LD 2147 (2023)

**FRAMEWORK LOAN AGREEMENT**

*between*

**COUNCIL OF EUROPE DEVELOPMENT BANK**

*and*

*the* **REPUBLIC OF SERBIA**

BIO4 CAMPUS PROJECT LOAN

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**COUNCIL OF EUROPE DEVELOPMENT BANK**, international organisation with its headquarters at 55, Avenue Kléber, 75116 Paris (France) (hereinafter, the **“CEB”** or the **“Bank”**), on the one hand,

and

**The REPUBLIC OF SERBIA**, (hereinafter, the **“Borrower”** and together with the CEB, the **“Parties”** and each a **“Party”**), on the other hand,

**WHEREAS**

(A) Having regard to the loan application submitted by the Republic of Serbia on 14th February 2023, approved by the CEB’s Administrative Council on 16th March 2023,

(B) Having regard to the Third Protocol dated 6 March 1959 to the General Agreement on Privileges and Immunities of the Council of Europe dated 2 September 1949,

(C) Having regard to the CEB’s Loan Regulations, as adopted by the CEB’s Administrative Council Resolution 1587 (2016) (hereinafter, the **“Loan Regulations”**),

(D) Having regard to the CEB’s Loan and Project Financing Policy, as adopted by the CEB’s Administrative Council Resolution 1646 (2022) (hereinafter, the **“Loan Policy”**),

(E) Having regard to the CEB’s Environmental and Social Safeguards Policy, as adopted by the CEB’s Administrative Council Resolution 1588 (2016) (hereinafter, the **“Environmental and Social Safeguards Policy”**),

(F) Having regard to the CEB’s Procurement Guidelines, as adopted by the CEB’s Administrative Council in September 2011 (hereinafter, the **“Procurement Guidelines”**),

(G) Having regard to the CEB’s Data Protection Regulation, as adopted by the CEB’s Administrative Council Resolution 1639 (2022) (hereinafter, the **“Data Protection Regulation”**),

(H) Having regard to the CEB’s Anti-Corruption Charter, as adopted by the CEB’s Administrative Council Resolution 1628 (2021), and

(I) Having regard to the CEB’s Policy on Non-compliant/Uncooperative Jurisdictions, as adopted by the CEB’s Administrative Council Resolution 1630 (2021),

**HEREBY AGREE AS FOLLOWS:**

# INTERPRETATION

## Definitions

The following terms shall have the meaning indicated below, except as the context requires otherwise:

**“Agreement”** means this framework loan agreement, including its appendices.

**“Allocation”** means the commitment of a Tranche by the Borrower to the eligible component parts of the Project even if such Tranche has not yet been paid out under the Project.

**“Allocation Period”** has the meaning specified under Sub-clause 5.2.

**“BIO4”** means BIO4 doo, a Serbian law governed limited liability company, having its registerd office at Nemanjina 11, Belgrade and registered with the Serbian Business Registers Agency under number 21933414, fully owned and controlled by the Borrower under the competence of the Ministry of Science, Technological Development and Innovation, and especially established by the Borrower for the purposes of the Project.

**“Business Day”** means in relation to payments in Euro, any day on which TARGET 2 (the Trans European Automated Real-time Gross Settlement Express Transfer system) is operating.

**“Certificate”** has the meaning specified under Sub-clause 4.5 and the form stipulated under Appendix 4 hereto.

**“Closing Date”** means the date specified under Appendix 1 hereto from which no further disbursements under the Loan may take place. Such date may be modified upon prior written consent of both Parties, by means of an exchange of letters.

**“Completion Report”** has the meaning specified under Sub-clause 6.1(b).

**“Cross-Default Event”** has the meaning specified under Sub-clause 6.6.

**“Currency”** means, for the purposes of the Agreement, Euro.

**“Day Count Convention”** means the convention for determining the number of days between two dates and the number of days in a year specified in the relevant Disbursement Notice.

**“Debt Instrument”** means (i) any loan or other form of financial indebtedness; (ii) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement), (iii) a bond, note, debt security, debenture or similar written evidence of financial indebtedness; or (iv) an instrument evidencing a guarantee of an obligation constituting financial indebtedness of another.

**“Default Interest Rate”** has the meaning specified under Sub-clause 4.9.

**“Disbursement Date”** means the date on which a Tranche is scheduled to be disbursed pursuant to the applicable Disbursement Notice.

**“Disbursement Notice”** has the meaning specified under Sub-clause 4.3(b).

**“Disbursement Request”** has the meaning specified under Sub-clause 4.3 (a).

**“Effective Date”** means the date of entry into force of the Agreement resulting from Clause 20.

**“EU”** means the European Union.

**“EURIBOR”** means the percentage rate quoted by any financial news provider acceptable to the CEB at or about 11.00 a.m. Brussels time on the Interest Determination Date as the Euro wholesale funding rate administrated by the European Money Market Institute (or any other entity which takes over the administration of that rate) for the same period as the relevant Interest Period.

If the relevant Interest Period is not the same as a period quoted by the relevant financial news provider, the applicable EURIBOR shall be the percentage rate resulting from a linear interpolation by reference to two (2) EURIBOR rates, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant Interest Period.

**“Euro”** and the sign **“EUR”** means the lawful currency of the Member States of the EU which from time to time adopt it as their currency in accordance with the relevant provisions of the Treaty of the EU and the Treaty on the Functioning of the EU or their succeeding treaties.

**“European Convention on Human Rights”** means the Convention for the Protection of Human Rights and Fundamental Freedoms dated 4 November 1950, CETS No. 5, as amended from time to time.

**“European Social Charter”** means the European Social Charter dated 3 May 1996, CETS No. 163, as amended from time to time.

**“Final Beneficiaries”** are specified under Appendix 1 hereto as the group benefitting from the social effects of the Project.

**“Fixed Interest Rate”** means the interest rate *per annum* specified in the applicable Disbursement Notice.

**“Floating Interest Rate”** means the interest rate *per annum* determined by adding or subtracting the Spread specified in the applicable Disbursement Notice to or from, as the case may be, the Reference Rate.

For the avoidance of doubt, when the determination of the Floating Interest Rate results in a negative interest rate (due to a quoted negative Reference Rate, to the operation of a Spread that is subtracted from the Reference Rate or to any other circumstances), the interest to be paid by the Borrower for the Interest Period shall be deemed to be zero.

**“Forecasted Expenditure”** means the eligible costs planned to be incurred under the Project over the period of one (1) year

**“Global Monitoring Report”** has the meaning specified under Sub-clause 6.1(b).

**“Incurred Expenditure”** means the eligible costs incurred by the Project Implementing Entity.

**“Interest Determination Date”** means, for the purposes of determination of a Floating Interest Rate, the day falling two (2) Business Days prior to the first day of the Interest Period, unless otherwise specified in the relevant Disbursement Notice.

**“Interest Payment Dates”** means the dates for the payment of interest corresponding to the relevant Interest Period specified in the applicable Disbursement Notice.

**“Interest Period”** means the period commencing on an Interest Payment Date and ending on the day immediately prior to the following Interest Payment Date, provided that the first Interest Period applicable to each Tranche shall commence on the Disbursement Date and end on the day immediately prior to the next Interest Payment Date.

**“Loan”** means the loan granted to the Borrower by the CEB by means of the Agreement.

**“Loan Amount”** means the amount specified under Sub-clause 4.1.

**“Market Disruption Event”** has the meaning specified under Sub-clause 4.10.

**“Material Adverse Change”** means any event which, in CEB’s opinion, (i) materially impairs the Borrower’s ability to perform its financial obligations under the Agreement; (ii) adversely affects any Security provided by the Borrower or a third-party to secure the due performance of the Borrower’s financial obligations under the Agreement; or (iii) adversely affects any rights or remedies of the CEB under the Agreement.

**“Maturity Date”** means the last Principal Repayment Date for each Tranche specified in the applicable Disbursement Notice.

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

**“MPI”** means the Borrower’s Ministry for Public Investment.

“MSTDI” means the Borrower’s Ministry for Science, Technological Development and Innovation.

**“Paris Agreement”** means the legally binding international treaty on climate change, adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015 that entered into force on 4 November 2016 with the overarching goal to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels.

**“Prepayment Confirmation”** has the meaning specified under Sub-clause 4.7.

**“Prepayment Costs”** has the meaning specified under Sub-clause 4.7.

**“Prepayment Date”** has the meaning specified under Sub-clause 4.7.

**“Prepayment Notice”** has the meaning specified under Sub-clause 4.7.

**“Principal Repayment Date(s)”** means the date(s) for the repayment(s) of principal under each Tranche specified in the applicable Disbursement Notice.

**“Principal Repayment Period”** means with respect of each Tranche the period running from its Disbursement Date to its Maturity Date.

**“Procurement Plan”** has the meaning ascribed to it in the Procurement Guidelines.

**“Progress Report”** has the meaning specified under Sub-clause 6.1(a).

**“Prohibited Practices”** has the meaning specified under Sub-clause 5.8(c).

**“Project”** means the eligible investment scheme(s) set forth under Appendix 1 hereto to be partially financed with the Loan approved by the CEB’s Administrative Council with ref. LD 2147 (2023).

**“Project Implementing Entity”** (hereinafter, the **“PIE”**) means the legal entity that, by delegation of the Borrower, is in charge of the implementation of the Project.

**“Project Implementing Unit”** (hereinafter, the **“PIU”**) means the team appointed by the PIE in charge of the day-to-day management of the Project.

**“Reference Rate”** means EURIBOR for a Floating Interest Rate Tranche denominated in Euro.

**“Sanction Lists”** means (i) any economic, financial and trade restrictive measures and arms embargoes issued by the EU pursuant to chapter 2 of title V of the Treaty on European Union as well as article 215 of the Treaty on the Functioning of the European Union, as available on the official EU website[[1]](#footnote-2)1 or on any successor page, as amended and supplemented from time to time; or (ii) any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to article 41 of the UN Charter, as available on the official UN website or on any successor page, as amended and supplemented from time to time.

**“Sanctioned Persons”** means any individual or entity listed in and/or otherwise subject to one or more Sanction Lists.

**“Security”** means any agreement or arrangement creating a preferential rank, a preferential right of payment, a collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties.

**“Spread”** means, in connection with Floating Interest Rate Tranches, the fixed-spread to the Reference Rate (being either plus or minus) specified in basis points in the applicable Disbursement Notice.

**“Tranche”** means an amount disbursed or to be disbursed under the Loan.

## Construction

Unless the context otherwise requires, references to:

1. this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;
2. a Party or any other person includes its successors in title or permitted transferee;
3. "Clauses", “Sub-clauses” and “Recitals” shall be construed as references to clauses, sub‑clauses and recitals respectively of this Agreement; and
4. words importing the singular shall include the plural and vice-versa.

