date (included).

The accrued commitment fee shall be payable (i) on each Payment Date within the Availability Period; (ii) on the Payment Date following the last day of the Drawdown Period; (iii) in the event an Available Credit is cancelled in full, on the Payment Date following the effective date of such cancellation and (iv) in the event all Available Credits are cancelled in full, on the effective date of such cancellation.

* 1. Front-end Fee applicable to a Credit

No later than one hundred and eighty (180) calendar days after the Signing Date of a Specific Agreement, and prior to the Drawdown of a Credit, the Borrower shall pay to the Lender a front-end fee of zero point twenty five per cent (0.25%) calculated on the maximum amount of a Credit.

1. CREDITS repayment

Following expiry of the Grace Period, the Borrower shall repay the Lender the principal amount of a Credit in several instalments and payable on each Payment Date.

The number of instalments and the Payment Dates shall be determined in each Specific Agreement.

At the end of the Drawdown Period, the Lender shall deliver to the Borrower an amortisation schedule in respect of a Credit taking into account, if applicable, any potential cancellation of the Credit pursuant to Clause 10.3 (*Cancellation of a Credit by the Borrower*) of the Framework Agreement and Clause 10.4 (*Cancellation of a Credit by the Lender*) of the Framework Agreement.

1. Prepayment and Cancellation of A credit
   1. Voluntary prepayment under a Credit

No prepayment of the whole or any part of a Credit is allowed until the end of the Drawdown Period.

As from the day following the end of the Drawdown Period, the Borrower may prepay the whole or any part of a Credit, subject to the following conditions:

* + - 1. the Borrower shall notify the Lender of its intention to prepay by not less than thirty (30) Business Days’ written and irrevocable notice prior to the contemplated prepayment date;
      2. the amount to be prepaid shall be equal to one or several instalment(s) in principal;
      3. the contemplated prepayment date shall be a Payment Date;
      4. all prepayments shall be made together with the payment of accrued interest, any fees, indemnities and related costs in connection with the prepaid amount as provided under the Finance Documents;
      5. there is no outstanding unpaid amount.

On the Payment Date on which the prepayment is made, the Borrower shall pay the full amount of the Prepayment Indemnities due and payable pursuant to Clause 11.3 (*Prepayment Indemnity under a Credit*) of the Framework Agreement.

* 1. Mandatory prepayment under a Credit

The Borrower shall immediately prepay the whole or part of a Credit, if applicable, affected by one of any of the following events, upon receipt of a notice from the Lender:

* + - 1. Illegality: it becomes unlawful for the Lender pursuant to its applicable law to perform any of its obligations as contemplated by the Finance Documents or to fund or maintain a Credit;
      2. Additional Costs: the amount of any Additional Costs referred to in Clause 11.5 (*Additional Costs*) of the Framework Agreement is significant and the Borrower has refused to pay such Additional Costs;
      3. Default: the Lender declares an Event of Default in accordance with Clause 15 (*Events of Defaults under the Credits*) of the Framework Agreement;
      4. Prepayment to a Co-Financier: the Borrower prepays whole or part of any amounts owed to a Co-Financier, in which case the Lender shall be entitled to request that the Borrower prepays, as the case may be, the Credit or an amount of the outstanding Credit in proportion with the amount prepaid to the Co-Financier;
      5. Prepayment of a Credit granted in the context of this Framework Agreement: the Borrower prepays whole or part of any amounts owed by it under a Credit granted by the Lender to the Borrower in accordance with the Framework Agreement, in which case the Lender shall be entitled to request that the Borrower prepays, in proportion with the amount so prepaid, the outstanding amounts under the Credit.

In the case of each of the events specified in paragraphs (a), (b) and (c) above, the Lender reserves the right, after having notified the Borrower in writing, to exercise its rights as a creditor in the manner specified in paragraph (b) of Clause 15.2 (*Acceleration*) of the Framework Agreement.

* 1. Cancellation of a Credit by the Borrower

Prior to the Deadline for Drawdown, the Borrower may cancel the whole or any part of the Available Credit under a Credit by giving the Lender a three (3) Business Days’ prior notice.

Upon receipt of such notice of cancellation, the Lender shall cancel the amount notified by the Borrower.

* 1. Cancellation of a Credit by the Lender

The Available Credit under a Credit shall be immediately cancelled upon delivery of a notice to the Borrower which shall be immediately effective, if:

* + - 1. the Available Credit is not equal to zero on the Deadline for Drawdown;
      2. an Event of Default has occurred and is continuing; or
      3. an event referred to in Clause 10.2 (*Mandatory prepayment under a Credit*) of the Framework Agreement has occurred.
  1. Restrictions
     + 1. Any notice of prepayment or cancellation given by a Party pursuant to Clause 10 (*Prepayment and Cancellation*) of the Framework Agreement shall be irrevocable, and, unless otherwise provided in a Finance Document, any such notice shall specify the date or dates on which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.
       2. The Borrower shall not prepay or cancel all or any part of a Credit except at the times and in the manner expressly provided for in the Finance Documents.
       3. Any prepayment under a Finance Document shall be made together with payment of (i) accrued interest on the prepaid amount, (ii) outstanding fees, and (iii) the Prepayment Indemnity referred to in Clause 11.3 (*Prepayment Indemnity*) of the Framework Agreement.
       4. Any prepayment amount will be applied against the remaining instalments in inverse order of maturity.
       5. The Borrower may not re-borrow the whole or any part of a Credit which has been prepaid or cancelled.

1. Additional Payment Obligations
   1. Costs and expenses
      1. If an amendment to any of the Finance Documents to which the Lender is party is required, the Borrower shall reimburse to the Lender for all costs (including legal fees) reasonably incurred in responding to, evaluating, negotiating or complying with that requirement.
      2. The Borrower shall reimburse to the Lender all costs and expenses (including legal fees) incurred by it in connection with the enforcement or preservation of any of its rights under any Finance Document to which the Lender is party.
      3. The Borrower shall pay directly or, if applicable, reimburse the Lender in case of an advance payment made by the Lender, the amount of all costs and expenses in connection with the transfer of funds to, or for the account of, the Borrower from Paris to any other place agreed with the Lender, as well as any transfer fees and expenses in connection with the payment of all sums due under a Credit.
   2. Cancellation Indemnity under a Credit

If a Credit is cancelled in full or in part in accordance with the terms of Clauses 10.3 *(Cancellation of a Credit by the Borrower)* and/or 10.4 (*Cancellation of a Credit by the Lender*) paragraphs (a) and (b) of the Framework Agreement, the Borrower shall pay a cancellation indemnity computed at two point five percent (2.5%) on the cancelled amount of the Credit.

Each cancellation indemnity is payable on the Payment Date immediately following a cancellation of all or part of the Credit.

* 1. Prepayment Indemnity under a Credit

On account of any losses suffered by the Lender as a result of the prepayment of the whole or any part of a Credit in accordance with Clauses 10.1 (*Voluntary prepayment under a Credit*) or 10.2 (*Mandatory prepayment under a Credit*) of the Framework Agreement, the Borrower shall pay to the Lender an indemnity equal to the aggregate amount of:

* + - 1. the Prepayment Compensatory Indemnity; and
      2. any costs arising out of the break of any interest rate hedging swap transactions put in place by the Lender in connection with the amount prepaid.
  1. Taxes and duties
     1. Registration costs

The Borrower shall pay directly, or, if applicable, reimburse the Lender in case of an advance made by the Lender, the costs of all stamp duty, registration and other similar taxes payable in respect of any Finance Document and any potential amendment to the Finance Documents to which the Lender is party.

* + 1. Withholding Tax

The Borrower undertakes that all payments made to the Lender under the Finance Documents to which the Lender is party shall be free of any Withholding Tax in accordance with the interstate agreement entered into between the Republic of Serbia and the French Republic on February 25, 2019.

If a Withholding Tax is required by law, the Borrower undertakes to gross-up the amount of any such payment to such amount which leaves the Lender with an amount equal to the payment which would have been due if no payment of Withholding Tax had been required.

The Borrower shall reimburse to the Lender all expenses and/or Taxes for the Borrower’s account which have been paid by the Lender (if applicable), with the exception of any Taxes due in France.

* 1. Additional Costs

The Borrower shall pay to the Lender, within ten (10) Business Days of the Lender’s request, all Additional Costs incurred by the Lender as a result of: (i) the coming into force of any new law or regulation, or any amendment to, or any change in the interpretation or application of any existing law or regulation; or (ii) the compliance with any law or regulation which has come into force after the Signing Date.

In this Clause, “**Additional Costs**” means:

any cost arising after the Signing Date out of one of the event referred to in the first paragraph of this Clause and not taken into account by the Lender to compute the financial conditions of a Credit; or

any reduction of any amount due and payable under the Framework Agreement;

which is incurred or suffered by the Lender to the extent that it is attributable to the Lender having entered into the Finance Documents or funding or performing its obligations under any of the Finance Documents.

* 1. Currency indemnity

If any sum due by the Borrower under the Finance Documents to which the Lender is party, or any order, judgment or award given or made in relation to such a sum, has to be converted from the currency in which that sum is payable into another currency, for the purpose of:

making or filing a claim or proof against the Borrower; or

obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall indemnify, within ten (10) Business Days of the Lender’s request and as permitted by law, the Lender against the amount of any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between: (A) the exchange rate used to convert the relevant sum from the first currency to the second currency; and (B) the exchange rate or rate(s) available to the Lender at the time of its receipt of that sum. This obligation to indemnify the Lender is independent of any other obligation of the Borrower under the Finance Documents to which the Lender is party.

The Borrower waives any right it may have in any jurisdiction to pay any amount due under the Finance Documents to which the Lender is party in a currency or currency unit other than that in which it is expressed to be payable.

* 1. Due dates

Any indemnity or reimbursement payable by the Borrower to the Lender under Clause 11 (*Additional Payment Obligations*) of the Framework Agreement is due and payable on the Payment Date immediately following the circumstances which have given rise to the relevant indemnity or reimbursement.

Notwithstanding the above, any indemnity to be paid in connection with a prepayment pursuant to Clause 11.3 (*Prepayment Indemnity under a Credit*) of the Framework Agreement is due and payable on the date of the relevant prepayment.

1. Representations and warranties

All the representations and warranties set out in this Clause 12 (*Representations and warranties)* are made by the Borrower for the benefit of the Lender on the Framework Agreement Signing Date.

All the representations and warranties in this Clause 12 (*Representations and warranties*) are also deemed to be made by the Borrower on the Signing Date of each Specific Agreement, on the date on which all of the conditions precedent listed in Part III and IV of Schedule 3 (*Conditions precedent*) of the Framework Agreement are satisfied, on the date of each Drawdown Request, on each Drawdown Date and on each Payment Date, except that the repeating representations contained in Clause 12.9 (*No misleading information*) of the Framework Agreement are deemed to be made by the Borrower in relation to the information provided by the Borrower since the date on which the representation was last made.

* 1. Power and authority

The Borrower has the power to enter into, perform and deliver the Finance Documents and to perform all contemplated obligations. The Borrower has taken all necessary actions to authorise its entry into, performance and delivery of the Finance Documents and the transactions contemplated by those Finance Documents.

* 1. Validity and admissibility in evidence

All Authorisations required:

* + - 1. to enable the Borrower to lawfully enter into, and exercise its rights and comply with its obligations under the Finance Documents; and
      2. to make the Finance Documents admissible in evidence in the courts of the jurisdiction of the Borrower or in arbitration proceedings as defined under Clause 19 *(Governing Law, Enforcement and Choice of Domicile)* of the Framework Agreement,

have been obtained and are in full force and effect, and no circumstances exist which could result in the revocation, non-renewal or modification, in whole or in part, of any such Authorisations.