## Headings

Headings in this Agreement have no legal significance and do not affect its interpretation.

## Rounding

For the purposes of any calculations referred to in this Agreement:

1. all percentages resulting from such calculations other than those determined through the use of interpolation will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (*e.g.*, 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655));
2. all percentages determined through the use of linear interpolation by reference to two (2) relevant Reference Rates will be rounded, if necessary, in accordance with the method set forth in subsection (a) above, but to the same degree of accuracy as the two (2) rates used to make the determination (except that such percentages will not be rounded to a lower degree of accuracy than the nearest one thousandth of a percentage point (0.001%)); and
3. all currency amounts used in or resulting from the above calculations will be rounded, unless otherwise specified in the relevant Currency definition, to the nearest two decimal places in the relevant currency (with .005 being rounded upwards (e.g., .674 being rounded down to .67 and .675 being rounded up to .68).

# CONDITIONS

The Loan is granted under the general conditions of the Loan Regulations and under the special conditions of the Agreement.

# PURPOSE

The CEB grants the Loan to the Borrower, who accepts it, solely for the purpose of financing the Project as described under Appendix 1.

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

Any change to the way the Loan is applied that has not received the CEB’s prior written approval would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

# FINANCIAL CONDITIONS

## Loan Amount

The Loan Amount is:

TWO HUNDRED MILLION EUROS

EUR 200,000,000

## Disbursement Amount

The Loan shall be disbursed in a minimum of two (2) Tranches.

The amount of each Tranche, except for the first Tranche, shall be determined according to the Incurred Expenditure and Forecasted Expenditure. The amount of the first Tranche shall not exceed twenty-five per cent (25 %) of the Loan Amount.

## Disbursement Procedure

The disbursement of each Tranche is determined through the following procedure:

1. Disbursement Request

Prior to each disbursement and upon prior consultation with CEB, the Borrower shall submit to the CEB a disbursement request substantially in the form set out under Appendix 3 hereto (hereinafter, a **“Disbursement Request”**).

A Disbursement Request shall specify the proposed:

1. Currency(ies) and amount(s) for the Tranche;
2. Disbursement Date; such Disbursement Date shall be a Business Day falling at least five (5) Business Days after the date of the Disbursement Request;
3. Principal Repayment Date(s), including the Maturity Date, taking into account that the Principal Repayment Period for each Tranche shall not exceed twenty (20) years including a grace period not greater than five (5) years;
4. maximum Fixed Interest Rate or maximum Spread to the Reference Rate;
5. Interest Period and Interest Payment Dates;
6. Day Count Convention and Business Days; and
7. Borrower’s account for payments.

Each Disbursement Request delivered to the CEB shall be irrevocable, unless otherwise agreed in writing by the CEB.

1. Disbursement Notice

If the CEB receives a Disbursement Request that complies with the Disbursement Request requirements set out in Sub-clause 4.3(a) above, and if all other relevant Disbursement Conditions as defined in Sub-clause 4.5 (*Disbursement Conditions*) below have been fulfilled by the Borrower, the CEB shall deliver to the Borrower a disbursement notice substantially in the form set out under Appendix 3 hereto (hereinafter, a **“Disbursement Notice”**). Each Disbursement Notice shall be delivered at least two (2) Business Days before the proposed Disbursement Date.

A Disbursement Notice shall specify:

1. the Currency(ies) and the amount(s) for the Tranche;
2. the Disbursement Date;
3. the Principal Repayment Period and Principal Repayment Date(s), including the Maturity Date;
4. the Fixed Interest Rate or the Spread to the Reference Rate;
5. the Interest Period and the Interest Payment Dates;
6. the Day Count Convention and the Business Days; and
7. the Borrower’s and the CEB’s accounts for payments.

A Disbursement Notice matching the elements included in a Disbursement Request shall constitute an irrevocable and unconditional commitment on the part of the Borrower to borrow from the CEB and on the part of the CEB to disburse to the Borrower the Tranche under the terms and conditions specified in the Disbursement Notice.

Notwithstanding the above, if the CEB has not delivered a Disbursement Notice within ten (10) Business Days following the receipt of a Disbursement Request, the relevant Disbursement Request shall be deemed as cancelled.

## Disbursement Period

Unless otherwise agreed in writing by the CEB, the Borrower shall not be entitled to:

1. the issue of a Disbursement Request for the first Tranche beyond twelve (12) months after the execution of the Agreement by the Parties;
2. the issue of any further Disbursement Request beyond eighteen (18) months after the last disbursement; or
3. the issue of any further Disbursement Request beyond the day falling fifteen (15) Business Days before the Closing Date.

## Disbursement Conditions

1. Conditions precedent to the Disbursement Request for the first Tranche:
2. Legal opinion in English issued by the Ministry of Justice of the Borrower confirming to the CEB’s satisfaction, substantially in the form set out under Appendix 2 hereto, that the Agreement has been duly executed by authorised representatives of the Borrower and that the Agreement is valid, binding and enforceable in accordance with its terms in the Borrower’s jurisdiction.
3. Evidence in English (e.g., power of attorney, etc.) to the CEB’s satisfaction of the person(s) authorised to execute the Agreement and the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
4. A Certificate from the Borrower in the form of Appendix 4 hereto, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower and dated not earlier than a date falling five (5) Business Days before the Disbursement Request.
5. The Borrower shall, through the MSTDI and MPI, share with the CEB, for approval, the Procurement Plan in a format and substance satisfactory to the CEB.
6. The Borrower shall, through the MSTDI, confirm the governance structure for Bio4, which is the Project’s beneficiary and its organisation chart. Furthermore the Borrower shall, trough the MSTDI, confirm the governance structure for the Project’s implementation.
7. The Borrower shall, through the MPI, confirm the organisational chart for the PIU within MPI, including whether employees within the PIU are full-time or part-time staffed for the Project’s implementation (together with clear indication as to the share of time dedicated to the Project’s implementation, for part-time staffed employees).
8. The Borrower shall, through the MSTDI, provide a consolidated view of the expected profit and loss for BIO4, based on latest assumptions.
9. Conditions precedent to any further Disbursement Request:
10. Evidence in English (*e.g.*, Power of Attorney, etc.) to the CEB’s satisfaction of the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
11. Progress Report confirming to the CEB’s satisfaction the full Allocation of the previous Tranche.
12. A Certificate from the Borrower in the form of Appendix 4, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower and dated not earlier than a date falling five (5) Business Days before the Disbursement Request.

## Repayment

On any Principal Repayment Date, the Borrower shall repay the principal of each Tranche due on that Principal Repayment Date in accordance with the terms set forth in the applicable Disbursement Notice.

## Prepayment

1. Mechanics

If in any event specified in this Agreement referring to this Sub-clause the Borrower ought to prepay all or part of a Tranche or in the event of voluntary prepayment, the Borrower shall give at least a two (2) month prior written notice to the CEB (hereinafter, the **“Prepayment Notice”**) specifying the amounts to be prepaid, the date on which the prepayment will take place (hereinafter, the **“Prepayment Date”**) and, upon prior consultation with the CEB, the Prepayment Costs. The Prepayment Date shall fall on an Interest Payment Date, unless otherwise agreed in writing by the CEB.

Upon receipt of the Prepayment Notice, the CEB shall send a written notice to the Borrower (hereinafter, the **“Prepayment Confirmation”**), not later than fifteen (15) Business Days prior to the Prepayment Date, indicating the accrued interest due thereon and the Prepayment Costs in accordance with Sub-clause 4.7 (b).

A Prepayment Confirmation matching all the elements included in the Prepayment Notice shall constitute an irrevocable and unconditional commitment on the part of the Borrower to prepay the relevant amounts to the CEB under the terms and conditions specified in the Prepayment Confirmation. If the CEB has not delivered a Prepayment Confirmation within the deadline specified above, the relevant Prepayment Notice shall be deemed as cancelled.

If the Borrower partially prepays a Tranche, the prepaid amount shall be applied pro rata to each outstanding principal repayment. In such an event, the Prepayment Confirmation shall accordingly include an adjusted repayment schedule which shall be binding on the Borrower.

1. Prepayment Costs

The costs resulting from prepayment in accordance with Sub-clause 4.7 (a) (hereinafter, the **“Prepayment Costs”**) shall be determined by the CEB on the basis of the costs to it of redeploying the amount to be prepaid from the Prepayment Date to the Maturity Date, including any related costs, such as unwinding any underlying hedging arrangements. The costs of redeployment will be established on the basis of the difference between the original rate and the redeployment rate, which shall be determined by the CEB on the basis of market conditions on the date of the Prepayment Notice.

## Interest Determination

The Borrower shall pay interest on the principal of each Tranche from time to time outstanding during each Interest Period at the Fixed Interest Rate/Floating Interest Rate specified in the applicable Disbursement Notice.

Interest shall (i) accrue from and including the first day of the Interest Period to but excluding the last day of such Interest Period; and (ii) be due and payable on the Interest Payment Dates specified in the applicable Disbursement Notice. Interest shall be calculated on the basis of the Day Count Convention specified in the relevant Disbursement Notice.

In the case of Floating Interest Rate Tranches, the CEB shall determine on each Interest Determination Date the interest rate applicable during the relevant Interest Period in accordance with the Agreement and promptly give notice thereof to the Borrower. Each determination by the CEB shall be final, conclusive and binding upon the Borrower unless shown by the Borrower to the satisfaction of the CEB that any such determination has involved manifest error.

## Default Interest Rate

In the event that the Borrower fails to pay, in full or in part, any amount under the Agreement, and notwithstanding any other recourse available to the CEB under the Agreement or otherwise, the Borrower shall pay interest on such unpaid amounts from the due date until the date of receipt of such payment by the CEB at the interest rate *per annum* equal to the one-month EURIBOR quoted on the due date plus two hundred basis points (200 bps) (hereinafter, the **“Default Interest Rate”**).

The applicable Default Interest Rate shall be updated every thirty (30) calendar days.

## Market Disruption Event

The CEB shall promptly, upon becoming aware of it, notify to the Borrower that a Market Disruption Event has occurred.

For the purposes of the Agreement, **“Market Disruption Event”** refers to the following circumstances:

1. The relevant financial news provider referred to under the EURIBOR definition does not quote any percentage rate or its corresponding screen rate page is not accessible.

Under such a Market Disruption Event, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the Interest Determination Date by three (3) leading banks in the EU interbank market selected by the CEB. If at least two (2) quotations are provided, the applicable EURIBOR for that Interest Determination Date shall be the arithmetic mean of all quotations provided.

If only one (1) or no quotation is provided, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the second Business Day after the beginning of the relevant Interest Period by major banks in the EU interbank market selected by the CEB.

1. The CEB determines that it is not possible to determine the applicable Reference Rate in accordance with paragraph (a) above.

Under such a Market Disruption Event, the applicable Floating Interest Rate shall be replaced by the rate that expresses as a percentage rate *per annum* the cost to the CEB of funding the Loan from whatever source the CEB may reasonably select.

1. At any time between the delivery of a Disbursement Notice and the Disbursement Date the CEB reasonably determines that there are exceptional and unexpected circumstances of an economic, financial, political or other external nature adversely affecting the CEB’s access to its sources of funding.

Under such a Market Disruption Event, the CEB shall be entitled to cancel at no cost the scheduled disbursement.

In the case of the Market Disruption Events set forth under paragraphs (a) and (b) above:

1. If the Borrower so requires, the Parties, acting in good faith, shall enter into negotiations for a period of not more than thirty (30) calendar days in order to agree on an alternative to the applicable EURIBOR. If no agreement is reached, the Borrower shall proceed with prepayment on the next Interest Payment Date in the terms provided under Sub-clause 4.7.
2. The CEB shall have the right, acting in good faith and in consultation with the Borrower to the extent reasonably practicable, to change the duration of any subsequent Interest Period to thirty (30) calendar days or less by sending to the Borrower a notice thereof. Any such change to an Interest Period shall take effect on the date specified by the CEB in such notice.
3. For the avoidance of doubt, items (i) and (ii) above shall only apply in circumstances where the Borrower shall pay interest on the principal of a Tranche outstanding at a Floating Interest Rate.

If the CEB determines that the relevant Market Disruption Event no longer exists, then, subject to any further Market Disruption Event occurring or existing, the Floating Interest Rate and/or Interest Period applicable to any relevant Tranche shall revert, from the first day of the following Interest Period to being calculated in accordance with the Floating Interest Rate and Interest Period specified in the relevant Disbursement Notice.

## Payments

All the amounts due by the Borrower under this Agreement are payable in the Currency of each Tranche to the CEB’s account indicated in the applicable Disbursement Notice. Any payment under this Agreement shall be made on a Business Day subject to the Modified Following Business Day Convention. Any payment shall be deemed paid when the CEB has received the amount on its account.

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

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

If the CEB receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Agreement, the CEB shall apply that payment in or towards payment of:

1. first, any fees, costs, charges or expenses due but unpaid under this Agreement;
2. secondly, any accrued interest due but unpaid under this Agreement,
3. thirdly, any principal due but unpaid under this Agreement; and
4. fourthly, any other sum due but unpaid under this Agreement.

# PROJECT IMPLEMENTATION

The Borrower shall implement the Project in accordance with the Agreement.

The Borrower has designated the MSTDI as the Project Implementing Entity (PIE), the MPI as the Project Implementing Unit (PIU), and BIO4 as the Project’s beneficiary. MPI is entrusted with specific implementation tasks, including but not limited to procurement, management of consultants, financial management (accounting and payments), reporting, evaluation, monitoring and control. The Project coordination interlocutor from MPI shall organize Project activities among all stakeholders, and report to CEB.

The PIE and PIU shall ensure appropriate staff and equipment throughout the Project implementation period, to the satisfaction of CEB.

In any event, the Borrower remains solely liable to comply with its obligations under the Agreement.

Failure to comply with the undertakings set forth hereby under Clause 5 would constitute, irrespective of any other applicable provision of the Loan Regulations, an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to (i) the relevant contract expenditure declared ineligible for Allocation under the Project; and/or (ii) the early reimbursement, suspension or cancellation of the Loan, in whole or in part, under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## Duty of Care

The Borrower through the PIE and PIU shall apply all care and diligence, and shall exercise all typically used means (including, but not limited to, legal, financial, managerial and technical) required for the proper implementation of the Project.

## Allocation Period

The Borrower shall allocate each Tranche to the Project within twelve (12) months after the relevant Disbursement Date (hereinafter, the **“Allocation Period”**), unless otherwise agreed in writing by the Borrower and CEB.

If a Tranche disbursed by the CEB is not allocated to the Project or is only partially allocated to it within the Allocation Period, the Borrower shall proceed with prepayment of the unallocated amounts on the next Interest Payment Date in the terms provided under Sub-clause 4.7 unless otherwise agreed between the Borrower and CEB.

## Project Costs

The Tranches disbursed under the Loan shall not exceed fifty point two percent (50.2%) of the total eligible costs of the Project specified under Appendix 1 hereto. If the Tranches disbursed under the Loan exceed the above 50.2 % (by reduction of the total eligible costs or otherwise), the Borrower shall proceed with prepayment of the surplus on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

Should the total eligible costs of the Project increase or be revised for whatever reason, the Borrower shall ensure that the additional financial resources for the completion of the Project are available without recourse to the CEB. The plans to finance the increased costs shall be communicated to the CEB without delay.

## Project Specific Undertakings

The Borrower shall ensure that:

1. the PIE and PIU shall inform the CEB as soon as possible about any revision in the Project’s costs which exceed 10% of the initially estimated Project’s costs as set forth in Appendix 5 table 1;
2. The Borrower through the PIE and PIU shall inform the CEB in case subsidies are needed to ensure the long-term viability of the investment, e.g. to cover operations and maintenance costs; the Borrower through the PIE shall ensure the availability of funds for such purposes;
3. The Borrower through the PIE and PIU shall ensure that further undertakings with regards to environmental and social safeguards as stipulated in Sub-clause 5.6 hereunder are complied with;
4. The Borrower through the PIE and PIU shall ensure that all assets and plants under the Project are permanently insured, maintained and operated in accordance with international best practices;
5. The Borrower through the PIE and PIU shall ensure that all the land, real property rights and permits required for the implementation of the Project are timely available;
6. The Borrower through the PIE and PIU shall prepare and share with the CEB – preferably before starting construction and in any case no later than end-year 2023 – an exhaustive and integrated programme covering all phases of the Project, from concept design to entry of tenants, using an appropriate / professional planning tool;
7. The Borrower through the PIE and PIU shall confirm – before end-year 2023 – the financing plan for the Project, including how the funding gap, if any, will be covered. A formal estimate of the value of the plot of land, on which the Project is being developed, is to be provided at the same occasion;
8. The Borrower through the PIE and PIU shall share as soon as available and no later than year-end 2023 the approved terms of reference for the design services for the Project, which should include design supervision during the construction phase of the Project;
9. The Borrower through the PIE and PIU shall inform the CEB by time the first Tranche of the Loan is allocated as regards the legislation applicable regarding protection of animals used for scientific purposes, and any identified gaps with regards to the Directive 2010/63/EU on the protection of animals used for scientific purposes. The Borrower through the PIE and PIU shall also inform the CEB of any steps taken regarding the transposition of the Directive 2010/63/EU on the protection of animals used for scientific purposes into Serbian legislation;
10. The Borrower through the PIE and PIU shall develop an overall waste management plan for the management of medical and hazardous waste (if any are expected to be generated) in the facilities in addition to non-medical and non-hazardous waste generated by the Project and shall share it with the CEB for information as soon as such plan becomes available and in any event before completion of the Project;
11. The Borrower through the PIE and PIU shall inform the CEB of the specific conditions set by the Secretariat for Environmental Protection following the Project’s concept design review process;
12. The Borrower through the PIE and PIU shall provide the CEB with a copy of the Energy Performance Certificate of one representative campus building at the minimum, once said Certificate has been issued ;
13. The Borrower through the PIE and PIU shall undertake the following concerning the Project’s alignment with the Paris Agreement:

* Include in the detailed (and final) design of the Project all measures identified in the concept design to effectively mitigate risks stemming from heatwaves and droughts (including cooling systems and water efficiency measures);
* Ensure that the maximum amount of primary energy consumed by the buildings to be developed as part of the Project for heating does not exceed the maximum limit of the "B" energy performance class, according to the different building types and the classification established in the "Regulation on the conditions, content and manner of issuing certificates on the energy properties of buildings (Official Gazette of the Republic of Serbia, no. 69/2012, 44/2018 - other laws and 111/2022)" (or the most up-to-date legislation regarding energy performance).

The Borrower shall comply with the undertakings provided in this Sub-clause 5.4 before the Project’s end day, except where a specific deadine with respect to such compliance is provided for herein.

## Procurement

Procurement of supplies, works and services to be financed under the Project shall comply with the Procurement Guidelines.

The Borrower shall conduct all procurement procedures under the Project in accordance with the public procurement laws of Serbia. In particular, the Borrower shall ensure that any party having an interest in obtaining a particular contract to be financed under the Project shall have access to the review procedures and remedies provided for under the laws of Serbia.

To be eligible for financing under the Loan, procurement of works, services and goods carried out in accordance with the above shall be in line with the Procurement Guidelines. In particular, the Procurement Plan (as such term is defined under the Procurement Guidelines) (and any update thereof) indicating the procurement methods for each contract shall be submitted to the CEB for approval. Upon receipt, the CEB will inform the Borrower of the scope of review that CEB will carry out for each contract.

## 5.6 Environmental and Social Safeguards

The Borrower through the PIE and PIU shall implement the Project in conformity with the requirements set forth in the Environmental and Social Safeguards Policy. In particular, an Environmental and Social Impact Assessment (ESIA) must be undertaken for the entire Bio4 Campus project. Before the start of any construction activity, the Borrower through the PIE and PIU shall undertake an ESIA BIO4 campus project so as to adequately assess the environmental and social impacts of such a development in line with the principles of the EU legislation and the CEB’s Environmental and Social Safeguards Policy (ESSP). Once completed, the ESIA will be shared with the CEB for information.The Borrower through the PIE and PIU shall also ensure that any potential complaint concerning land acquired, will be handled in accordance with the Environmental and Social Safeguards Policy.

Furthermore:

* The expropriation process conducted for the purposes of the Project shall be undertaken in line with the Environmental and Social Safeguards Standard 2, as appended in Appendix 6 hereof;
* A specific Project-level grievance mechanism shall be put in place for the purposes of the Project. The Borrower, through the PIU, shall put in place a system allowing it to monitor complaints and any potential issue or accident during the construction phase of the Project, and shall report to the CEB on a Project-level the complaints filed thereunder; such reporting is to be included in the Project monitoring reports to be delivered under Clause 6.1 of the Agreement.