* 1. Binding obligations

The obligations expressed to be assumed by the Borrower under the Finance Documents comply with all laws and regulations applicable to the Borrower in its jurisdiction and are legal, valid, binding and enforceable obligations which are effective in accordance with their written terms.

* 1. No filing or stamp taxes

Under the laws of the jurisdiction of the Borrower, it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated therein.

* 1. Transfer of funds

All amounts due by the Borrower to the Lender under the Finance Documents whether as principal or interest, late payment interest, Prepayment Indemnity, incidental costs and expenses or any other sum are freely transferable to France or to any other country.

This representation shall remain in full force and effect until full repayment of all sums due to the Lender. In the event that the repayment dates of a Credit are extended by the Lender, no further confirmation of this representation shall be necessary.

The Borrower shall obtain Euros necessary for compliance with this representation in due course.

Should any difficulty in respect of Lender’s right of conversion and free transfer of any sum under the Framework Agreement occur for any reason, including but not limiting to: (i) the coming into force of any new law or regulation, or any amendment to, or any change in the interpretation or application of any existing law or regulation; or (ii) compliance with any law or regulation made after the Signing Date; the Borrower will secure, without delay, all required certificates/confirmations from competent authorities (including National Bank of Serbia) in order to enable that all due sums under the Framework Agreement are freely convertible and transferable.

* 1. No conflict with other obligations

The entry into and performance by the Borrower of, and the transactions contemplated by, the Finance Documents do not conflict with any domestic or foreign law or regulation applicable to it, its constitutional documents (or any similar documents) or any agreement or instrument binding upon the Borrower or affecting any of its assets.

* 1. Governing law and enforcement
     + 1. The choice of French law as the governing law of the Finance Documents will be recognised and enforced by the courts and arbitration tribunals in the jurisdiction of the Borrower.
       2. Any judgment obtained in relation to the Finance Documents in a French court or any award by an arbitration tribunal will be recognised and enforced in the jurisdiction of incorporation of the Borrower.
  2. No default

No Event of Default is continuing or is reasonably likely to occur.

No breach of the Borrower is continuing in relation to any other agreement binding upon it, or affecting any of its assets, which has, or is reasonably likely to have, a Material Adverse Effect.

* 1. No misleading information

All information and documents supplied by the Borrower to the Lender were true, accurate and up-to-date as at the date they were provided or, if appropriate, as at the date at which they are stated to be given and have not been varied, revoked, cancelled or renewed on revised terms, and are not misleading in any material respect as a result of an omission, the occurrence of new circumstances or the disclosure or non-disclosure of any information.

* 1. Pari passu ranking

The Lender’s claims under the Finance Documents to which the Lender is party rank at least *pari passu* with the claims of all the other unsecured and unsubordinated creditors of the Borrower.

* 1. Licit Origin of the funds and Prohibited Practices

The Borrower represents and warrants that:

all the funds allocated to support the Program are or will be from the proceeds of the Credit(s) and the Co-Financing, pursuant to the “Law Approving the Budget of the Republic of Serbia for the year 2023” (Zakon o budžetu Republike Srbije za 2023. godinu, Official Gazette of the Republic of Serbia, no. 138/2022) and further laws approving the budget of the Republic of Serbia;

the Program has not given rise to any Prohibited Practice.

* 1. No Material Adverse Effect

The Borrower represents and warrants that no event or circumstance which is likely to have a Material Adverse Effect has occurred or is likely to occur.

* 1. No immunity

If and to the extent that the Borrower may now or in future in any jurisdiction claim immunity for itself or its assets and to the extent that a jurisdiction grants immunity to the Borrower, the Borrower will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process in connection with this Framework Agreement to the fullest extent permitted by the laws of such jurisdiction.

The Borrower does not waive any immunity in respect of any present or future (i) “premises of the mission” as defined in the Vienna Convention on Diplomatic Relations signed in 1961, (ii) “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963, (iii) assets that cannot be in commerce, (iv) military property or military assets and buildings, weapons and equipment designated for defence, state and public security, (v) receivables the assignment of which is restricted by law, (vi) natural resources, common use items, grids in public ownership, river basin land and water facilities in public ownership, protected natural heritage in public ownership and cultural heritage in public ownership, (vii) real estate in public ownership which is, partly or entirely, used by the authorities of the Republic of Serbia, autonomous provinces or local self-government for the purpose of exercising their rights and duties; (viii) the state's, autonomous province’s or local government’s stocks and shares in companies and public enterprises, unless the relevant entity consented to the establishment of a pledge over such stocks or shares, (ix) movable or immovable assets of health institutions, unless a mortgage was established based on the government's decision, (x) monetary assets and financial instruments determined as financial collateral in accordance with the law regulating financial collateral including monetary assets and financial instruments which are pledged in accordance with such law or (xi) other assets exempt from enforcement by international law or international treaties.

1. Undertakings

The undertakings in this Clause 13 (*Undertakings*) take effect on the Effective Date.

All of the undertakings set out in this Clause 13 (*Undertakings*) remain in full force and effect for as long as any amount is outstanding under the Finance Documents.

* 1. Compliance with laws and regulations

The Borrower shall comply:

* + - 1. in all respects with all laws and regulations to which it and/or the Program is subject, particularly in relation to all applicable environmental protection, safety and labour laws and prevention and fight against Prohibited Practices; and
      2. with all of its obligations under the Finance Documents.
  1. Authorisations

The Borrower shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any applicable law or regulation to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability and admissibility in evidence of any Finance Document.

* 1. Implementation and preservation of the Program

The Borrower shall:

* + - 1. implement the Program in accordance with the generally accepted safety principles and in accordance with technical standards in force; and
      2. maintain the Program in accordance with all applicable laws and regulations and in good operating and maintenance conditions, and use such assets in compliance with their purpose and all applicable laws and regulations.
  1. Environmental and social responsibility
     1. Implementation of environmental and social measures

In order to promote sustainable development, the Parties agree that it is necessary to promote compliance with internationally recognised environmental and labour standards, including fundamental conventions of the International Labour Organization (“**ILO**”) and the international environmental laws and regulations applicable in the Borrower’s jurisdiction.

* + 1. Environmental and social (ES) complaints-management
       1. The Borrower (i) confirms that it has received a copy of the ES Complaints-Management Mechanism’s Rules of Procedure and has acknowledged its terms, in particular with respect to actions that may be taken by the Lender in the event that a third party lodges a complaint, and (ii) acknowledges that these ES Complaints-Management Mechanism’s Rules of Procedure have, as between the Borrower and the Lender, the same contractually binding effect as this Framework Agreement.
       2. The Borrower expressly authorises the Lender to disclose to the experts (as defined in the ES Complaints-Management Mechanism’s Rules of Procedure) and to parties involved in the compliance review and/or conciliation processes, the Program Documents concerning environmental and social matters necessary for processing the environmental and social complaint, including, without limitation and, as applicable, those listed in Schedule 6 (*Non-exhaustive list* *of environmental and social* *documents which the Borrower permits to be disclosed in connection with ES complaints-management mechanism’s rules of procedure*).
  1. Pari passu ranking

The Borrower undertakes (i) to ensure that the claims of the Lender under the Finance Documents rank at all times at least *pari passu* with the other present and future unsecured and unsubordinated obligations of the Borrower; (ii) not to grant prior ranking or guarantees to any other lenders except if the same ranking or guarantees are granted by the Borrower in favour of the Lender, if so requested by the Lender.

* 1. Inspections

The Borrower hereby authorizes the Lender and its representatives to carry out inspections the purpose of which will be to assess the implementation of the Program on technical, financial and institutional aspects.

The Borrower shall co-operate and provide all reasonable assistance and information to the Lender and its representatives when carrying out such inspections, the timing and format of which shall be determined by the Lender following consultation with the Borrower.

* 1. Program evaluation

The Borrower acknowledges that the Lender may carry out, or procure that a third party carries out on its behalf, an evaluation of the Program. This evaluation will be used to produce a performance report containing information on the Program, such as: total amount and duration of the Credit, objectives of the Program, expected and actual performance of the Program, assessment of its relevance, efficiency, impact and viability/sustainability.

The main objective of the evaluation will be the articulation of credible and independent judgement on the key issues of relevance, implementation (efficiency) and effects (effectiveness, impact and sustainability).

Evaluators will need to take into account in a balanced way the different legitimate points of view that may be expressed and conduct the evaluation impartially.

The Borrower will be involved as closely as possible in the evaluation, from the drafting of the Terms of Reference to the delivery of the final report.

The Borrower agrees on the publication of this performance report, in particular, on the Lender’s Website.

* 1. Financial Sanctions Lists and Embargo

The Borrower shall undertake:

* + - 1. that no funds or economic resources of the Program are made available, directly or indirectly, to or for the benefit of persons, groups or entities listed on any Financial Sanctions List; and
      2. not finance, acquire or provide any supplies or intervene in sectors which are subject to an Embargo by the United Nations, the European Union or France.
  1. Licit Origin, absence of Prohibited Practices

The Borrower undertakes:

* + - 1. to use the funds of the Credit in accordance with the AFD Group's policy to prevent and combat Prohibited Practices as available on its Website;
      2. to ensure that the funds, other than those of State origin, used for the implementation of the Program will not be of an Illicit Origin;
      3. to ensure that the Program shall not give rise to any Prohibited Practice;
      4. as soon as it becomes aware of, or suspects, any Prohibited Practice, to inform the Lender without any delay;
      5. in the event referred to in paragraph (d) above, or at the Lender’s request if the Lender suspects that a Prohibited Practice has occurred, take all necessary actions to remedy the situation in a manner satisfactory to the Lender and within the time period determined by the Lender; and
      6. to notify the Lender without delay if it has knowledge of any information which leads it to suspect any Illicit Origin of any funds used for the implementation of the Program.
  1. Program Monitoring

The Borrower and the Lender, together with the Co-Financier(s), shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 1A (*Program Description*).

* 1. Visibility and Communication

The Borrower shall implement visibility and communication actions related to the implementation of the Program in accordance with the terms of the Visibility and Communication Guide, and acknowledges having fully read and understood the aforementioned guide.

According to the Visibility and Communication Guide, the Program is subject to communication and visibility obligations of level 1.

1. Information Undertakings

The undertakings in this Clause 14 (*Information Undertakings*) take effect on the Effective Date. All of the undertakings in this Clause 14 (*Information Undertakings*) remain in full force and effect for as long as any amount is outstanding under the Finance Documents.

* 1. Financial Information

The Borrower shall supply to the Lender any information that the Lender may reasonably require in relation to the Borrower’s foreign and domestic debt as well as the status of any guaranteed loans.

* 1. Monitoring Reports

Prior to the exchange of views referred to in Clause 13.10 (*Program Monitoring*), the Borrower shall furnish to the Lender for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Lender shall reasonably request.

Without limitation upon the above-paragraph, the Borrower shall promptly inform the Lender of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Schedule 1A (*Program Description*).

* 1. Co-Financing

The Borrower shall promptly inform the Lender of any cancellation (in whole or in part) or any prepayment by a Co-Financier.

* 1. Information - miscellaneous

The Borrower shall supply to the Lender:

* + - 1. promptly upon becoming aware of them, details of any event or circumstance which is or may be an Event of Default or which has or may have a Material Adverse Effect, the nature of such an event and all the actions taken or to be taken to remedy it (if any);
      2. promptly, details of any decision or event which might affect the organisation, completion or operation of the Program;

1. Events of Defaults UNDER THE CREDITS
   1. Events of Default

Each of the events or circumstances set out in this Clause 15.1 (*Events of Default*) is an Event of Default under a Credit, or Credits if applicable.