Such monitoring reports shall also include specific sections on:

* The expropriation activities conducted for the purposes of the Project, so as to keep the CEB informed of the progress of the expropriation process, including potential complaints filed with respect to such activities; and
* environmental and social safeguards, where any environmental, social and / or occupational health and safety incidents that may occur and actions to manage them will be included. Any potential complaints that may be voiced in relation to the Project will also be included, as well as any actions undertaken by the Borrower related to stakeholder engagement for the Project.

## Human Rights

The Borrower through the PIE and PIU shall ensure that the implementation of the Project does not give rise to a violation of (i) the European Convention on Human Rights; or (ii) the European Social Charter.

## Integrity

The Borrower, directly or through the PIE and PIU , undertakes that:

1. it will institute and thereafter comply with internal policies, procedures and controls, in line with applicable legislation and international best practices, for the purpose of preventing the Borrower to become, in connection with the implementation of the Project or otherwise, an instrument for money laundering or terrorism financing;
2. it will not make any Loan proceeds available to or for the benefit of, directly or indirectly, any Sanctioned Person;
3. it will not commit, and no person, with its consent or prior knowledge, will commit, in connection with the implementation of the Project or any Sub-project a Corrupt Practice, a Fraudulent Practice, a Coercive Practice, a Collusive Practice or an Obstructive Practice (hereinafter, together with money laundering, terrorism financing and making available any Loan proceeds to Sanctioned Persons referred to as the **“Prohibited Practices”**).

For the purposes of this Agreement:

1. A **“Corrupt Practice”** means any act of offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
2. A **“Fraudulent Practice”** means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation.
3. A **“Coercive Practice”** means any act of impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party to influence improperly the actions of a party.
4. A **“Collusive Practice”** means any arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
5. An “**Obstructive Practice**” means, in relation to an investigation into a Coercive, Collusive, Corrupt or Fraudulent Practice, (a) any act of deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; (b) any act of threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and/or (c) any act intending to materially impede the exercise of the contractual rights of audit or access to information.

The Borrower, directly or through the PIE and PIU, undertakes to inform CEB if it should become aware of any fact or information suggestive of the commission of any such Prohibited Practice. For this purpose, the knowledge of any member of the PIE and/or the PIU shall be deemed the knowledge of the Borrower.

The Borrower, directly or through the PIE and PIU, undertakes:

1. to take timely such action as the CEB may reasonably request to investigate and/or terminate any alleged or actual Prohibited Practice;
2. to facilitate any investigation that the CEB may conduct concerning any alleged or actual Prohibited Practice; and
3. to inform the CEB of the measures taken to seek damages from the persons responsible for any loss resulting from any such Prohibited Practice.

The PIE and PIU shall be responsible for contacts with the CEB for the purposes of this Sub-clause.

## Visibility

The Borrower shall inform the Final Beneficiaries that the Project is partly financed by the CEB through appropriate means of communication such as dedicated notices in relevant websites, social media, press releases, brochures or the exhibit of billboards/plates on relevant Project sites/facilities. In any case, information to the Final Beneficiaries shall display in an appropriate way the CEB’s name and logo.

# MONITORING

## Reporting

1. Progress Reports

The Borrower through the PIE and PIU shall send to the CEB a progress report (hereinafter, a **“Progress Report”**) (i) once a year, until the completion of the Project; and (ii) prior to every Disbursement Request, except for the Disbursement Request for the first Tranche.

Appendix 5 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

1. Completion Report

Upon completion of the Project, the Borrower through the PIE and PIU shall submit a completion report (hereinafter, a **“Completion Report”**) including an appraisal of the Project’s social impact.

Appendix 5 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

## Visits

The Borrower, directly or through the PIE and PIU undertakes to favourably receive any monitoring/technical/evaluation visits, including by facilitating access to relevant Project sites/contractors, carried out by the CEB’s staff members or designated third parties.

## Audit

Should the Borrower fail to comply with any of its undertakings under the Agreement, the Borrower undertakes to favourably receive any on-site audit, carried out by the CEB’s staff members or designated third parties, which shall be at the Borrower’s expense.

## Project Information

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

The Borrower through the PIE and the PIU shall deliver to the CEB in a timely manner any information or document concerning the financing or the implementation (including in particular environmental/social and procurement issues) of the Project as the CEB may reasonably require.

The Borrower through the PIE and PIU shall inform the CEB immediately of any event in connection with the Project, including but not limited to:

1. any action or protest initiated or any objection raised by any third party or any complaint received by the Borrower or any litigation that is commenced or threatened against it with regard to procurement or environmental, social or occupational health and safety (e.g. loss of life or important accident) matters or other matters in connection with the Project; or
2. any enactment of or any amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) in connection with the Project.

Any event that may have a material adverse impact on the implementation of the Project would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## Borrower Information

The Borrower, directly or through the PIE and PIU shall deliver a summary every year, in a form and substance satisfactory to the CEB, of the Borrower’s annual budget and the related budget implementation and any such information on its general financial situation as the CEB may reasonably require from time to time, unless it is published on the official website of the Ministry of Finance or the National Bank of Serbia and available in English.

The Borrower directly or through the PIE and PIU shall inform the CEB of any Material Adverse Change immediately after becoming aware thereof. Any Material Adverse Change would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (Early reimbursement of disbursed loans), 3.5 (Suspension by the Bank of undisbursed loans) and 3.6 (Cancellation by the Bank of undisbursed loans) of the Loan Regulations.

## Financial Covenants

The Borrower shall inform the CEB if any Cross-Default Event occurs. Any Cross-Default Event would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

For the purpose of this Agreement, “**Cross-Default Event**” means a situation in which, following any default in relation thereto, the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, repay or terminate ahead of maturity any Debt Instrument or any commitment in connection with any Debt Instrument is cancelled or suspended.

# PARI PASSU

Failure to comply with the provisions set forth below under Clause 7 would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## Ranking

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

In particular, the Borrower shall not make (or authorise) any payment in respect of any other such Debt Instrument (whether regularly scheduled or otherwise) if:

1. the CEB makes a demand of early reimbursement under Article 3.3 (*Early reimbursement of disbursed loans)* of the Loan Regulations; or
2. an event or potential event of default under any unsecured and unsubordinated Debt Instrument of the Borrower or any of its agencies or instrumentalities has occurred and is continuing.

However, payment in respect of such Debt Instrument is possible if the Borrower:

1. simultaneously pays; or
2. sets aside in a designated account for payment on the next Interest Payment Date;

a sum equal to the same proportion of the principal outstanding under this Agreement as the proportion that the payment under such Debt Instrument bears to the total debt outstanding under that instrument.

For this purpose, any payment of a Debt Instrument that is made out of the proceeds of the issue of another instrument, to which substantially the same persons as hold claims under the Debt Instrument have subscribed, shall be disregarded.

## Security

Should a Security be granted for the performance of any of the Borrower’s Debt Instruments, the Borrower shall timely inform the CEB of its intentions and shall, if so required by the CEB, provide to the CEB, within the deadline set forth in the CEB’s notice, identical or equivalent Security for the performance of its financial obligations under this Agreement.

This provision shall not apply to a Security:

1. created on property at the time of purchase solely as security for the payment of the purchase price or for the payment of debt incurred for the purpose of financing the purchase of such property; or
2. securing a Debt Instrument maturing not more than one (1) year after the date on which it was originally incurred; or
3. previously approved by the CEB.

## Clause by Inclusion

Should any of the Borrower’s Debt Instruments include a loss-of-rating covenant, a financial ratios covenant or *pari passu* provisions that are not included in the Agreement or that are stricter than any equivalent provision of this Agreement, the Borrower shall so inform the CEB and shall, at the request of the CEB by means of a written notice, execute within the deadline indicated in the CEB’s notice, an amendment to this Agreement to provide an equivalent provision in favour of the CEB.

## Prepayment to Third Parties

Should the Borrower voluntarily prepay (for the avoidance of doubt, prepayment shall include a repurchase where applicable) in whole or in part any Debt Instrument and such prepayment:

1. is not made within a revolving credit facility which remains open for drawing on the same terms after such prepayment; or
2. is not made out of the proceeds of another Debt Instrument having a term at least equal to the unexpired term of the prepaid Debt Instrument;

the Borrower shall inform the CEB. In such an event, and upon the CEB’s request, the Borrower shall prepay to the CEB within two (2) months from any such prepayment the amounts disbursed under the Loan in accordance with Sub-clause 4.7 in such proportion as the prepaid amount bears to the corresponding Debt Instrument.

# REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

1. it is not and none of its officers, directors, agents or employees is a Sanctioned Person or is the subject of a final and irrevocable court ruling in connection with Prohibited Practices perpetrated in the exercise of its professional duties and none of them did or does enter into business relationships with Sanctioned Persons;
2. its competent bodies have authorised it to enter into the Agreement and have given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations, articles of association and other texts applicable to it;

(c) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Agreement do not:

1. contravene or conflict with any applicable law, statute, rule or regulation, or any judgment, decree or permit to which it is subject;
2. contravene or conflict with any Debt Instrument or any other agreement binding upon it which might reasonably be expected to give rise to a Material Adverse Change;
3. no event or circumstance is outstanding that constitutes a default under any Debt Instrument or any other agreement, which is binding on it or to which its assets are subject, which might reasonably be expected to give rise to a Material Adverse Change;

(e) no Security has been granted to a third party in breach of Sub-clause 7.2;

(f) no litigation, arbitration or administrative proceedings of or before any court, arbitral tribunal or agency which might reasonably be expected to give rise to a Material Adverse Change have (to the best of its knowledge and belief) been started or threatened against it; and

(g) it has received a copy of the Loan Regulations, the Loan Policy, the Environmental and Social Safeguards Policy, the Procurement Guidelines and the Personal Data Protection Regulation and has taken note thereof.

The above representations and warranties are deemed repeated on the date of signature of each Disbursement Request and on the date of each Certificate. Any change in relation to the above representations and warranties must, for the entire Loan period, be notified and any supporting documents provided to the CEB immediately after the Borrower having become aware of the change.

If any of the above representations and warranties is or proves to have been incorrect or misleading in any respect, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

# THIRD PARTIES

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

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

# NON-WAIVER

In no case, including delay or partial exercise, shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

# TRANSFER

The Borrower may not transfer any of its rights and/or obligations under the Agreement without the prior written consent of the CEB.

The Borrower hereby gives its consent to any transfer by the CEB of all or part of its rights and/or obligations under the Agreement. CEB will inform the Borrower prior to such transfer.

# ILLEGALITY

If it is or becomes unlawful in any jurisdiction for the CEB to make, maintain or fund the Loan or perform any of its obligations under this Agreement, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

# NO HARDSHIP

Each Party hereby acknowledges that:

(i) unless otherwise contemplated in this Agreement, any applicable legal norm pursuant to which a Party may request the other Party to renegotiate the Agreement or may cease to perform its obligations hereunder, in case of a change of circumstances unforeseeable at the time of the conclusion of the Agreement which makes performance excessively onerous for a Party who had not agreed to assume such risk, shall not apply to it with respect to its financial obligations hereunder; and

(ii) it shall not be entitled to any claim under such legal norm.

For the avoidance of doubt, this clause does not exclude any other applicable legal or contractual rights under the Agreement for a Party to cease to perform its obligations hereunder with respect to the implementation of the Project or to terminate the Agreement.

# GOVERNING LAW

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

# DISPUTES

Disputes between the Parties shall be subject to arbitration under the conditions laid down in chapter 4 of the Loan Regulations.

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

In any legal action arising from this Agreement, the CEB’s certificate as to any amount due or interest rate applicable under the Agreement shall, in the absence of manifest error, be *prima facie* evidence of such amount or interest rate.

# DATA PROTECTION

The processing of any personal data collected under the Agreement shall be carried out by the CEB in accordance with the Data Protection Regulation.

# NOTICES

Any notice (including any document or communication) to be given or made under or in connection with this Agreement to the CEB or the Borrower shall be in writing and unless otherwise stated, may be made by registered letter, electronic mail or facsimile. Such notice shall be deemed to have been received by the other Party:

1. in the case of a hand-delivered or registered letter, on the date of delivery;
2. in the case of electronic mail, only when actually received in readable form and only if it is addressed in such a manner as the other Party shall specify for this purpose;
3. in the case of electronic mail, which contains a Disbursement Notice, sent by the CEB to the Borrower, when the electronic mail is sent; and
4. in the case of a facsimile, on receipt of transmission.

Any notice provided by the Borrower to the CEB by electronic mail shall:

1. mention the LD reference in the subject line; and
2. be in the form of a non-editable electronic image (pdf, tif or any other common non-editable file format agreed between the Parties) of the notice signed by the person or persons duly authorised to sign such notice on behalf of the Borrower, attached to the electronic mail.

Without affecting the validity of notices by electronic mail or facsimile made in accordance with this Clause, the following notices shall also be sent by registered letter to the other Party at the latest on the immediately following Business Day:

1. Disbursement Requests;
2. any communications in respect of the suspension, cancellation and/or early reimbursement of the Loan or in respect of a Prepayment Notice; and
3. any other communication required by the CEB.

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

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

For the Borrower:

Ministry of Finance of the Republic of Serbia

20, Kneza Miloša Street

11000 Belgrade

Serbia

Attention: Minister of Finance

Fax: +381 11 765 2007

For the CEB:

Council of Europe Development Bank

55 Avenue Kléber

75116 Paris

France

Attention: Head of Projects Division

Fax: + 33 1 47 55 37 52

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

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

All notices to be given or made by the Borrower under or in connection with this Agreement shall, where required by the CEB, be delivered to the CEB together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

# TAXES AND EXPENSES

The Borrower shall pay, to the extent applicable, all taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution, registration, implementation, termination or enforcement of the Agreement and/or any related document as well as of the creation, perfection, registration, enforcement or release of any Security required under the Agreement.

The Borrower shall bear all charges and expenses (including legal, professional, banking or exchange costs) incurred in connection with (i) the preparation, execution, perfection, implementation, termination and enforcement of this Agreement and/or any related document; (ii) any amendment, supplement or waiver in respect of this Agreement and/or any related document; and (iii) the preparation, execution, perfection, management, enforcement and release of any Security required under the Agreement. Notwithstanding the above, Article 4.7 (*Cost of arbitration*) of the Loan Regulations shall apply regarding the costs of the arbitration set forth under Clause 15 *(Disputes).*

# DISCHARGE

After repayment of all outstanding principal under the Loan as well as payment of all interests and other expenses resulting from the Agreement, including in particular those amounts under Sub‑clause 4.9 *(Default Interest Rate)* and Clause 18 *(Taxes and Expenses*), the Borrower shall be fully released from its obligations arising out of or in connection with this Agreement.

Without prejudice of the above, the Borrower shall nevertheless undertake, for a period not exceeding six (6) years following the receipt of a Completion Report to the CEB’s satisfaction confirming the full Allocation of all amounts disbursed under the Loan (i) to keep the Project-related documentation; and (ii) to favourably receive any evaluation visits, including by facilitating access to relevant Project’s sites carried out by the CEB’s staff members or designated third parties.

# ENTRY INTO FORCE

The Agreement shall enter into force upon execution by the Parties and ratification by the Parliament of the Republic of Serbia. The Borrower will provide to the CEB a written confirmation to that effect.

IN WITNESS THEREOF the Parties have caused the Agreement to be executed by duly authorised signatories in four (4) originals, each of which is equally valid. One (1) original is for the CEB and three (3) for the Borrower.

For the Borrower

Belgrade, on SEPTEMBER 22, 2023

Name: SINIŠA MALI

Title: DEPUTY PRIME MINISTER AND MINISTER OF FINANCE

For the CEB

Paris, on 15/9/ 2023 Paris, on 15/09/23

Name: **Cristian TABACARU** Name: Andrea Buccomino

Title: L&D Director Title: Deputy General Counsel

# APPENDIX 1

**Project Description**

|  |  |  |  |
| --- | --- | --- | --- |
| **I.** | **LD** | 2147 (2023) | |
|  | **Borrower** | Republic of Serbia | |
|  | **Loan Type** | Project Loan | |
|  | **Loan Amount** | EUR 200,000,000 | |
|  | **Approval by the**  **CEB’s Administrative Council** | 16 March 2023 | |
|  |  |  |  | |
| **II.** | **Sector(s) of action** | Education and Vocational Training | |
|  | **Planned Works** | The works cover the construction and equipment of the BIO4 Campus Belgrade, a comprehensive research and development complex dedicated to biosciences (“BIO4” stands for biomedicine, bioinformatics, biotechnology and biodiversity), more specifically, the planned works entail the construction of, and provision of standard equipment for, 7 building blocks (Components), and the provision of specialised scientific equipment (Component 8).    The total building construction of 159,974m2 includes 34,392m2 underground parking garage; additional 7,172 m2 are estimated for above-ground parking and roads, and landscaping incl.green buildings and roofs, is estimated at 31,772m2.  1Component 5, Vivarium is considered non-eligible for CEB-financing at this stage. | |
|  | **Location** | Belgrade | |
|  | **Final Beneficiaries** | Students, faculties, scientists, public and private research employees | |
|  | **Project Total Cost** | EUR 398,300,770 | |
|  | **Indicative Financing Plan** | The CEB contribution of 200 MEUR constitutes 50.2% of the 398.3 MEUR total eligible project cost (i.e. 413.5 MEUR excluding 15.2 MEUR for the Vivarium) and is in line with CEB’s financing contribution policy. | |
|  | **Schedule of Works/**  **Eligible Budgetary Years** | Q12023-Q42026 | |
|  | **Closing Date** | 31 December 2027 | |
|  |  |  |  | |
| **III.** | **Eligibility Criteria** | Components co-financed by CEB will be based on the eligibility criteria set out in CEB’s Loan and Project Financing Policy for the “Education and Vocational Training” sector of action. Eligible investments may include:  1. Construction and/or rehabilitation of early childhood education facilities,  primary and secondary schools, secondary vocational technical colleges,  vocational training centres, establishments of higher education or  specialised learning and/or research and development centres. Eligible  investments may include sports and socio-cultural centres/equipment as  well as residence facilities pertaining to such establishments, learning  materials, furniture and equipment  2. Adaptation of such premises in order to facilitate accessibility for persons  with reduced mobility  3. Continuing training and lifelong learning programmes for social and  education professionals  4.Training programmes for the unemployed and disadvantaged groups of  population; support for professional re-training programmes; natural or  ecological disaster prevention/preparedness for members of the civil  protection forces; in-service training programmes for magistrates,  administrators, civil servants and government officials  5.Education-related research and development programmes  6. Training programmes in favour of vulnerable groups  7. Training of education and vocational training specialised staff  8.Student loan programmes | |
|  | **Eligible Costs** | Eligible costs may include:  i. The cost of surveys or studies (technical, economic or commercial, engineering) as well as the cost of technical supervision of the project. These costs should not exceed 5% of the total cost of the project, unless justified;  ii. The cost of acquiring land directly linked to a project, at its purchase price, unless it has been donated or granted;  iii. Preparation of the land;  iv. Construction/renovation/modernization or purchase of buildings directly linked to a project;  v. The installation of basic infrastructure such as sewerage, water supply, electricity and telecommunications networks, waste disposal and waste water treatment, roads, etc.;  vi. The purchase of materials, equipment and machinery, as well as the related costs linked to the training of staff.  vii. Contingencies for unanticipated costs (technical and/or price increases). These represent financial coverage in respect of possible changes in the quantity of work required, or of unit prices, in the type and quantity of equipment to be purchased or in the method of carrying out the project. Depending on the sector of activity and the various components of the project, these contingencies may represent up to 10% of the Project Total Cost.  viii. Costs related to professional/vocational training and public awareness-raising campaigns.  2. Non-eligible costs  i. CEB loans cannot cover staff costs (wages/salaries and other related benefits such as pension payments), financial charges and non-cash elements such as depreciation. Such costs may however be considered eligible when they relate to project management and technical assistance services required for whole period of project preparation and implementation.  ii. Financial costs or investments (payment of debts, refinancing, interest charges, acquisition of interest in the capital of an enterprise, etc.) cannot be included in the estimated costs of the project and cannot be financed by the CEB.  iii. The proceeds of the Loan cannot be used for the financing of taxes (including VAT), customs and other duties. | |
|  | **Specific Conditions** | All specific considitions are stipulated under sections 5.4 Project Specific Undertakings and section 5.6 Environmental and Social Safeguards | |
|  |  |  |  | |
| **IV.** | **Social impact** | In view of the multitude of beneficiary groups that the project will reach, social impact can be seen prominently as follows:   1. Social inclusion and mobility: BIO4 Campus will create an institution and physical space where individuals of many walks of life can interact and network. This will be ensured by the variety of businesses and educational facilities present on the BIO4 Campus, as well as by specifically designed events with various business, educational and networking purposes. 2. Potential for alleviation of vulnerability and marginalisation: the BIO4 Campus will create its own local economy where vulnerable people from the outskirts of the capital may be able to find jobs and open small businesses. In addition, events dedicated to upskilling and integrating young people into professional activities will be part of the events on the BIO4 campus. 3. Human capital development and reversal of the “brain-drain”: the BIO4 ‌Campus Belgrade will be a very attractive place to study and work, with businesses in biosciences and IT partnering and inhabiting the campus. | |

# APPENDIX 2

**Form of Legal Opinion (Framework Loan Agreement)**

Council of Europe Development Bank

55, avenue Kléber

75116 Paris (France)

Attn: Projects Department

Cc: Office of the General Counsel

[INSERT DATE]

**Re: *Framework Loan Agreement between the Council of Europe Development Bank and the Republic of Serbia (Reference*** ***LD 2147 (2023))***

Dear Sir or Madam,

In my capacity as the Minister of Justice, I hereby submit this opinion in line with the provisions of Article 4.5(a)(i) of the Framework Loan Agreement LD 2147 (2023) between Council of Europe Development Bank and Republic of Serbia, for an amount of 200,000,000 EUR, signed on \_\_\_\_\_ and effective as of \_\_\_\_\_ (hereinafter referred to as the ”**Loan Agreement”**). All the terms that are used here, if not otherwise defined, have the same meaning as in the Loan Agreement.