* + - 1. Payment Default

The Borrower does not pay on the due date any amount payable by it under a Finance Document in the manner required under the Finance Documents. However, without prejudice to Clause 6.3 *(Late payment and default interest)* of the Framework Agreement, no Event of Default will occur under this paragraph (a) if such payment is made in full by the Borrower within five (5) Business Days of the due date.

* + - 1. Undertakings and Obligations

The Borrower does not comply with any term of the Finance Documents, including, without limitation, any of the undertakings it has given pursuant to Clause 13 (*Undertakings*) of the Framework Agreement and Clause 14 (*Information Undertakings*) of the Framework Agreement.

Save for the undertakings given pursuant to Clauses 13.4 *(Environmental and social responsibility)* and Clause 13.9 (*Licit Origin, absence of Prohibited Practices)*) of the Framework Agreement in respect of which no grace period is permitted, no Event of Default will occur under this paragraph (b) if the non-compliance is capable of remedy and is remedied within five (5) Business Days of the earlier of (A) the date of the Lender’ notice of failure to the Borrower; and (B) the Borrower becoming aware of the breach, or within the time limit determined by the Lender in the case referred to in subparagraph (e) of Clause 13.9 (*Licit Origin, absence of Prohibited Practices*).

* + - 1. Misrepresentation

A representation or warranty made by the Borrower in the Finance Documents, including under Clause 12 (*Representations and warranties*) of the Framework Agreement, or in any document delivered by or on behalf of the Borrower under or in relation to the Finance Documents, is incorrect or misleading when made or deemed to be made.

* + - 1. Cross Default

1. Subject to paragraph (iii), any Financial Indebtedness of the Borrower is not paid on its due date or, if applicable, within any grace period granted pursuant to the relevant documentation.
2. Subject to paragraph (iii), a creditor has cancelled or suspended its commitment towards the Borrower pursuant to any Financial Indebtedness, or has declared the Financial Indebtedness due and payable prior to its specified maturity, or requested prepayment in full of the Financial Indebtedness, in each case, as a result of an event of default or any provision having a similar effect (howsoever described) pursuant to the relevant documentation.
3. No Event of Default will occur under this Clause 15.1(d) if the relevant amount of Financial Indebtedness or the commitment for Financial Indebtedness falling within paragraphs (i) and (ii) above is less than thirty million euros (EUR 30,000,000) (or its equivalent in any other currency(ies)).
   * + 1. Unlawfulness

It is or becomes unlawful for the Borrower to perform any of its obligations under the Finance Documents.

* + - 1. Material adverse change

Any event (including a change in the political situation of the country of the Borrower) or any measure which is likely, according to the Lender’s opinion, to have a Material Adverse Effect occurs or is likely to occur.

* + - 1. Withdrawal or suspension of the Program

Any of the following occurs:

1. the implementation of the Program is suspended for a period exceeding six (6) months; or
2. the Borrower withdraws from the Program.
   * + 1. Authorisations

Any Authorisation required for the Borrower in order to perform or comply with its obligations under the Finance Documents or its other material obligations under any Program Documents or required in the ordinary course of the Program is not obtained within the required timeframe or is cancelled or becomes invalid or otherwise ceases to be in full force and effect.

* + - 1. Judgments, rulings or decisions having a Material Adverse Effect

Any judgment or arbitral award or any judicial or administrative decision affecting the Borrower has or is reasonably likely, according to the opinion of the Lender, to have a Material Adverse Effect, occurs or is likely to occur.

* + - 1. Suspension of free convertibility and free transfer

Free convertibility and free transfer of any of the amounts due by the Borrower under the Finance Documents, or any other facility provided by the Lender to the Borrower or any other borrower of the jurisdiction of the Borrower, is challenged and the actions taken in accordance with Clause 12.5 are not satisfactory to the Lender.

* + - 1. Event of default under a Credit granted by the Lender to the Borrower under the Framework Agreement

An event of default occurs under a finance document entered into in relation to another Credit made available by the Lender to the Borrower in accordance with the Framework Agreement.

* 1. Acceleration

On and at any time after the occurrence of an Event of Default, the Lender may, without providing any formal demand or commencing any judicial or extra-judicial proceedings, by written notice to the Borrower:

* + - 1. cancel the Available Credit under the relevant Credit, or Credits if applicable, which will be immediately reduced to zero; and/or
      2. declare that all or part of the relevant Credit, or Credits if applicable, together with any accrued or outstanding interest and all other amounts outstanding under the Finance Documents, are immediately due and payable.

Without prejudice to the above, in the event that an Event of Default occurs as set out in Clause 15.1 (*Events of Default*) of the Framework Agreement, the Lender reserves the right to, upon written notice to the Borrower, (i) suspend or postpone any Drawdown under the relevant Credit, or Credits if applicable; and/or (ii) suspend the finalisation of any Finance Document under the Framework Agreement or the agreements relating to other possible financial offers which have been notified by the Lender to the Borrower; and/or (iii) suspend or postpone any drawdown under any credit granted by the Lender to the Borrower under the Framework Agreement or any loan agreement entered into between the Borrower and the Lender.

If any drawdowns are postponed or suspended by a Co-Financier under an agreement between such Co-Financier and the Borrower, the Lender reserves the right to postpone or suspend any Drawdowns under the relevant Credit.

* 1. Notification of an Event of Default

In accordance with Clause 14.4 *(Information - miscellaneous)* of the Framework Agreement, the Borrower shall promptly notify the Lender upon becoming aware of any event which is or is likely to be an Event of Default and inform the Lender of all the measures contemplated by the Borrower to remedy it.

1. ADMINISTRATION OF Credits
   1. Payments

All payments received by the Lender under the Finance Documents shall be applied towards the payment of expenses, fees, interest, principal amounts or any other sum due under the Finance Documents in the following order:

* + - 1. incidental costs and expenses;
      2. fees;
      3. late-payment interest and default interest;
      4. accrued interest;
      5. principal repayments.

Any payments received from the Borrower shall be applied first in or towards payment of any sums due and payable under a Credit or under other loans extended by the Lender to the Borrower, should it be in the Lender’s interest to apply these sums to such other loans, in the order set out above.

* 1. Set-off

Without prior approval of the Borrower, the Lender may, at any time, set-off due and payable obligations owed by the Borrower against any amounts held by the Lender on behalf of the Borrower or any due and payable obligations owed by the Lender to the Borrower. If the obligations are in different currencies, the Lender may convert either obligation at the prevailing currency exchange rate for the purpose of the set-off.

All payments made by the Borrower under the Finance Documents shall be calculated and made without set-off. The Borrower is prohibited from making any set-off.

* 1. Business Days

Without prejudice to the calculation of the Interest Period which will remain unchanged, any payment is due on a day which is not a Business Day, the due date for that payment shall be the next Business Day if the next Business Day is in the same calendar month, or the preceding Business Day if the next Business Day is not in the same calendar month.

* 1. Currency of payment

The currency of each amount payable under a Finance Document is Euros, except as provided in Clause 16.6 (*Place of payment*) of the Framework Agreement.

* 1. Day count convention

Any interest, fee or expense accruing under a Finance Document will be calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days in accordance with European interbank market practice.

* 1. Place of payment
     + 1. Any funds to be transferred by the Lender to the Borrower under the Credit will be paid to the bank account specifically designated for such purpose by the Borrower, provided that the Lender has given its prior consent on the selected bank.
       2. Any payment to be made by the Borrower to the Lender shall be paid on the due date by no later than 11:00 am (Paris time) to the following bank account:

RIB Code: 30001 00064 00000040235 03

IBAN Code: FR76 3000 1000 6400 0000 4023 503

Banque de France SWIFT code (BIC): BDFEFRPPCCT

opened by the Lender at the Banque de France (head office/main branch) in Paris or any other account notified by the Lender to the Borrower.

* + - 1. The Borrower shall request from the bank responsible for transferring any amounts to the Lender that it provides the following information in any wire transfer messages in a comprehensive manner and in the order set out below:
  1. Principal: name, address, bank account number
  2. Principal’s bank: name and address
  3. Reference: name of the Borrower, name of the Program Phase, reference number of the Framework Agreement and the relevant Specific Agreement.
     + 1. All payments made by the Borrower shall comply with this Clause 16.6 (*Place of payment*) in order for the relevant payment obligation to be deemed discharged in full.
  4. Payment Systems Disruption

If the Lender determines (in its discretion) that a Payment Systems Disruption Event has occurred or the Borrower notifies the Lender that a Payment Systems Disruption Event has occurred, the Lender:

* + - 1. may, and shall if requested by the Borrower, enter into discussions with the Borrower with a view to agreeing any changes to the operation and administration of the Credit as the Lender may deem necessary in the circumstances;
      2. shall not be obliged to enter into discussions with the Borrower in relation to any of the changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, it has no obligation to agree to such changes; and
      3. shall not be liable for any cost, loss or liability arising as a result of its taking, or failing to take, any actions pursuant to this Clause 16.7 *(Payment Systems Disruption).*

1. MISCELLANEOUS
   1. Certifications and determinations

In any litigation or arbitration arising out of or in connection with any Finance Document, entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

Any certification or determination by the Lender of a rate or amount under a Finance Document will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

* 1. Assignment

The Borrower may not assign or transfer, in any manner whatsoever, all or any of its rights and obligations under a Finance Document without the prior written consent of the Lender.

The Lender may assign or transfer any of its rights and/or obligations under the Finance Documents to any other third party and may enter into any sub-participation agreement relating thereto. The Lender shall promptly inform the Borrower if such assignment or transfer occurs.

* 1. Confidentiality - Disclosure of information
     + 1. Each Party shall not disclose the content of any Finance Document to any third party without the prior consent of the other Party except to any person to whom the Party has a disclosure obligation under any applicable law, regulation or judicial ruling.
       2. Furthermore, the Lender may disclose any information or documents in relation to the Program to: (i) its auditors, rating agencies, legal advisers or supervisory bodies; (ii) any person or entity to whom the Lender may assign or transfer all or part of its rights or obligations under the Finance Documents; and (iii) any person or entity for the purpose of taking any protective measures or preserving the rights of the Lender under the Finance Documents and (iv) any Co-Financier.
       3. Furthermore, the Borrower hereby expressly authorizes the Lender:
  2. to exchange with the French Republic for publication on the French government website pursuant to any request from International Aid Transparency Initiative; and
  3. to publish on the Lender’s Website;

information relating to the Program and its financing as listed in Schedule 5 (*Information that may be published on the French Government Website and the Lender’s Website*).

* 1. Limitation

The statute of limitations of any claims under the Finance Documents shall be ten (10) years, except for any claim of interest due under the Finance Documents.

* 1. Hardship

Each Party hereby acknowledges that the provisions of article 1195 of the French Code civil shall not apply to it with respect to its obligations under the Agreement and it shall be not entitled to make any claim under article 1195 of the French Code civil.

* 1. Language

The language of the Framework Agreement is English. If the Framework Agreement is translated into another language, the English version shall prevail in the event of any conflicting interpretation or in the event of a dispute between the Parties.

All notices given or documents provided under, or in connection with, any Finance Document shall be in English.

AFD may request that a notice or document provided under, or in connection with, a Finance Document which is not in English is accompanied by a certified English translation, in which case, the English translation shall prevail unless the document is a statutory document of a company, legal text or other official document.

* 1. Partial invalidity

If, at any time, a term of a Finance Document is or becomes illegal, invalid or unenforceable, neither the validity, legality nor enforceability of the remaining provisions of such Finance Document will in any way be affected or impaired.

* 1. No waiver

Failure to exercise, or a delay in exercising, on the part of AFD of any right under a Finance Document shall not operate as a waiver of that right.

Partial exercise of any right shall not prevent any further exercise of such right or the exercise of any other right or remedy under the applicable law.

The rights and remedies of AFD under a Finance Document are cumulative and not exclusive of any rights and remedies under the applicable law.

* 1. Legal effect

The Schedules annexed to the Framework Agreement and the recitals hereof form part of the Framework Agreement and have the same legal effect.

The Schedules of the Specific Agreement(s) will form part of the Specific Agreement(s) and have the same legal effect.

* 1. Entire agreement

As of the Framework Agreement Signing Date, the Framework Agreement represents the entire agreement between the Parties in relation to the matters set out herein, and supersedes and replaces all previous documents, agreements or understandings which may have been exchanged or communicated as part of the negotiations in connection with the Framework Agreement.

* 1. Amendments

No amendment may be made to the Framework Agreement unless expressly agreed in writing between the Parties.

1. Notices
   1. Communications in writing and addresses

Any notice, request or other communication to be given or made under or in connection with the Framework Agreement shall be given or made in writing and, unless otherwise stated, may be given or made by fax or by letter sent by the post office to the address and number of the relevant Party set out below:

For the Borrower:

**MINISTRY OF FINANCE**

Address: 20 Kneza Milosa St. 11000 Belgrade

Telephone: +381 11 364 26 00

Facsimile: +381 11 3618-961

E-mail: kabinet@mfin.gov.rs

Attention: Mr. Siniša Mali, Minister of Finance

For the Lender:

**AFD –** BELGRADE - WESTERN BALKANS REGIONAL Office

Address: Zmaj Jovina 11, 11000 Belgrade, Republic of Serbia

Telephone: +381 11 78 58 830

Attention: Head of Western Balkans Regional Office

With a copy to:

AFD – PARIS HEAD OFFICE

Address: 5, rue Roland Barthes – 75598 Paris Cedex 12, France

Telephone: + 33 1 53 44 31 31

Attention: Head of Europe, Middle East and Asia Department

or such other address, fax number, department or officer as one Party notifies to the other Party.

* 1. Delivery

Any notice, request or communication made or any document sent by a Party to the other Party in connection with the Framework Agreement will only be effective:

if by fax, when received in a legible form; and

if by letter sent though the post office, when delivered to the correct address, and, where a particular person or a department is specified as part of the address details provided under Clause 18.1 *(Communications in writing and addresses)*, if such notice, request or communication has been addressed to that person or department.

* 1. Electronic communications

Any communication made by one person to another under or in connection with the Framework Agreement may be made by electronic mail or other electronic means if the Parties:

1. agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
2. notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
3. notify each other of any change to their address or any other such information supplied by them.

Any electronic communication made between the Parties will be effective only when actually received in a readable form.

1. Governing Law, Enforcement and Choice of Domicile
   1. Governing Law

The Framework Agreement is governed by French law.

* 1. Arbitration

Any dispute arising out of or in connection with the Framework Agreement shall be referred to and finally settled by arbitration under the Rules of Conciliation and Arbitration of the International Chamber of Commerce applicable on the date of commencement of arbitration proceedings, by one or more arbitrators to be appointed in accordance with such Rules.

The seat of arbitration shall be Paris and the language of arbitration shall be English.

This arbitration clause shall remain in full force and effect if the Framework Agreement is declared void or is terminated or cancelled and following expiry of the Framework Agreement. The Parties’ contractual obligations under the Framework Agreement are not suspended if a Party initiates legal proceedings against the other Party.

The Parties expressly agree that, by signing the Framework Agreement, the Borrower irrevocably waives all rights of immunity in respect of jurisdiction or performance on which it could otherwise rely.

For the avoidance of doubt, this waiver includes a waiver of immunity from:

1. Any suit or legal, judicial or arbitral process arising out of, in relation to or in connection with this Agreement;
2. Giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues;
3. Any effort to confirm, recognize, enforce or execute any decision, settlement, award judgment, execution order or, in an action in rem, any effort for the arrest, for the arrest, detention or sale of any of its assets and revenues that result from any arbitration, or any legal, judicial or administrative proceedings.

The Borrower does not waive any immunity in respect of any present or future (i) “premises of the mission” as defined in the Vienna Convention on Diplomatic Relations signed in 1961, (ii) “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963, (iii) assets that cannot be in commerce, (iv) military property or military assets and buildings, weapons and equipment designated for defence, state and public security, (v) receivables the assignment of which is restricted by law, (vi) natural resources, common use items, grids in public ownership, river basin land and water facilities in public ownership, protected natural heritage in public ownership and cultural heritage in public ownership, (vii) real estate in public ownership which is, partly or entirely, used by the authorities of the Republic of Serbia, autonomous provinces or local self-government for the purpose of exercising their rights and duties; (viii) the state's, autonomous province’s or local government’s stocks and shares in companies and public enterprises, unless the relevant entity consented to the establishment of a pledge over such stocks or shares, (ix) movable or immovable assets of health institutions, unless a mortgage was established based on the government's decision, (x) monetary assets and financial instruments determined as financial collateral in accordance with the law regulating financial collateral including monetary assets and financial instruments which are pledged in accordance with such law or (xi) other assets exempt from enforcement by international law or international treaties. Election of domicile

Without prejudice to any applicable law, for the purposes of serving judicial and extrajudicial documents in connection with any action or proceedings referred to above, the Borrower irrevocably elects domicile at the address set out in Clause 18.1 (*Communications in writing and addresses*) for service of process, and AFD chooses the address “AFD SIEGE” set out in Clause 18.1 (*Communications in writing and addresses*) for service of process.

Made in three (3) originals, one (1) for the Lender and two (2) for the Borrower, in Belgrade, Republic of Serbia, on 26 June 2023.

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| --- |
| **THE BORROWER** |
| **REPUBLIC OF SERBIA** |
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|  |
| Represented by: **Name: Siniša Mali**  **Capacity: Deputy Prime Minister and Minister of Finance** |
|  |
| **THE LENDER** |
| **AGENCE FRANCAISE DE DEVELOPPEMENT** |
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|  |
|  |
| Represented by : **Name: Dominique Hautbergue Capacity: Head of Western Balkans regional office** |
|  |
| **Co-signatory, His Excellency Mr. Pierre Cochard, Ambassador of France** |
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SCHEDULE 1A – PrOGRAM Description

**SERBIA GREEN AGENDA PROGRAMMATIC DEVELOPMENT POLICY OPERATION**

**Context**

Serbia has committed under the Paris Agreement to reduce its GHG emissions by 33.3% by 2030 compared to 1990 levels, as stated in its revised Nationally Determined Contribution (NDC), submitted in August 2022 to the UNFCCC Secretariat. Due to the predominance of the energy sector in the country's GHG emissions, the NDC insists on increasing the share of renewable energy, improving energy efficiency and modernizing industrial processes as key objectives for achieving this target.

Serbia has also committed to implement and follow a multi-dimensional Green Agenda Roadmap, based on the European Green Deal, adopted by the Western Balkans Heads of State at the EU-Balkans Summit in Sofia on 10 November 2020. This commitment was reaffirmed at the Brdo Summit on 6 October 2021, where all States in the region have committed to the Green Agenda Action Plan.

In addition, as a member of the Energy Community (EC) - Serbia has joined the EC from its inception in 2006 – the country is committed to setting energy and climate targets for 2030; non-EU member States of the EC Treaty are obliged to adopt the EU Acquis in the field of energy standards and regulations.

In the energy sector, Serbia adopted in April 2021 the Law on Use of Renewable Energy (RE) Sources and the Law on Energy Efficiency and Rational Use of Energy in order to increase renewable electricity production save energy and reduce the environmental impact of the energy sector. Although this package of energy laws is fundamental for the convergence towards the EU Acquis, efforts in the sector need to be continued, in order to foster transparency and competitiveness of the energy market, and to allow a better penetration of RE. In addition, further reforms are expected in the energy efficiency sector, especially in the buildings segment.

The Ministry of Mining and Energy (MoME) is in the process of the preparation of the Integrated National Energy and Climate Plan up to 2030 with the vision up to 2050 (NECP), and of the new Energy Sector Development Strategy up to 2040 with the projections up to 2050 (ESDS). These documents will present the new Serbian energy policy and new targets for RES and energy efficiency in 2030. The target for GHG emission reduction in these documents will be the same as it is in the revised Serbian NDC (adopted by Serbian Government in August 2022) – 40.3 % with LULUCF compared to 1990 (or 33.3% without LULUCF compared with 1990). The draft NECP is under revision. The revised draft of NECP will be presented on the public consultations, which will be organized in the next period. The NECP and the new ESDS will be adopted by the end of 2023.

In the environmental field, Serbia adopted the Framework Law for Climate Change in March 2021, which establishes the legal framework for the establishment of a monitoring, reporting and verification (MRV) system for GHG emissions, both at the facility and institutional levels. Several implementing decrees (by-laws) still need to be adopted to ensure the effective implementation of the climate law.

Concerning air quality, Serbia has a legal framework on air protection, with the adoption in 2009 of the Law on Air Protection: the National Air Protection Program, which aims to translate the Serbian government's orientations into concrete public action measures, is in the process of being adopted.

In terms of waste management, the Law on Waste Management (2009) provides the legal basis for waste management in Serbia, which is preparing to align its legislation with that of the European Union with the adoption of the new National Waste Management Program (NWMP) 2022-2031 in February 2022 and its Action Plan (2022-2024) in May 2022, prepared with EU support.

**Program**

In this context, the Serbian Government has requested financial and technical support from AFD, the World Bank (WB) and KfW to support the implementation of its Green Agenda roadmap in a programmatic, multi-year and multi-sectoral approach. The present program and related loans are structured to meet this request. They will support the development and strengthening of the regulatory and institutional framework of Serbia on the different pillars of the Green Agenda roadmap.

The three financial institutions (AFD, WB and KfW) and the Government of the Republic of Serbia have developed a detailed matrix (below) that set public policy objectives in three areas: climate finance, clean energy transition and environment:

* First pillar (Prior actions #1 to #3): it aims to support the Serbian government in its ambitions to increase public investment expenditure directed towards the environment and the fight against climate change. This pillar has three main components: (i) transparency of public expenditure and introduction of a methodology for classifying "green" expenditure; (ii) assessment and management of budgetary risks related to climate hazards; (iii) estimation of climate co-benefits of public investments.
* Second pillar (Prior actions #4 to #7): it provides support for reforms in the fields of renewable energy, energy efficiency and the fight against energy poverty.
* Third pillar (Prior actions #8 and #9): it covers two critical areas of action for the alignment of Serbian legislation with the EU Acquis, namely (i) the waste sector and (ii) air quality.

The completion of the Prior Actions (PAs) in the Matrix is a condition for the disbursement of the First Credit and the Indicative Triggers (IT) are a basis for future PAs for the Second Credit, which will be confirmed and completed if necessary in dialogue with the Ministries. The progress toward the objectives set as PAs and ITs, as well as the commitment from Government of the Republic of Serbia to reach the quantified targets (vs. baseline in 2020), will be discussed in formalized working groups and continuous discussion with the Serbian authorities.