I have reviewed the Loan Agreement and the provisions of the Constitution of the Republic of Serbia (”Official Gazette of the Republic of Serbia” No. 98/2006), as well as legal documents and other regulations, and I have undertaken other activities that I deemed necessary in order to submit this opinion.

According to the aforementioned, my opinion is as follows:

(a) Pursuant to the provision of Article 123, Item 1 of the Constitution of the Republic of Serbia, it is provided that the Government shall establish and pursue the policy, and pursuant to the provision of Article 2, Paragraph 1 and Article 43, Paragraph 3 of the Law on Government (”Official Gazette of the Republic of Serbia” No. 55/05, 71/05-corrigendum, 101/07, 65/08, 16/11, 68/12-Constitutional Court, 72/12, 7/14 – Constitutional Court, 44/14 and 30/18-other law) it is provided that the Government shall establish and pursue the policy of the Republic of Serbia, and when it does not pass other acts, the Government adopts conclusions. In line with the referred provisions, the Government at its session held on \_\_\_\_\_\_\_ adopted the Conclusion No: \_\_\_\_\_\_\_, whereby it adopted the Draft Loan Agreement and authorized \_\_\_\_\_\_\_\_\_\_\_\_\_\_, to sign the Loan Agreement on behalf of the Government as the representative of the Republic of Serbia;

(b) Pursuant to the provision of Article 99, Paragraph 1, Item 4 of the Constitution of the Republic of Serbia, it is provided that the National Assembly of the Republic of Serbia ratifies the international treaties when their ratification is provided by law, and subject to the provision under Article 2, Paragraph 1 of the Law on Conclusion and Execution of International Treaties (”Official Gazette of the Republic of Serbia” No. 32/13) which provides that an international treaty shall be a treaty which the Republic of Serbia concludes in written form with one or more countries or one or more international organizations, which is governed by international law. Pursuant to the provision of Article 5, Paragraph 2 of the Law on Public Debt (”Official Gazette of the Republic of Serbia” No. 61/05, 107/09, 78/11, 68/15, 95/18, 91/19 and 149/20) it is provided that the National Assembly of the Republic of Serbia decides on borrowing of the Republic of Serbia by taking long-term loans, borrowing for investment and program projects financing by taking long-term loans, issuing guarantees, and on direct taking over of the liabilities as a debtor under issued guarantee. In line with the stated provisions, the National Assembly of the Republic of Serbia rendered the Law on Ratification of Framework Loan Agreement LD 2147 (2023) between Council of Europe Development Bank and Republic of Serbia, Project Loan (”Official Gazette of the Republic of Serbia - International Treaties”, No. \_\_\_\_\_\_);

(c) There are no other provisions according to which it would be necessary to submit, record or register the Loan Agreement with any court or state authority or organization in order to secure its legality, effectiveness and enforceability;

(d) The choice of the law set forth in Article 14 of the Loan Agreement, is legally valid and binding on the Borrower under the laws of the Republic of Serbia;

(е) Pursuant to Article 15 of the Loan Agreement, the arbitration provisions set forth in Chapter 4 of the CEB Loan Regulations shall apply for any claim or dispute between the Republic of Serbia and the Council of Europe Development Bank arising from the Loan Agreement, and any decision of the arbitration tribunal pertaining to the Loan Agreement can be executed in the Republic of Serbia without re-examination or re-litigation of the matters thereby adjudicated. In line with the aforementioned the waiver of immunity pursuant to Article 15 of the Loan Agreement is legally valid and binding;

(f) No taxes, customs duties, fees or other impositions, including without limitation taxes, fees or other levies for registration or transfers that are applicable in the Republic of Serbia, or any other unit of territorial autonomy or local government, shall be payable in connection with the conclusion or execution of the Loan Agreement, or in connection with the payments that the Republic of Serbia is to make to the Council of Europe Development Bank under the Loan Agreement;

(g) No exchange control restrictions are in place or consents are required in order to permit the receipt of all amounts to be disbursed under the Loan Agreement and to permit the repayment of the Loan and the payment of interest and all other amounts due under this Loan Agreement;

(h) The execution of the Loan Agreement did not, and its performance will not violate any norms of the Republic of Serbia or cause any material breach of any agreement or undertaking to which the Republic of Serbia is bound.

In view of everything stated above, I am of the opinion that all conditions that are stipulated by the Constitution, laws and other acts of the Republic of Serbia which could be applied to the Loan Agreement are met, that the provisions of the Loan Agreement are in full force and effect and that the Loan Agreement is legally valid, binding and enforceable in the Republic of Serbia in accordance with its terms.

Yours faithfully,

MINISTER

# APPENDIX 3

**DISBURSEMENT REQUEST (TEMPLATE)**

**LD 2147 – [•] Tranche**

With reference to the Framework Loan Agreement dated [●] (hereinafter, the “**Agreement”**) between the Council of Europe Development Bank (hereinafter, the “**CEB**”) and the Republic of Serbia (hereinafter, the “**Borrower**”), the Borrower hereby requests the CEB, in accordance with Sub-clause 4.3(a) of the Agreement, to proceed with the disbursement of a Tranche under the specific terms and conditions set out below.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

|  |  |  |  |
| --- | --- | --- | --- |
| Currency/Amount[[2]](#footnote-3)2 | [●] | | |
| Disbursement Date | [●] | | |
| Principal Repayment Period | [●] years [including a grace period of [●] years] | | |
| Principal Repayment Date(s) | [●] | | |
| Maturity Date | [●] | | |
| Interest Rate | Fixed | Maximum [●] *per annum* | |
| Floating | Reference Rate: | [[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] *per annum* |
| Spread | Maximum [●] basis points |
| Interest Period | [Quarterly] [Semi-annually] in arrears | | |
| Interest Payment Dates | The interest payment will take place on [●] every year and for the first time on [●] | | |
| Day Count Convention | Modified Following Business Day Convention | | |
| Business Day | [●] | | |
| Borrower’s Account | |  |  |  | | --- | --- | --- | | Beneficiary’s Name | [●] | | | Beneficiary’s Bank | Name | [●] | | City | [●] | | SWIFT | [●] | | IBAN | [●] | | Reference | [●] | | Correspondent Bank (if applicable) | Name | [●] | | City | [●] | | SWIFT | [●] | | IBAN | [●] | | | |

[•], on [•].

For the Borrower

[INSERT NAME(S)/TITLE(S)]

**DISBURSEMENT NOTICE (TEMPLATE)**

**LD 2147 – [•] Tranche**

In response to your Disbursement Request dated [●] with reference to the Framework Loan Agreement dated [●] (hereinafter, the “**Agreement”**) between the Council of Europe Development Bank (hereinafter, the “**CEB**”) and the Republic of Serbia (hereinafter, the “**Borrower**”), the CEB hereby notifies to the Borrower, in accordance with Sub-clause 4.3(b) of the Agreement, the terms and conditions of the disbursement of the relevant Tranche.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

|  |  |  |  |
| --- | --- | --- | --- |
| Currency/Amount[[3]](#footnote-4)3 | [●] | | |
| Disbursement Date | [●] | | |
| Principal Repayment Period | [●] years [including a grace period of [●] years] | | |
| Principal Repayment Date(s) | [●] | | |
| Maturity Date | [●] | | |
| Interest Rate | Fixed | [●] *per annum* | |
| Floating | Reference Rate: | [[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] *per annum* |
| Spread | [●] basis points |
| Interest Period | [Quarterly] [Semi-annually] in arrears | | |
| Interest Payment Dates | The interest payment will take place on [●] every year and for the first time on [●] | | |
| Day Count Convention | Modified Following Business Day Convention | | |
| Business Day | [●] | | |
| Borrower’s Account | |  |  |  | | --- | --- | --- | | Beneficiary’s Name | [●] | | | Beneficiary’s Bank | Name | [●] | | City | [●] | | SWIFT | [●] | | IBAN | [●] | | Reference | [●] | | Correspondent Bank (if applicable) | Name | [●] | | City | [●] | | SWIFT | [●] | | IBAN | [●] | | | |
| CEB’s account | |  |  |  | | --- | --- | --- | | Beneficiary’s Name | Council of Europe Development Bank | | | Beneficiary’s SWIFT | CEFPFRPP | | | Beneficiary’s Bank | Name | Deutsche Bank | | City | Frankfurt (Germany) | | SWIFT | DEUTDEFF | | IBAN | DE44 5007 0010 0928 7384 00 | | | |

Paris, on [•]

For the CEB

[INSERT NAME(S)/TITLE(S)]

# APPENDIX 4

**Form of Certificate**

[INSERT LETTERHEAD]

To: Council of Europe Development Bank

From: [BORROWER]

Date: [NOT EARLIER THAN FIVE (5) BUSINESS DAYS BEFORE THE DISBURSEMENT REQUEST]

Subject: Framework Loan Agreement between Council of Europe Development Bank and [BORROWER] dated [●] (the “**Agreement**”).

Dear Sir or Madam,

Terms defined in the Agreement have the same meaning when used in this Certificate. For the purposes of Sub-clause 4.5 of the Agreement, we hereby certify to you as follows:

1. No Material Adverse Change has occurred, as compared with the situation at the date of signature of the Agreement;
2. No Cross-Default Event has occurred;

(c) None of the Borrower’s Debt Instruments includes loss-of-rating, financial ratios or *pari passu* provisions that are stricter than any equivalent provision of the Agreement;

(d) The representations and warranties to be made or repeated by us under Clause 8 of the Agreement are true in all respects; in particular, no Security has been granted to a third party in breach of Sub-clause 7.2 of the Agreement; and

(e) No event or circumstance which could give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations has occurred or may reasonably be expected to/is likely to occur.