The **Matrix of the Program** is presented below.

| **Prior actions and Triggers** | | **Results** | | |
| --- | --- | --- | --- | --- |
| **Prior Actions under DPF 1** | **Triggers for DPF 2** | **Indicator Name** | **Baseline** | **Target** |
| ***Pillar I - Program Development Objective A: Better align fiscal management with the climate-change agenda*** | | | | |
| **Prior Action #1:** The Borrower has introduced the legal obligation to publish in-year budget execution information (covering the first six and nine months of budget execution), with functional and administrative breakdowns as in the original budget, to increase transparency in budgetary expenditures, including on environment and climate related activities, as evidenced by amendments to the Budget System Law, duly published in the Borrower’s Official Gazette No. 138, on December 12, 2022. | **Trigger #1:** The Borrower introduced budget tagging of “green” expenditures by enacting amendments to the Budget System Law, Article 35, related to budgetary instructions, to add as part of annual budgetary instructions the new methodology for classification of climate change and environment protection expenditures, and Article 79 related to the content of the final account, to introduce reporting of green expenditures. | **Results Indicators #1:**  In-year reports on central government’s budget execution published | No (2022) | Yes, two in-year reports (2023) |
| **Prior Action #2:** The Borrower, pursuant to the Methodology for Fiscal Risk Monitoring, developed fiscal risk models to quantify fiscal risks over the medium-term, as included in the Fiscal Strategy, and introduced the obligation to produce in-year and annual fiscal risk reports, as evidenced by Government Decision 05 No. 40-9575/2021, duly published in the Borrower’s Official Gazette No. 99, dated October 22, 2021. | **Trigger #2:** The Borrower has introduced analysis and estimates of the possible fiscal impact of disasters-related events based on fiscal risks models and methodology starting with the 2024 Fiscal Strategy, based on amendments to the Budget System Law related to the content of the Fiscal Strategy. | **Results Indicators #2:**  The borrower started publishing the assessments of fiscal risks related to natural disasters in the Fiscal Strategy | No (2022) | Yes (2024) |
| **Prior Action #3:** The Borrower has introduced additional environmental and climate-related criteria to evaluate public investment projects, submitted by Budget Beneficiaries to the MoF for financing from the Government’s budget, and prioritize those public investment projects with positive impact on the environment and climate change, as evidenced by the amendments to the Decree on Management of Capital Projects, duly published in the Borrower’s Official Gazette No. 139, dated December 16, 2022. | **Trigger #3:** The Borrower has developed a regulatory framework to measure the climate co-benefits of approved public investment projects in line with commitments under the Low-Carbon Development Strategy and the National Climate Change Adaptation Program. | **Results Indicators #3:**  Share of environment and climate change related projects in total capital budget | n.a. (2021) | 15 percent (2024) |
| ***Pillar II – Program Development Objective B: Accelerate the clean energy transition*** | | | | |
| **Prior Action #4**: The Borrower, pursuant to the Law on the Use of Renewable Energy Sources, has (i) enabled implementation of auctions for renewable energy capacity, as evidenced by (a) the Decree on market premium model agreement (Decree 05 No. 110-9353/2021-1), and (b) the Decree on market premiums and feed-in tariff (Decree 05 No. 110-9352/2021-1), both duly published in the Borrower’s Official Gazette No. 112/2021, dated November 26, 2021; and (ii) introduced a simplified registration procedure for prosumers, as evidenced by the Decree on the criteria, conditions, and manner of calculating mutual financial claims between self-consumers and suppliers (Decree 5 No. 110-7592/2021-2) duly published in the Borrower’s Official Gazette No. 83, dated August 27, 2021. | **Trigger #4** (i):The Borrower has updated the regulatory framework for implementation of auctions for renewable energy capacity, as evidenced by (a) the Decree which regulates balance responsibility for renewable energy producers, and (b) the Three-year plan for auctions for renewable energy capacity.  **Trigger #4** (ii):The Borrower has developed the policy framework with regard to green hydrogen. | **Results Indicators #4:**  MW of cumulative renewable energy capacity procured through auctions. | 0 (2021) | 400 MW (2024) |
| **Prior Action #5:** The Borrower has revised the Rulebook on Internal Organization and Job Systematization (Rulebook No. 110-00-00085/2021-08, dated October 7, 2021) to enable the Energy Efficiency Administration to scale up programs for residential clean energy, as evidenced by the Government Decision 05 No. 110-10364/2021, dated November 10, 2021. | **Trigger #5**(i): The Borrower has institutionalized a predictable and transparent multi-year funding mechanism for the EEA’s programs.  **Trigger #5**(ii): The Borrower has adopted secondary legislation that enables licensing of energy auditors and the adoption of energy audit methodology for the entities defined by the Law on Energy Efficiency and Rational Use of Energy of 2021. | **Results Indicator #5:**  Financing mobilized per year for investment in residential energy efficiency by the programs of the MoME. | US$ 0m (2020) | US$ 25m (2024) |
| **Prior Action #6:** The Borrower, pursuant to the Energy Law and in order to promote transparent, and non-discriminatory access to the distribution grid for renewable energy prosumers and electricity retail service providers, has separated the Borrower-owned distribution system operator (“EPS Distribucija Ltd. Belgrade”) from the Borrower-owned power company (“PE Elektroprivreda Srbije”), by establishing and licensing a separate, and independent Borrower-owned legal entity (“Elektrodistribucija Srbije Ltd. Belgrade”), as evidenced by the Consolidated text of the Decision on the Incorporation of the “Elektrodistribucija Srbije Ltd. Belgrade”, No. 2460800-08.01-183456/1-22, dated April 28, 2022, notarized under certification No. UOP-T 12-2022, dated July 7, 2022. | **Trigger #6** (i): The Borrower has approved the transformation of the power company “PE Elektroprivreda Srbije” into a joint-stock company.  **Trigger #6** (ii): The Borrower, through the power company ”PE Elektroprivreda Srbije”, has developed GHG emission monitoring plans, for the purpose of measurement and reporting of carbon emissions at key “PE Elektroprivreda Srbije” power plants and other energy facilities, pursuant to the provisions of the Law on Climate Change. | **Results Indicator #6:**  a) The distribution system operator is fully unbundled from generation and supply activities.  b) Percent of power plant output with approved carbon emissions monitoring system. | 1. No (2021) 2. 0 (2021) | 1. Yes (2024) 2. 95% (2024) |
| **Prior Action #7** The Borrower: i) has expanded the benefits coverage for energy-vulnerable customers, as evidenced by the Decree on Energy Vulnerable Customers (Decree 05 No. 110-9890/2022-1), duly published in the Borrower’s Official Gazette No. 137/2022, dated December 9, 2022; and (ii) through its Council of the Energy Agency, has approved an increase of the electricity tariff for guaranteed supply to achieve sustainable tariff levels over the medium term, as evidenced by (a) Council of the Energy Agency of the Republic of Serbia Decision No. 487/2022-D-02/1, dated July 28, 2022, duly published in the Borrower’s Official Gazette No. 83/2022, dated July 28, 2022; and (b) Decision No. 791/2022-D-02/1, dated November 28, 2022, duly published in the Borrower’s Official Gazette No. 131/2022, dated November 29, 2022. | **Trigger #7** (i) The Borrower has (a) adopted further improvements to secondary legislation on energy-vulnerable consumers; and (b) approved the commensurate budget for supporting the energy vulnerable customers.  **Trigger #7** (ii)The Borrower through its Council of the Energy Agency has implemented the next phase of electricity tariff reform. | **Results Indicator #7:**   1. Share of households receiving rebates to their energy bills under the protection program for Energy Vulnerable. 2. Percent increase in the average electricity price for customers entitled to a guaranteed supply at regulated prices (households and small-scale customers). | 1. 2.7% (2021)      1. 3.4% (2021) | 1. 8% (2024) 2. 15% +TBD% (2024) |
| ***Pillar III – Program Development Objective C: Align with European Union standards on environment and climate action*** | | | | |
| **Prior Action #8:** The Borrower has aligned national policy and legislation with the EU Waste Framework Directive, as evidenced by the (i) adoption of the National Waste Management Program and Action Plan through Government Decision 05 No. 353-588/2022-1, duly published in the Borrower’s Official Gazette No. 12/2022, dated February 1, 2022, and (ii) submission to the Parliament of the Amendment to the Law on Waste Management, through Government notice 05 No. 011-10810/2022-2, dated December 30, 2022. | **Trigger #8:** The Borrower has adopted the National Sludge Management Program and Action plan that would subsequently lead to adoption of the legislation/regulations in line with the relevant EU sludge legislation; and, the amendments to the Law on packaging and packaging waste with view to achieving the goals of reuse and recycling of packaging waste through introduction of the deposit system and other waste sector economic measures. | **Results Indicator #8:**  a) Accessibility of the population to sanitary landfills in the Republic of Serbia;  b) Number of unsanitary landfills under remediation. | (a) 42% (2021)  (b) 0 (2020) | 1. 50% (2024)   (b) 3 (2024) |
| **Prior Action #9:** The Borrower has aligned national policy and legislation with the EU National Emissions Ceiling Directive and the Air Quality Framework Directive, as evidenced by adoption of the Air Protection Program in the Republic of Serbia for the period from 2022 to 2030 with an Action Plan, including specific interventions to address emissions from medium combustion plants, duly published in the Borrower’s Official Gazette No. 140, dated December 22, 2022. | **Trigger #9:** The Borrower has adopted the Amendment to the Law on Industrial Pollution Prevention and Control (IPPC) by strengthening the reference to Best Available Techniques (BAT) and to Integrated Permits, and ensuring adequate level of coordination between competent authorities for addressing industrial pollution. | **Results Indicator #9:** Share of medium combustion plants (MCPs) with a thermal power from 1 to 50 MW out of the total number of MCPs registered in the National Register of Pollution Sources database, compliant with EU Directive 2015/2193 on the limitation of emissions of certain pollutants into the air from medium combustion plants. | 0 (2020) | 30% (2024) |
|  | **Trigger #10:** The Borrower has adopted additional bylaws on compilation of GHG inventory including the: i) the Rulebook on the content of GHG Inventory and Report on GHG Inventory ; and ii) the Regulation on types of data, bodies and organizations and other natural and legal persons that submit data for the preparation of the National Inventory of Greenhouse Gases, that will enable the operationalization of a national MRV IT platform as well as the GHG permitting system. |  |  |  |

SCHEDULE 1B – FINANCING PLAN

|  |  |  |
| --- | --- | --- |
|  | **Contemplated amount for the financing of the First Program Phase** | **Contemplated indicative amount for the financing of the Second Program Phase** |
| AFD | EUR 135,000,000 | EUR 135,000,000 |
| *Co-Financiers* |  |  |
| IBRD | EUR 149,900,000 | USD 160,000,000 |
| KfW | Up to EUR 135,000,000 | Up to EUR 135,000,000 |
| **TOTAL** | **Up to EUR 419,900,000** | **Up to EUR 270,000,000**  **and**  **USD 160,000,000** |