For the [BORROWER]

# APPENDIX 5

**Reporting Template (annual progress and completion reports)**

**PROJECT TITLE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**ANNUAL PROGRESS REPORT**

**REPORTING PERIOD: dd/mm/yyyy – dd/mm/yyyy**

Prepared by (name and signature) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Department\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Table of Contents**

**1.** **Narrative Report**

*1.1* *Summary of the Project*

*1.2* *Activities undertaken and Results achieved*

*1.3* *Vulnerability*

*1.4* *Impact Prospects (to be presented in the completion report)*

*1.5* *Communication and Visibility Activities*

*1.6* *Deviations from the Plan and difficulties encountered, if any, and mitigation measures*

*1.7* *Conditions precedent before disbursement*

*1.8* *Project Specific Undertakings*

*1.9* *Environmental and Social Safeguards*

*1.10* *Project Specific Recomentations*

**2. Monitoring tables**

*Table 1: Project Costs and Financing Sources*

*Table 2A: Procurement Plan*

*Table 2B: List of Awarded Contracts*

*Table 3: Implementation Schedule*

*Table 4: Output/Outcome Indicators*

1. **Narrative Report**
   1. ***Summary of the Project***

|  |  |  |
| --- | --- | --- |
| Title of the Project |  | |
| Objective |  | |
| Framework Loan Agreement (FLA) entry into force |  | |
| Project Implementing Structure |  | |
| Estimated project cost | Original: | Revised: |
| Approved CEB loan amount |  | |
| Maximum CEB financing of total eligible costs  (in percentage) |  | |
| Other sources of financing |  | |
| Implementation period | Original: mm/yy-mm/yy | Revised: |
| Closing date for CEB loan disbursement |  | |

* 1. ***Activities undertaken and Results achieved***

Please describe the progress of activities in relation to the Project, including, but not limited to:

|  |  |
| --- | --- |
| Activity | Progress and results |
| Land acquisition and preparation |  |
| Studies and Design |  |
| Procurement related activities |  |
| Works, including photos showing the latest progress |  |
| Equipment |  |
| Management of environmental, social and occupational health and safety risks and related issues (information on any incident occurred; compliance and corrective actions taken) |  |

* 1. ***Vulnerability***

Please describe how vulnerability factors are being addressed in this project and how the project is enhancing social cohesion defined as “the capacity of a society to ensure the well-being of all its members, minimising disparities and avoiding marginalisation”[[4]](#footnote-5)4

Vulnerability factors are related to: (a) where people live (place-based vulnerability factors), (b) their socio-economic status (socio-economic vulnerability factors), and (c) vulnerability factors related to individual characteristics.

* 1. ***Impact Prospects (to be presented in the completion report)***

Provide information and comments as appropriate on the Project’s contribution to achieving the overall objective.

* 1. ***Communication and Visibility Activities***

Please inform about the communication and visibility activities (public announcements, media/newspaper articles that mention CEB and/or other partners) including links of any media events and articles.

* 1. ***Deviations from the Plan and difficulties encountered, if any, and mitigation measures***

Provide information on any major constraints/deviations from the plan, especially, but not limited to, problems that risk delaying the project. Explain the reasons for such deviations and propose corrective measures in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Proposed Action Plan to solve issues (if any):** | | | |
| **Constraint/ Deviation** | **Corrective Measure** | **Responsible** | **Completion Date** |
|  |  |  |  |

* 1. ***Conditions precedent before disbursement***

Please detail conditions yet to be fulfilled in line with Framework Loan Agreement requirements and inform on the progress in addressing the conditions.

* 1. ***Project Specific Undertakings***

Please outline progress in addressing the project specific undertakings as defined in the FLA and please note per the FLA, the Borrower shall comply with the undertakings provided before the Project’s end day, except where a specific deadline with respect to such compliance is provided for herein.

The Borrower shall ensure that:

1. the PIE and PIU shall inform the CEB as soon as possible about any revision in the Project’s costs which exceed 10% of the initially estimated Project’s costs as set forth in Appendix 5 table 1 of the FLA;
2. The Borrower through the PIE and PIU shall inform the CEB in case subsidies are needed to ensure the long-term viability of the investment, e.g. to cover operations and maintenance costs; the Borrower through the PIE shall ensure the availability of funds for such purposes;
3. The Borrower through the PIE and PIU shall ensure that further undertakings with regards to environmental and social safeguards as stipulated in Sub-clause 5.6 of the FLA are complied with;
4. The Borrower through the PIE and PIU shall ensure that all assets and plants under the Project are permanently insured, maintained and operated in accordance with international best practices;
5. The Borrower through the PIE and PIU shall ensure that all the land, real property rights and permits required for the implementation of the Project are timely available;
6. The Borrower through the PIE and PIU shall prepare and share with the CEB – preferably before starting construction and in any case no later than end-year 2023 – an exhaustive and integrated programme covering all phases of the Project, from concept design to entry of tenants, using an appropriate / professional planning tool;
7. The Borrower through the PIE and PIU shall confirm – before end-year 2023 – the financing plan for the Project, including how the funding gap, if any, will be covered. A formal estimate of the value of the plot of land, on which the Project is being developed, is to be provided at the same occasion;
8. The Borrower through the PIE and PIU shall share as soon as available and no later than year-end 2023 the approved terms of reference for the design services for the Project, which should include design supervision during the construction phase of the Project;
9. The Borrower through the PIE and PIU shall inform the CEB by time the first Tranche of the Loan is allocated as regards the legislation applicable regarding protection of animals used for scientific purposes, and any identified gaps with regards to the Directive 2010/63/EU on the protection of animals used for scientific purposes. The Borrower through the PIE and PIU shall also inform the CEB of any understeps taken regarding the transposition of the Directive 2010/63/EU on the protection of animals used for scientific purposes into Serbian legislation;
10. The Borrower through the PIE and PIU shall develop an overall waste management plan for the management of medical and hazardous waste (if any are expected to be generated) in the facilities in addition to non-medical and non-hazardous waste generated by the Project and shall share it with the CEB for information as soon as such plan becomes available and in any event before completion of the Project;
11. The Borrower through the PIE and PIU shall inform the CEB of the specific conditions set by the Secretariat for Environmental Protection following the Project’s concept design review process;
12. The Borrower through the PIE and PIU shall provide the CEB with a copy of the Energy Performance Certificate of one representative campus building at the minimum, once said Certificate has been issued ;
13. The Borrower through the PIE and PIU shall undertake the following concerning the Project’s alignment with the Paris Agreement:

* Include in the detailed (and final) design of the Project all measures identified in the concept design to effectively mitigate risks stemming from heatwaves and droughts (including cooling systems and water efficiency measures);
* Ensure that the maximum amount of primary energy consumed by the buildings to be developed as part of the Project for heating does not exceed the maximum limit of the "B" energy performance class, according to the different building types and the classification established in the "Regulation on the conditions, content and manner of issuing certificates on the energy properties of buildings (Official Gazette of the Republic of Serbia, no. 69/2012, 44/2018 - other laws and 111/2022)" (or the most up-to-date legislation regarding energy performance).
  1. ***Environmental and Social Safeguards***

Please outline progress in related to the following undertakings as outlined in sub-clause 5.6. of the FLA:

* *The expropriation process conducted for the purposes of the Project shall be undertaken in line with the Environmental and Social Safeguards Standard 2, as appended in Appendix 6 hereof;*
* *A specific Project-level grievance mechanism shall be put in place for the purposes of the Project. The Borrower, through the PIU, shall put in place a system allowing it to monitor complaints and any potential issue or accident during the construction phase of the Project, and shall report to the CEB on a Project-level the complaints filed thereunder; such reporting is to be included in the Project monitoring reports to be delivered under Clause 6.1 of the Agreement.*

*Such monitoring reports shall also include specific sections on:*

* *The expropriation activities conducted for the purposes of the Project, so as to keep the CEB informed of the progress of the expropriation process, including potential complaints*

*filed with respect to such activities; and*

* *environmental and social safeguards, where any environmental, social and / or occupational health and safety incidents that may occur and actions to manage them will be included. Any potential complaints that may be voiced in relation to the Project will also be included, as well as any actions undertaken by the Borrower related to stakeholder engagement for the Project.* 
  1. ***Project Specific Recommendations***

Please outline progress in related to addressing the following project recommendations

1. Set-up a thorough project risk management system, if needed with expert assistance to support the initial risk assessment and train MPI staff to manage risks throughout the project.
2. Envisage support from a specialist consultant in project scheduling during the preparation phase so as to prepare a detailed and integrated programme covering all phases and scope components.
3. Envisage support from a specialist consultant to cover Environmental, Social and Climate related aspects – from a safeguards perspective, as required by applicable legislation, as well as to possibly improve the project’s social and environmental sustainability and results, at least during the preparation / design phase. This should include green and socially responsible procurement considerations such as, inter alia, environmental requirements as selection criterion (selection based on the life-cycle costs of the equipment), environmental clauses as a "performance condition" in the contracts, etc.
4. Envisage support from a specialist consultant to survey the equipment market and confirm the equipment procurement strategy, with a particular focus on the justification for equipment that could be subject to direct negotiation.
5. Pay particular attention to price revision mechanisms when contracting works and services, so that project costs remain sustainable in the current inflationary context.
6. In terms of animal welfare: make efforts to avoid welfare risks to animals during their required transfer; promote and implement ethical practices in relation to any animal-based research, including testing, that may take place on the campus, and undertake any activities related to use of live animals for scientific purposes on the basis of the provisions of Directive 2010/63/EU.
7. Assess gender aspects during the detailed design stage and inform the CEB of the resulting gender considerations for the project, in the monitoring reports.
8. Consider the certification of the campus buildings by an international green construction certification scheme (such as LEED, BREEAM, EDGE or other).
9. Limit the maximum amount of primary energy consumed for heating of the campus buildings so that it does not exceed the maximum limit of the "A" energy performance class, according to the classification established in "Regulation on the conditions, content and manner of issuing certificates on the energy properties of buildings (Official Gazette of RS, no. 69/2012, 44/2018 - other laws and 111/2022)" (or the most up-to-date legislation regarding energy performance).
10. Assess several options for the energy mix of the campus, with different energy and electricity sources, including renewables such as photovoltaics.
11. Undertake strong stakeholder engagement during the detailed design stage to assess the social impacts of the project during the construction as well as the operational stages. The PIU shall take an oversight role in this process.