SCHEDULE 2 – DEFINITIONS & CONSTRUCTION

**PART I - DEFINITIONS**

|  |  |
| --- | --- |
| **Act of Corruption** | means any of the following:   * + - 1. the act of promising, offering or giving, directly or indirectly, to a Public Official or to any person who directs or works, in any capacity, for a private sector entity, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity; or       2. the act of a Public Official or any person who directs or works, in any capacity, for a private sector entity, soliciting or accepting, directly or indirectly, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity. |
| **Anti-Competitive Practices** | means:   * + - 1. any concerted or implicit action having as its object and/or as its effects to impede, restrict or distort fair competition in a market, including without limitation when it tends to: (i) limit market access or the free exercise of competition by other companies; (ii) prevent price setting by the free play of markets by artificially favouring the increase or decrease of such prices; (iii) limit or control any production, markets, investment or technical progress; or (iv) share out markets or sources of supply;       2. any abuse by a company or group of companies of a dominant position within a domestic market or in a substantial part thereof; or       3. any bid or predatory pricing having as its object and/or its effect to eliminate from a market, or to prevent a company or one of its products from accessing the market. |
| **Act(s) of Terrorism** | means:   * + - 1. any act prohibited by the United Nations Conventions and Protocols related to the fight against terrorism (which may be consulted on the following website: https://legal.un.org/ola/Default.aspx);       2. any of the offences referred to in articles 3 to 10 of Directive (EU) 2017/541 of the European Parliament of 15 March 2017 on combating terrorism; or       3. any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organisation to do or abstain from doing any act. |
| **Authorisation(s)** | means any authorisation, consent, approval, resolution, permit, licence, exemption, filing, notarisation or registration, or any exemptions in respect thereof, obtained from or provided by an Authority, whether granted by means of an act, or deemed granted if no answer is received within a defined time limit, as well as any approval and consent given by the Borrower’s creditors. |
| **Authority(ies)** | means any government or statutory entity, department or commission exercising a public prerogative, or any administration, court, agency or State or any governmental, administrative, tax or judicial entity. |
| **Availability Period** | means with respect to a Credit the period from and including the Signing Date up to the related Deadline for Drawdown of this Credit. |
| **Available Credit** | means, at any given time, the maximum principal amount of a Credit specified in the Specific Agreement less:   1. the aggregate amount of the Drawdowns drawn by the Borrower; 2. the amount of any Drawdown to be made pursuant to any pending Drawdown Request; and 3. any portion of the Credit which has been cancelled pursuant to Clauses 10.3 (*Cancellation of a Credit by the Borrower*) and/or 10.4 (*Cancellation of a Credit by the Lender*) of the Framework Agreement. |
| **Business Day** | means a day (other than a Saturday or Sunday) on which banks are open for general business in Paris, and which is a TARGET Day in the event that a Drawdown has to be made on such day. |
| **Certified** | means for any copy, photocopy or other duplicate of an original document, the certification by any duly authorised person, as to the conformity of the copy, photocopy or duplicate with the original document. |
| **Co-Financier(s)** | means the following co-financier(s) of the Program:   * the International Bank for Reconstruction and Development (IBRD), for the contemplated amount set out in the Financing Plan;      * the *Kreditanstalt für Wiederaufbau* (KFW), for the contemplated amount set out in the Financing Plan. |
| **Co-Financing** | means the co-financing granted by the Co-Financiers with respect to the First Program Phase in the context of the Program, as well as future co-financing that could be granted, as the case may be, by the Co-Financiers and/or other financiers with respect to the Second Program Phase, for the contemplated amounts set out in the Financing Plan. |
| **Credit** | means any credit that the Lender may make available to the Borrower in accordance with the terms and conditions of this Framework Agreement and, a Specific Agreement to be entered into between the Borrower and the Lender. |
| **Deadline for Drawdown** | means, the date after which no further Drawdown may occur under a Credit, as set out in the relevant Specific Agreement. |
| **Drawdown** | means a drawdown of a Credit made, or to be made, available by the Lender to the Borrower pursuant to the terms and conditions set out in Clause 5 *(Drawdown of Funds)* of the Framework Agreement or the principal amount outstanding of such Drawdown which remains due and payable at a given time. |
| **Drawdown Date** | means the date on which a Drawdown is made available by the Lender. |
| **Drawdown Period** | Means, with respect to a Credit, the period from the first Drawdown Date up to the day following immediately the earlier of the following dates:   1. the date on which the Available Credit is zero; and 2. the Deadline for Drawdown. |
| **Drawdown Request** | means a request substantially in the form set out in Part I (*Form for a Drawdown Request*) of Schedule 4 (*Forms for the Drawdowns under a Credit*) of the Framework Agreement. |
| **Effective Date** | means : (i) with respect to the Framework Agreement and the First Credit Specific Agreement, the date on which the conditions set out in Part III -A of Schedule 3 (*Conditions Precedent*) have been fulfilled and shall occur at the latest 180 calendar days after the Signing Date of the First Credit Specific Agreement;  (ii) if applicable, with respect to the Second Credit Specific Agreement the date on which the conditions set out in Part IV - A of Schedule 3 (*Conditions Precedent*) have been fulfilled and shall occur at the latest 180 calendar days after the Signing Date of the Second Credit Specific Agreement. |
| **Embargo** | means any sanction of a commercial nature aiming at prohibiting any import and/or export (supply, sale or transfer) of one or several goods, products or services going to and/or coming from a country for a given period as published and amended from time to time by the United Nations, the European Union or France. |
| **ES Complaints-Management Mechanism’s Rules of Procedure** | means the contractual terms contained in the Environmental and Social Complaints-Management Mechanism’s Rules of Procedure, which is available on the Website, as amended from time to time. |
| **EURIBOR** | means the inter-bank rate applicable to Euro for any deposits denominated in Euro for a period comparable to the relevant period, as determined by the European Money Markets Institute (EMMI), or any successor administrator, at 11:00 am Brussels time, two (2) Business Days before the first day of the Interest Period. |
| **Euro(s) or EUR** | means the single currency of the member states of the European Economic and Monetary Union, including France, and having legal tender in such Member States. |
| **Event of Default** | means any event or circumstance set out in Clause 15.1 (*Events of Default*) of the Framework Agreement. |
| **Final Date** | has the meaning given to that term in Clause 3 (*Duration of the Framework Agreement*) of the Framework Agreement. |
| **Financial Indebtedness** | means any financial indebtedness in relation to:   1. any amount borrowed at short, medium or long term; 2. any amount raised pursuant to the issue of bonds, notes, commercial paper or any other similar instrument; 3. any amount raised under any other transaction (including any forward sale or purchase agreement, operations on promissory notes or receivables, factoring) having the commercial effect of a borrowing; 4. any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account) ; or 5. the amount of any liability in respect of any payment guarantee, indemnity or other commitment. |
| **Financial Sanctions List** | means the list(s) of persons, groups or entities which are subject to financial sanctions by the United Nations, the European Union and/or France. For information purposes only and for the convenience of the Borrower, who may rely on, the following references or website addresses:  **For the lists maintained by the United Nations**, the following website may be consulted:  https://www.un.org/securitycouncil/fr/content/un-sc-consolidated-list  **For the lists maintained by the European Union**, the following website may be consulted:  https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\_en  **For the lists maintained by France**, the following website may be consulted:  https://www.tresor.economie.gouv.fr/services-aux-entreprises/sanctions-economiques/dispositif-national-de-gel-des-avoirs |
| **Finance Documents** | means, the Framework Agreement, the Specific Agreement(s) and any other document in relation thereto and defined as such by the Parties. |
| **Financing Plan** | means the indicative financing plan of the Program set out in Schedule 1B. |
| **First Credit** | has the meaning given to that term in the recitals of the Framework Agreement. |
| **First Program Phase** | means the achievement of the prior actions detailed in the Matrix. |
| **Fixed Reference Rate** | means the percentage as set out in the relevant Specific Agreement. |
| **Framework Agreement** | means the framework agreement for uncommitted credit facility, setting the general terms and conditions applicable to a Credit, to be entered into between the Borrower and AFD, including its recitals, Schedules and, if applicable, any amendments made in writing thereto. |
| **Framework Agreement Signing Date** | means the date of execution of the Framework Agreement by all the Parties. |
| **Fraud** | means any unfair practice (acts or omissions) deliberately intended to mislead others, to intentionally conceal elements there from, or to betray or vitiate his/her consent, to circumvent any legal or regulatory requirements and/or to violate internal rules and procedures of the Borrower or a third party in order to obtain an illegitimate benefit. |
| **Fraud against the Financial Interests of the European Union** | means any intentional act or omission intended to damage the European Union budget and involving (i) the use or presentation of false, inaccurate or incomplete statements or documents, which has as effect the misappropriation or wrongful retention of funds or any illegal reduction in resources of the general budget of the European Union; (ii) the non-disclosure of information with the same effect; and (iii) misappropriation of such funds for purposes other than those for which such funds were originally granted. |
| **Grace Period** | means the period during which no principal repayment under a Credit is due and payable, as set out in the relevant Specific Agreement. |
| **Illicit Origin** | means funds obtained through:   * + - 1. the commission of any predicate offence as designated in the FATF 40 recommendations Glossary under "*Designated categories of offences*" ((http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF\_Recommendations.pdf);       2. any Act of Corruption; or       3. any Fraud against the Financial Interests of the European Community, if or when applicable. |
| **Index Rate** | means the TEC 10 daily index, the ten-year constant maturity rate displayed on a daily basis on the relevant quotation page of the Reference Financial Institution or any other index which may replace the TEC 10 daily index.  The relevant Index Rate for each Credit on the Signing Rate Setting Date will be set out in the Specific Agreement. |
| **Interest Period(s)** | means each period from a Payment Date (exclusive) up to the next Payment Date (inclusive). For each Drawdown under the relevant Credit, the first interest period shall start on the Drawdown Date (exclusive) and end on the next successive Payment Date (inclusive). |
| **Interest Rate** | means the interest rate expressed as a percentage and determined in accordance with Clause 6.1 *(Interest Rate applicable to a Credit)* of the Framework Agreement. |
| **Margin** | means, the percentage applicable to a Credit as set out in the Specific Agreement. |
| **Matrix** | means the matrix of the Program as defined in Schedule 1A (*Program description*). |
| **Market Disruption Event** | means the occurrence of one of the following events:  EURIBOR is not determined by the European Money Markets Institute (EMMI), or any successor administrator, at 11:00am Brussels time, two (2) Business Days before the first day of the relevant Interest Period or on the Rate Setting Date; or  before close of business of the European interbank market, two (2) Business Days prior to the first day of the relevant Interest Period or on the Rate Setting Date, the Borrower receives notification from the Lender that (i) the cost to the Lender of obtaining matching resources in the relevant interbank market would be in excess of EURIBOR for the relevant Interest Period; or (ii) it cannot or will not be able to obtain matching resources on the relevant interbank market in the ordinary course of business to fund the relevant Drawdown for the relevant time period. |
| **Material Adverse Effect** | means a material and adverse effect on:   * + - 1. the Program, insofar as it would jeopardise its implementation and operation in accordance with the Finance Documents;       2. the business, assets, financial condition of the Borrower or its ability to perform its obligations under the Finance Documents;       3. the validity or enforceability of any Finance Document; or       4. any right or remedy of the Lender under any Finance Document. |
| **Misuse of AFD's Funds or Assets** | means the non-compliant, inappropriate and/or abusive use of the resources, property or assets belonging to the Lender, made knowingly, recklessly or negligently. |
| **Money Laundering** | means:   * + - 1. the act of facilitating by any means, the false justification of the origin of the assets or proceeds of the perpetrator of a felony or a misdemeanour which brought him a direct or indirect benefit; or       2. the act of assisting in investing, concealing or converting the direct or indirect proceeds of a felony or a misdemeanour. |
| **Non-Cooperative Practices** | means:   1. the act of destroying, falsifying, altering, concealing or unreasonably withholding evidence or any other information, documents or records sought to be disclosed in connection with an investigation by the Lender of an allegation of Prohibited Practices to materially obstruct the investigation; or the act of making false statements to materially obstruct the investigation of an allegation of Prohibited Practices; or 2. the act of threatening, harassing or intimidating any party in order to prevent it from disclosing information relating to an investigation conducted by the Lender, or the continuation of the investigation; or 3. any acts carried out in order to materially obstruct the Lender in exercising its contractual rights to audit, inspect or access to information in the context of an investigation based on an allegation of Prohibited Practices. |
| **Outstanding Principal** | means, in respect of any Drawdown, the outstanding principal amount due by the Borrower in respect of such Drawdown. |
| **Payment Dates** | Means the payment dates specified as such in the Specific Agreement. |
| **Payment Systems Disruption Event** | means either or both of:   * + - 1. a material disruption to the payment or communication systems or to the financial markets which are, in each case, required to operate in order for payments to be made in connection with the Credit (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out), provided that the disruption is not caused by, and is beyond the control of, any of the Parties; or       2. the occurrence of any other event which results in a disruption (of a technical or system-related nature) to the treasury or payment operations of a Party preventing that, or any other Party:          1. from performing its payment obligations under the Finance Documents; or          2. from communicating with the other Parties in accordance with the terms of the Finance Documents,   and which (in either case) is not caused by, and is beyond the control of, either Party. |
| **Prepayment Compensatory Indemnity** | means the indemnity specified as such in the Specific Agreement. |
| **Program** | has the meaning given to that term in the recitals of the Framework Agreement and described in Schedule 1A (*Program Description*). |
| **Program Phase(s)** | means:   1. with respect to the First Credit: the First Program Phase; |

|  |  |
| --- | --- |
|  | (b) with respect to the Second Credit: the Second Program Phase. |
| **Program Documents** | means all documents, and in particular agreements, delivered or executed by the Borrower in relation to the implementation of the relevant Program Phase. |
| **Prohibited Practice(s)** | means Anti-Competitive Practices, Acts of Corruption, Fraud, Fraud against the Financial Interests of the European Union, Non-Cooperative Practices, Misuse of AFD's Funds or Assets, as well as any breach of any applicable anti-Money Laundering and counter-Terrorist Financing laws. |
| **Public Official** | means any holder of legislative, executive, administrative or judicial office whether appointed or elected, serving on permanent basis or otherwise, paid or unpaid, regardless of rank, or any other person defined as a public official under the domestic law of the Borrower’s jurisdiction, and any other person exercising a public function, including for a public agency or organisation, or providing a public service. |
| **Rate Conversion** | means the conversion of the floating rate applicable to all or part of the Credit into a fixed rate pursuant to Clause 6.1 *(Interest Rate applicable to a Credit)* of the Framework Agreement. |
| **Rate Conversion Request** | means a request substantially in the form attached as Part III (*Form of rate conversion request*) of the Schedule 4 (*Forms for the Drawdowns under a Credit*) of the Framework Agreement. |
| **Rate Setting Date** | means, for each fixed rate Drawdown or Rate Conversion:   * + - * 1. the first Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request or Rate Conversion Request, provided that the Drawdown Request is received by the Lender at least two (2) full Business Days prior to said Wednesday; or         2. in other cases, the second Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, or Rate Conversion Request. |
| **Reference Financial Institution** | means a financial institution chosen as a suitable reference financial institution by the Lender and which regularly publishes quotations of financial instruments on one of the international financial information networks according to the practices recognised by the banking industry. |
| **Schedule(s)** | means any schedule or schedules to the Framework Agreement, as the case may be. |
| **Second Credit** | has the meaning given to that term in the recitals of the Framework Agreement. |
| **First Credit Specific Agreement** | Means the complementary and specific agreement related to the First Credit to be entered into between the Lender and the Borrower. |
| **Second Credit Specific Agreement** | Means the complementary and specific agreement related to the Second Credit that may be entered into between the Lender and the Borrower. |
| **Second Program Phase** | means the achievement of the triggers detailed in the Matrix, it being specified that such triggers remains subject to adjustments in the Second Credit Specific Agreement. |
| **Signing Date** | means the date of execution of a Specific Agreement by all the Parties. |
| **Signing Rate Setting Date** | means the date as set out in the relevant Specific Agreement. |
| **Specific Agreement(s)** | Means the separate agreement to be entered into between the Lender and the Borrower for each Credit. |
| **TARGET Day** | means a day on which the Trans European Automated Real Time Gross Settlement Express Transfer 2 (TARGET2) system, or any successor thereto, is open for payment settlement in Euros. |
| **Tax(es)** | means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with a failure to pay or any delay in the payment of any such amounts). |
| **Termination Date** | has the meaning given to that term in Clause 3 (Duration of the Framework Agreement*).* |
| **Terrorist Financing** | means providing or collecting, directly or indirectly, funds or managing funds with the intention that they should be used, or in the knowledge that they are to be used, for the purpose of committing an Act of Terrorism. |
| **Visibility and Communication Guide** | Means all contractual provisions binding on the Borrower relating to the communication and visibility of projects financed by AFD and contained in the document entitled " Visibility guide for projects supported by AFD - Level 1 " or " Communication guide for projects supported by AFD - Level 2 " as the case may be, a copy of which has been given to the Borrower before the Framework Agreement Signing Date. |
| **Website** | means the website of AFD (http://www.afd.fr) or any other such replacement website. |
| **Withholding Tax** | means any deduction or retention in respect of a Tax on any payment made under or in connection with the Finance Documents. |

**PART II – CONSTRUCTION**

* 1. “**assets**” includes present and future properties, revenues and rights of every description;
  2. any reference to the “**Borrower**”, a “**Party**”, “**AFD**” or a “**Lender**” includes its successors  
     in title, permitted assigns and permitted transferees;
  3. any reference to a Finance Document or other document or security is a reference to such Finance Document or to such other document or security as amended, restated or  
     supplemented and includes, if applicable, any document which replaces it through novation,  
     in accordance with the Finance Documents;
  4. a “**guarantee**” includes any *cautionnement, aval* and any *garantie* which is independent from the debt to which it relates;
  5. “**indebtedness”** means any obligation of any person whatsoever (whether incurred as principal or as surety) for the payment or repayment of money, whether present, future, actual or contingent;
  6. a “**person**” includes any person, company, corporation, partnership, trust, government, state   
     or state agency or any association, or group of two or more of the foregoing (whether or not having separate legal personality);
  7. a “**regulation**” includes any legislation, regulation, rule, decree, official directive, instruction, request, advice, recommendation, decision or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, supervisory authority, regulatory authority, independent administrative authority, agency, department or any division of any other authority or organisation (including any regulation issued by an industrial or commercial public entity) having an effect on any of the Finance Documents or on the rights and obligations of a Party;
  8. a “provision of law” is a reference to that provision as amended;
  9. unless otherwise provided, a time of day is a reference to Paris time;
  10. the Section, Clause and Schedule headings are for ease of reference only and do not affect the interpretation of a Finance Document;
  11. unless otherwise provided, words and expressions used in any other document relating to the Framework Agreement or in any notice given in connection with the Framework Agreement have the same meaning in that document or notice as in the Framework Agreement;
  12. an Event of Default is “continuing” if it has not been remedied or if the Lender has not waived any of its rights relating thereto; and

(m) words importing the plural shall include the singular and vice-versa.

SCHEDULE 3 – CONDITIONS PRECEDENT

The following applies to all documents delivered by the Borrower as a condition precedent:

1. if the document which is delivered is not an original but a photocopy, the original Certified  
   copy shall be delivered to the Lender;
2. the final version of a document which draft was previously sent to, and agreed upon by the Lender, shall not materially differ from the agreed draft;
3. documents not previously sent and agreed upon, shall be in form and substance satisfactory to the Lender.

**Part** **I – Conditions Precedent to the Signing of the Framework Agreement and the First Credit Specific Agreement**

Delivery by the Borrower to the Lender of the following documents:

1. a Certified copy of a conclusion of the Government of the Republic of Serbia approving the report from the negotiations with regard to conclusion of the Framework Agreement and the First Credit Specific Agreement, approving the borrowing by the Borrower of the First Credit and expressly authorizing the Minister of Finance of the Republic of Serbia to execute the Framework Agreement and the First Credit Specific Agreement;
2. a certificate (signed by authorized signatory) confirming that (i) borrowing the First Credit commitments would not cause any borrowing, guaranteeing or similar limit binding on the Borrower to be exceeded, and (ii) that the public debt loan under the Finance Documents and the First Credit is within the limits set by the law governing the budget of the Republic of   
   Serbia.

**Part II – Conditions Precedent to the Signing of the Second Credit Specific Agreement**

Delivery by the Borrower to the Lender of the following documents:

1. a Certified copy of a conclusion of the Government of the Republic of Serbia approving the report from the negotiations with regard to conclusion of the Second Credit Specific   
   Agreement, approving the borrowing by the Borrower of the Second Credit under the Framework Agreement and the Second Credit Specific Agreement and expressly authorizing the Minister of Finance of the Republic of Serbia to execute the Second Credit Specific Agreement;
2. a certificate (signed by authorized signatory) confirming that (i) borrowing the Second Credit commitments would not cause any borrowing, guaranteeing or similar limit binding on the Borrower to be exceeded, and (ii) that the public debt loan under the Second Credit is within   
   the limits set by the law governing the budget of the Republic of Serbia.

**Part III – Conditions Precedent to the Effectiveness of the Framework Agreement and the First Credit Specific Agreement and the Drawdown of the First Credit**

1. **Conditions Precedent to the Effectiveness of the Framework Agreement and the First Credit Specific Agreement**
2. Delivery by the Borrower to the Lender of the following documents:
   * + - 1. An original of the legal opinion from the Minister of Justice customary for this type of transaction in form and content satisfactory to the Lender with certified copies (each with an official translation into the language of this Framework Agreement) of all relevant documents to which such legal opinion refers, demonstrating that the Framework Agreement and the the First Credit Specific Agreement are legally effective and enforceable and, in particular: (i) that the Borrower has met all requirements under its constitutional law and other applicable legal provisions for the valid assumption of all its obligations under this Framework Agreement and the First Credit Specific Agreement, (ii) that no official authorisations, consents, licenses, registrations and/or approvals of any governmental authority or agency (including the National Bank of Republic of Serbia) are required or advisable in connection with the execution and performance of the Framework Agreement and the First Credit Specific Agreement by the Borrower (including without limitation that all amounts due by the Borrower to the Lender under the Finance Documents whether as principal or interest, late payment interest, Prepayment Compensatory Indemnity, incidental costs and expenses or any other sum are freely convertible and transferable), (iii) that choice of French law to govern the Framework Agreement and the First Credit Specific Agreement and the submission to arbitration are valid and binding, as well as that arbitration awards against the Borrower will be recognized and enforceable in the Republic of Serbia, and (iv) that neither the Borrower nor any of its property has any right of immunity from arbitration, suit, execution or other legal process other than those defined in Framework Agreement;
         2. Evidence of the enactment by the National Assembly of the Republic of Serbia of the law ratifying the Framework Agreement and the First Credit Specific Agreement(together with evidence of such law being promulgated by the President of the Republic of Serbia) and published in the Official Gazette of the Republic of Serbia.
3. Confirmation of the Ministry of Finance of the Republic of Serbia that the Framework Agreement and the First Credit Specific Agreement have been duly evidenced therewith.
4. **Conditions Precedent to the Drawdown of the First Credit**
5. The Framework Agreement and the First Credit Specific Agreement have become effective upon the satisfaction of the conditions stipulated above.
6. Delivery by the Borrower to the Lender of a copy of the government conclusion appointing   
   and authorising persons to sign the Drawdown Requests and a certificate of specimen of the signature of each person listed in this conclusion.
7. Delivery by the Borrower to the Lender of evidence of achievement of the prior actions under the First Program Phase.
8. Payment by the Borrower to the Lender of all fees and expenses due and payable under the Finance Documents.