**APPENDIX 6:**

**ESSS 2 – Land acquisition, economic displacement and involuntary resettlement**

**INTRODUCTION**

1. Involuntary resettlement resulting from project-induced land acquisition and/or restrictions on land-use covers:

1.1 Physical displacement (relocation or loss of shelter); and

1.2 Economic displacement (loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood)

2. Resettlement is involuntary when affected persons do not have the right to refuse land acquisition, or restrictions on land use, that result in displacement. This concerns:

2.1 Lawful expropriation or restrictions on land use based on eminent domain;

2.2 Negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

3. Involuntary resettlement needs to be managed appropriately to avoid:

3.1 Lasting hardship and impoverishment for affected persons, damage to the environment, and adverse socio-economic impacts in host communities;

3.2 Adverse effects on project implementation, including budget overruns, litigation and reputational risk.

4. The objectives of ESSS 2 are to:

4.1 Avoid or, when unavoidable, minimise, involuntary resettlement by exploring alternative project options;

4.2 Mitigate adverse social and economic impacts from project induced land acquisition or restrictions on affected persons’ use of, and access to, assets and land;

4.3 Restore or, where possible, improve the livelihoods and standards of living of displaced persons to pre-displacement levels;

4.4 Improve living conditions among physically displaced persons through the provision of adequate housing.

**SCOPE AND APPLICATION**

5. ESSS 2 applies if the project’s due-diligence process indicates that the project would involve Involuntary Resettlement (including Involuntary Resettlement in the recent past or foreseeable future that is directly linked to the project).

6. This ESSS does not apply to resettlement resulting from voluntary land transactions (market transactions in which the seller is not obliged to sell and the buyer cannot resort to expropriation or to other compulsory procedures if negotiations fail) and where such a transaction affects only those with legal rights.

**REQUIREMENTS**

7. The borrower is required to pro-actively manage project-related land acquisition, economic displacement and involuntary resettlement and to ensure that the actions indicated in the following paragraphs are undertaken and documented.

**Avoiding/minimising involuntary resettlement**

8. Consider feasible alternative project options to avoid or at least minimise physical and/or economic displacement, while balancing environmental, social, and economic costs and benefits.

**Scope and Planning**

9. Determine the required scope of Involuntary Resettlement planning, through a survey of land and assets, a full census of persons to be displaced, and an evaluation of socio-economic conditions specifically related to Involuntary Resettlement risks and adverse impacts. This establishes baseline information on assets, productive resources and status of livelihoods. Include consideration of customary rights and collective or communal forms of land tenure. Take gender into account in conducting the above.

10. Ensure that the resettlement planning process and documentation is proportional to the extent and degree of the impacts. The degree of impacts is determined by: (a) the scope of physical and economic displacement; and (b) the vulnerability of the persons to be displaced by the project.

11. Review the host country’s legal framework applicable to project-related land acquisition, economic displacement and involuntary resettlement and analyse potential gaps with the ESSS 2 and propose an approach to address these gaps in the Resettlement Plan/Framework, or Livelihood Restoration Plan/Framework.

**Preparation of Resettlement Plan/Livelihood Restauration Plan**

12. When displacement is physical, prepare a Resettlement Plan that defines the displaced people’s entitlements, income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget and a time-bound implementation schedule. Involve affected persons in consultation on the resettlement plan and disclose the draft resettlement documentation in accordance with the information and consultation requirements in the ESSP.

13. The Resettlement Plan complements the broader analysis of social risks and adverse impacts in the environmental and social assessment and should provide appropriate guidance to address the specific issues associated with Involuntary Resettlement, including land acquisition, changes in land use rights, customary rights, physical and economic displacement, and potential design adjustments that may reduce the nature and/or extent of the resettlement.

14. When displacement is only economic, prepare a Livelihood Restoration Plan. Provide measures to be taken in case of disputes over compensation.

15. Where impacts on the entire displaced population are minor, or fewer than 50 households are displaced, the borrower/project promoter may, with the prior approval of the Bank, undertake the preparation of an abbreviated Resettlement Plan, covering specific elements which may be determined by the Bank. Impacts are considered “minor” if the affected persons are not physically displaced and less than 10 percent of their productive assets are lost.

**Preparation of Resettlement Planning Framework/Livelihood Restoration Framework**

16. Subject to the Bank’s agreement, and in the specific circumstances indicated in the subjacent bullets, the borrower/project promoter may undertake, as a preliminary approach to addressing project-related land acquisition, economic displacement and involuntary resettlement issues, undertake the preparation of a Resettlement Planning Framework or Livelihood Restoration Framework if:

16.1 the project is likely to involve Involuntary Resettlement but consists of a programme or series of activities the details of which are not yet identified at the time the project is approved by the CEB; or

16.2 the Bank determines that the environmental and social safeguard assessment of identified project activities involving Involuntary Resettlement may be conducted using a phased approach.

17. The Resettlement Planning Framework or Livelihood Restoration Framework should be prepared as early as possible in the project planning stage and should contain at least the following elements:

17.1 Review of the host country’s legal framework applicable to project-related land acquisition, economic displacement and involuntary resettlement and analysis of potential gaps with the ESSS;

17.2 Arrangements foreseen for the preparation of specific Resettlement Plans or Livelihood Restoration Plans where appropriate;

17.3 Budgetary provisions to cover the potential costs of project-related land acquisition, economic displacement and involuntary resettlement.

**Consultations**

18. Carry out meaningful consultations with persons who will be displaced by the project, host communities and relevant non-governmental organisations, and facilitate their informed participation in the consultations. Consult with all persons who will be displaced on their rights within the resettlement process, entitlements and resettlement options, within the resettlement process and their further participation in the process. Ensure their involvement in planning, implementation, monitoring and evaluation of the Resettlement Plan.

19. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and those without legal title to land, and facilitate their participation in consultations.

**Resettlement Assistance and Social Support**

20. Provide persons displaced by the project with the necessary assistance, including the following: (a) if there is relocation, security of tenure (with tenure rights that are as strong as the rights the displaced persons had to the land or assets from which they have been displaced) of relocation land (and assets, as applicable), proper housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities and extension of the project benefits to host communities to facilitate the resettlement process; (b) transitional support and development assistance, such as land development, credit facilities, training or employment opportunities; and (c) civic infrastructure and community services, as required.

21. Support the social and cultural institutions of persons displaced by the project and their host population to address resettlement. Where Involuntary Resettlement risks and impacts are highly complex and sensitive, consider implementation of a social preparation phase to build the capacity of vulnerable groups to address resettlement issues, consisting of consultation with affected persons and the host population before key compensation and resettlement decisions are made. The cost of social preparation should be included in the resettlement budget.

**Livelihood Restoration and Standards of Living**

22. Improve, or at least restore, the livelihoods of all persons displaced by the project through: (a) where possible, land-based resettlement strategies when affected livelihoods are land-based or where land is collectively owned; or cash compensation at the replacement value for land, including transitional costs, when the loss of land does not undermine livelihoods; (b) prompt replacement of assets with assets of equal or higher value; (c) prompt compensation at the full replacement cost for assets that cannot be restored; and (d) capacity building programmes to support improved use of livelihood resources and to enhance access to alternative sources of livelihood. Include transaction costs in determining compensation. Examine the opportunities for the provision of additional revenues and services through benefit-sharing, as the nature and objectives of the project allows.

23. Improve the standards of living for the poor and for other vulnerable groups displaced by the project, including women, children and persons with disabilities, to at least national minimum standards, including access to social protection systems. In rural areas provide these groups with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.

**Persons without Title or Legal Rights**

24. Ensure that persons displaced by the project who are without title to land or any recognisable legal rights to land, are eligible for, and receive, resettlement assistance and compensation for loss of non-land assets, in accordance with cut-off dates established in the resettlement plan. Include them in the resettlement consultation process. Do not include compensation for these persons for the illegally settled land. Conduct land survey and census as early as possible in project preparation to establish clear cut-off dates for eligibility and to prevent encroachment. If claims have been made by these displaced persons that are currently under administrative or legal review, develop procedures to address these situations.

**Negotiated Settlement**

25. Develop procedures in a transparent, consistent and equitable manner if land acquisition or changes in land use rights are acquired through negotiated settlement under the project, to ensure that those persons who enter into negotiated settlements maintain the same or improve income and livelihood status.

**Information Disclosure**

26. Disclose the draft Resettlement Plan, or Livelihood Restoration Plan including documentation of the consultation process, in the project area, in a timely manner in accordance with the information disclosure arrangements of the ESSP. The information should be in an accessible location, in a format and language(s) understandable to persons displaced by the project and the relevant stakeholders.

27. Disclose the final version of the Resettlement Plan, or Livelihood Restoration Plan to affected persons and other stakeholders in the same manner. Regularly disclose updated environmental and social safeguard information, along with information on any relevant material changes in the project.

**Implementation and monitoring**

28. Design and execute Involuntary Resettlement or Livelihood Restoration activities as part of the project. Include the full costs of resettlement in the presentation of the project’s costs and benefits. For a project with significant Involuntary Resettlement impacts, consider implementing the Involuntary Resettlement component of the project as a stand-alone project.

29. Provide compensation and other resettlement entitlements before any physical or economic displacement of the affected persons takes place under the project.

30. Closely supervise implementation of the Resettlement Plan or Livelihood Restoration plan throughout project implementation.

31. For projects subject to a Resettlement Plan, monitor and assess resettlement results and their impacts on the standards of living of displaced persons and whether the objectives of the Resettlement Plan have been achieved, by taking into account the baseline conditions and the results of resettlement monitoring.

32. Disclose monitoring reports in accordance with the Information Disclosure bullet above. Consider the use of suitably qualified and experienced third parties to support monitoring programmes.

**Handling of complaints from persons subject to involuntary resettlement**

33. Establish, as part of the Resettlement Plan/Framework, or Livelihood Restauration Plan/Framework a procedure which foresees the reporting and handling of concerns or complaints of persons who are subject to involuntary resettlement related to the project’s implementation.

34. Assign the responsibility for the application of the complaints handling procedure to an appropriately qualified staff member[[5]](#footnote-6)5 of the project management team

1. 1 <http://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en>. [↑](#footnote-ref-2)
2. 2 [In case of Sub-Tranches, a separate table shall indicate the Amount, Principal Repayment Period, Principal Repayment Date(s), Interest Rate, Interest Period, Interest Payment Dates for each Sub-Tranche.] [↑](#footnote-ref-3)
3. 3 [In case of Sub-Tranches, a separate table shall indicate the Amount, Principal Repayment Period, Principal Repayment Date(s), Interest Rate, Interest Period, Interest Payment Dates for each Sub-Tranche.] [↑](#footnote-ref-4)
4. 4 See CEB Strategic Framework and Council of Europe. (2008). Report of the High-Level Task Force on Social Cohesion in the 21st Century, page 14. [↑](#footnote-ref-5)
5. 5 Or a number of staff members proportionate to the scale of the Project and the associated risks [↑](#footnote-ref-6)