**Part** **IV - Conditions Precedent to the Effectiveness of the Second Credit Specific Agreement and the Drawdown of the Second Credit**

1. **Conditions Precedent to the Effectiveness of the Second Credit Specific Agreement**
2. Delivery by the Borrower to the Lender of the following documents:
   * + - 1. An original of the legal opinion from the Minister of Justice customary for this type of transaction in form and content satisfactory to the Lender with certified copies (each with an official translation into the language of this Framework Agreement) of all relevant documents to which such legal opinion refers, demonstrating that the Second Credit Specific Agreement is legally effective and enforceable and, in particular: (i) that the Borrower has met all requirements under its constitutional law and other applicable legal provisions for the valid assumption of all its obligations under the Second Credit Specific Agreement, (ii) that no official authorisations, consents, licenses, registrations and/or approvals of any governmental authority or agency (including the National Bank of Republic of Serbia) are required or advisable in connection with the execution and performance of the Second Credit Specific Agreement by the Borrower (including without limitation that all amounts due by the Borrower to the Lender under the Finance Documents whether as principal or interest, late payment interest, Prepayment Compensatory Indemnity, incidental costs and expenses or any other sum are freely convertible and transferable), (iii) that choice of French law to govern the Second Credit Specific Agreement and the submission to arbitration are valid and binding, as well as that arbitration awards against the Borrower will be recognized and enforceable in the Republic of Serbia, and (iv) that neither the Borrower nor any of its property has any right of immunity from arbitration, suit, execution or other legal process;
         2. Evidence of the enactment by the National Assembly of the Republic of Serbia of the law ratifying the Second Credit Specific Agreement (together with evidence of such law being promulgated by the President of the Republic of Serbia) and published in the Official Gazette of the Republic of Serbia.
3. Confirmation of the Ministry of Finance of the Republic of Serbia that the Second Credit Specific Agreement t has been duly evidenced therewith.
4. **Conditions Precedent to the Drawdown of the Second Credit**
5. The Second Credit Specific Agreement has become effective upon the satisfaction of the conditions stipulated above.
6. Delivery by the Borrower to the Lender of a copy of the government conclusion appointing   
   and authorising persons to sign the Drawdown Request and a certificate of specimen of the signature of each person listed in this conclusion.
7. Delivery by the Borrower to the Lender of evidence of the achievement of the triggers under  
   the Second Program Phase.
8. Payment by the Borrower to the Lender of all fees and expenses due and payable under the Finance Documents.

SCHEDULE 4 – FORMS FOR THE DRAWDOWNS UNDER A CREDIT

**PART I – Form for a Drawdown Request**

*[on the Borrower’s letterhead]*

To: Agence Française de Développement

[*insert the name of the AFD office set out in Clause 18.1 of the Framework Agreement*] office

[*insert the address of the AFD office set out in Clause 18.1 of the Framework Agreement*]

Attention: AFD Director

From: [*name and address of the Borrower set out in Clause 18.1 of the Framework Agreement*]

On: [*date*]

Ref.: Drawdown Request

**Borrower’s Name – Framework Agreement n**° **[●]**

Dear Sirs,

1. We refer to the framework agreement n° [●] entered into between the Borrower and the Lender dated [●] (the “**Framework** **Agreement**”) [and the [First/Second] Credit Specific Agreement]]. Capitalised words and expressions used but not defined herein have the meaning given to them in the Framework Agreement or the [First/Second] Credit Specific Agreement as the case may be.
2. This letter is a Drawdown Request.
3. We irrevocably request that the Lender makes a Drawdown available on the following terms:

Amount: EUR [●] or, if less, the Available Credit.

Interest Rate: [*fixed / floating*]

1. The Interest Rate will be determined in accordance with the provisions of Clause 6 (Interest Applicable to a Credit)and Clause 7 (Change to the calculation of interest applicable to a Credit) of the Framework Agreement and Clause 4 *(Availability of the Credit and repayment)* of the [First/Second] Credit Specific Agreement. The Interest Rate applicable to the requested Drawdown will be provided to us in writing and we accept this Interest Rate [(subject to the paragraph below, if applicable)], including when the Interest Rate is determined by reference to a Replacement Benchmark plus any Adjustment Margin as notified by the Lender following the occurrence of a Screen Rate Replacement Event.

**For fixed Interest Rate only**: If the Interest Rate applicable to the requested Drawdown is greater than [●] ([●]%), we request that you cancel this Drawdown Request.

1. We confirm that each condition specified in Clause 4.4 (*Conditions Precedent*) of the Framework Agreement is satisfied on the date of this Drawdown Request and that no Event of Default is continuing or is likely to occur. We agree to notify the Lender immediately if any of the conditions referred to above is not satisfied on or before the Drawdown Date.
2. The proceeds of this Drawdown should be credited to the to the following bank account:

|  |  |
| --- | --- |
| * 1. Name [of the Borrower/the Final Beneficiary/the Implementing Agency]: | [●] |
| * 1. Address [of the Borrower/the Final Beneficiary/the Implementing Agency]: | [●] |
| * 1. IBAN Account Number: | [●] |
| * 1. SWIFT Number: | [●] |
| * 1. Bank and bank’s address: | [●] |
| * 1. [if applicable] correspondent bank and account number of the Borrower’s bank: | [●] |

1. This Drawdown Request is irrevocable.
2. We have attached to this Drawdown Request all relevant supporting documents specified in Schedule 3 (*Conditions Precedent)* to the Framework Agreement.

[List of supporting documents]

Yours sincerely,

Authorised signatory of Borrower

**PART II – Form of Confirmation of Drawdown and Rate**

*[on Agence Française de Développement letterhead]*

To: [*name and address of the Borrower set out in Clause 18.1 of the Framework Agreement*]

Attention:[*name set out in Clause 18.1 of the Framework Agreement*]

From: Agence Française de Développement

Date: [●]

Ref: Drawdown Request dated [●]

**Borrower’s Name – Framework Agreement n**° **[●]**

Dear Sirs,

1. We refer to the framework agreement n° [●] entered into between the Borrower and the Lender dated [●] (the “**Framework** **Agreement**”) and the [First/Second] Credit Specific Agreement dated [●]. Capitalised words and expressions used but not defined herein have the meaning given to them in the Framework Agreement or the [First/Second] Credit Specific Agreement as the case may be.
2. By a Drawdown Request Letter dated [●], the Borrower has requested that the Lender makes available a Drawdown in the amount of EUR [●], pursuant to the terms and conditions of the Framework Agreement and the [First/Second] Credit Specific Agreement.
3. The Drawdown which has been made available according to your Drawdown Request is as follows:

* Amount: [●*amount in words*] ([●])

[***Option: floating Interest Rate:***

* Applicable interest rate: [●*percentage in words*] ([●]%) per annum [equal to the aggregate of the six-month EURIBOR (equal to [●]% per annum) [[1]](#footnote-2) and the Margin] [[2]](#footnote-3) ]

[***Option: fixed Interest Rate:***

* Applicable interest rate: [●*percentage in words*] ([●]%)

For information purposes only:

* Rate Setting Date: [●]
* Fixed Reference Rate: [●*percentage in words*] ([●]%) per annum
* Index Rate: [●*percentage in words*] ([●]%)
* Index Rate on the Rate Setting Date: [●]
* Effective global rate (for a 6 month period): [●*percentage in words*] ([●]%)
* Effective global rate (per annum): [●*percentage in words*] ([●]%)]

[It being specified that the above Interest Rate may vary in accordance with the provisions of clauses 6.1.1(a) (*Floating Interest Rate*)and 7.2 (*Replacement of Screen Rate*) of the Framework Agreement.][[3]](#footnote-4)

Yours sincerely,

Authorised signatory of *Agence Française de Développement*

**PART III – Form of Rate Conversion Request**

*[on the Borrower’s letterhead]*

To: Agence Française de Développement

[*insert the name of the AFD office set out in Clause 18.1 of the Framework Agreement*] office

[*insert the address of the AFD office set out in Clause 18.1 of the Framework Agreement*]

Attention: AFD Director

From: [*name and address of the Borrower set out in Clause 18.1 of the Framework Agreement*]

On: [*date*]

Ref.: Rate Conversion Request

**Borrower’s Name – Framework Agreement n**° **[●]**

Dear Sirs,

1. We refer to the framework agreement n° [●] entered into between the Borrower and the Lender dated [●] (the “**Framework** **Agreement**”) and the [First/Second] Credit Specific Agreement dated [●] ]. Capitalised words and expressions used but not defined herein have the meaning given to them in the Framework Agreement or [First/Second] Credit Specific Agreement as the case may be.
2. Pursuant to Clause 6.1.3 (*Conversion from a floating Interest Rate to a fixed Interest Rate*) of the Framework Agreement, we hereby request that you convert the floating Interest Rate of the following Drawdowns:
   1. [***list the relevant Drawdowns***],

into a fixed Interest Rate in accordance with the terms of the Framework Agreement.

1. This rate conversion request will be deemed null and void if the applicable fixed Interest Rate exceeds [●*percentage in words*] [●%].

On the date hereof, we represent that the provisions given pursuant to Clause 12 (*Representation and warranties*) are accurate.

Yours sincerely,

Authorised signatory of Borrower

**PART IV – Form of Rate Conversion Confirmation**

*[on Agence Française de Développement letter head]*

To: [*name and address of the Borrower set out in Clause 18.1 of the Framework Agreement*]

Attention:[*name set out in Clause 18.1 of the Framework Agreement*]

From: Agence Française de Développement

Date: [●]

Ref: Rate Conversion Request dated [●]

**Borrower’s Name – Framework Agreement n**° **[●]**

Dear Sirs,

1. We refer to the framework agreement n° [●] entered into between the Borrower and the Lender dated [●] (the “**Framework** **Agreement**”) and the [First/Second] Credit Specific Agreement dated [●]. Capitalised words and expressions used but not defined herein have the meaning given to them in the Framework Agreement or the Second Credit Specific Agreement as the case may be.
2. We refer also to your Rate Conversion Request dated [●]. We confirm that the fixed Interest Rate applicable to the Drawdown(s) referred to in your Rate Conversion Request delivered in accordance with Clause 6.1.3 *(Conversion from a floating Interest Rate to a fixed Interest Rate)* of the Framework Agreement is:
   1. [●]% per annum.
3. This fixed Interest Rate, calculated in accordance with Clause 6.1.3 (*Conversion from a floating Interest Rate to a fixed Interest Rate*)of the Framework Agreement will apply to the Drawdown(s) referred in your Rate Conversion Request from [⚫] (effective date).
4. Further, we notify you that:
   1. the effective global rate per annum of the Credit is [⚫]%; and
   2. the [semi-annual] effective global rate of the Credit is [⚫]%.

Yours sincerely,

Authorised representative of *Agence Française de Développement*

Schedule 5 - Information that may be published on the French Government Website and the Lender’s Website

1. Information regarding the Project

* Number and name in AFD’s book;
* Description;
* Operating sector ;
* Place of implementation ;
* Expected starting date ;
* Status of implementation updated on a semi-annual basis ;

1. Information regarding the financing of the Project

* Kind of financing (loan, grant, co-financing, delegated funds) ;
* Principal amount of the Credit ;
* Amount of the uncommitted credit facility which has been drawn down (updated as the implementation of the Project goes) ;
* Designation of the Borrower

1. Other information

* Transaction information notice and/or sheet presenting the transaction attached to this Schedule.

SCHEDULE 6 - NON-EXHAUSTIVE LIST OF ENVIRONMENTAL AND SOCIAL DOCUMENTS WHICH THE BORROWER PERMITS TO BE DISCLOSED IN CONNECTION WITH ES COMPLAINTS-MANAGEMENT MECHANISM’S RULES OF PROCEDURE

* E&S Scoping Report
* Environmental and Social Impact Assessment (ESIA)
* Environmental and Social Management Plan (ESMP)
* Environmental and Social Management Framework (ESMF)
* Resettlement Action Plan (RAP)
* Resettlement Policy Framework (RPF)
* Environmental and Social Engagement Plan (ESEP)
* Limited environmental and social assessment
* Limited environmental and social action plan
* Chapter from the environmental and social feasibility study
* Chapters from the environmental and social monitoring reports
* ESEP implementation monitoring reports

1. If the six-month EURIBOR is not available on the date of confirmation of drawdown due to the occurrence of a Screen Rate Replacement Event, the Replacement Benchmark, the precise terms and conditions of replacement of such Screen Rate with a Replacement Benchmark and the related total effective rates will be communicated to the Borrower in a separate letter. [↑](#footnote-ref-2)
2. To be deleted in case of fixed Interest Rate. [↑](#footnote-ref-3)
3. To be deleted in case of fixed Interest Rate. [↑](#footnote-ref-4)