



Republika e Kosovës
Republika Kosovo - Republic of Kosovo
Kuvendi - Skupština - Assembly

Law No. 05/L -152

**ON RATIFICATION OF FINANCIAL COOPERATION AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF KOSOVO,
REPRESENTED BY THE MINISTRY OF FINANCE, AND THE
GOVERNMENT OF THE REPUBLIC OF AUSTRIA, REPRESENTED BY
THE FEDERAL MINISTRY OF FINANCE**

Assembly of the Republic of Kosovo,

Based on Articles 18 and 65 (1) of the Constitution of the Republic of Kosovo,

Approves:

**LAW ON RATIFICATION OF FINANCIAL COOPERATION
AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
KOSOVO, REPRESENTED BY THE MINISTRY OF FINANCE, AND THE
GOVERNMENT OF THE REPUBLIC OF AUSTRIA, REPRESENTED BY
THE FEDERAL MINISTRY OF FINANCE**

Article 1
Purpose of the Law

This Law aims to ratify the Agreement on Financial Cooperation between the Government of the Republic of Kosovo, represented by the Ministry of Finance, and the Government of the Republic of Austria, represented by the Federal Ministry of Finance.

Article 2
Ratification of the Agreement

It is ratified the Agreement on Financial Cooperation between the Government of the Republic of Kosovo, represented by the Ministry of Finance and the Government of the Republic of Austria, represented by the Federal Ministry of Finance.

Article 3
Documents attached

In the Annex of this Law there is attached Financial Cooperation Agreement between the Government of the Republic of Kosovo, represented by the Ministry of Finance, and the Government of the Republic of Austria, represented by the Federal Ministry of Finance.

Article 4
Entry into force

This Law shall enter into force fifteen (15) days after publication in the Official Gazette of the Republic of Kosovo.

Law No.05/L - 152
10 March 2017

President of the Assembly of the Republic of Kosovo

Kadri VESELI

AGREEMENT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF KOSOVO

REPRESENTED BY THE MINISTER OF FINANCE

AND

THE GOVERNMENT OF THE REPUBLIC OF AUSTRIA

REPRESENTED BY THE FEDERAL MINISTER OF FINANCE

ON

FINANCIAL CO-OPERATION

The Government of the Republic of Kosovo represented by the Minister of Finance and the Government of the Republic of Austria represented by the Federal Minister of Finance, hereunder called the "Contracting Parties",

Desiring to promote further the close and friendly relations existing between the two countries,

Desiring to develop, extend and deepen their existing financial co-operation,

have reached the following common understanding:

Article 1 - Objective

The objective of this Agreement is to provide a framework for the implementation of development projects and the financial co-operation between the Contracting Parties within their respective existing laws, regulations and policies as well as their international obligations.

Article 2 - Concessional Loans

For the purpose of promoting and expanding financial co-operation, the Austrian Federal Minister of Finance is prepared to support the granting of tied aid credits on concessional terms, refinanced by Oesterreichische Kontrollbank Aktiengesellschaft (OeKB), Vienna, under its export financing scheme for projects of mutual interest in the Republic of Kosovo.

An indicative financial framework amount of EUR 30,000,000 (Euro thirty million) including the unutilized portion of EUR 15,000,000 (Euro fifteen million) as of August 31st, 2016 of the Agreement expiring by end of 2016 is envisaged for the validity period of two years from the date of entry into force of this Agreement.

Article 3 - Conditions for Concessional Loans

Austrian concessional financing is principally offered as tied aid financing in the form of pre-mixed credits subject to a minimum concessionality requirement of at least 35 %.

The terms and conditions of the loans will be set in conformity with international obligations in particular the "Arrangement on Officially Supported Export Credits" under the auspices of the OECD.

Terms and conditions currently offered under the Austrian soft loan scheme are published under www.oekb.at and reflected as Annex 1 for purely informative purposes.

Article 4 - Eligibility of Projects

The eligibility of projects to be financed will be appraised taking into consideration the ex-ante guidance gained under the "Helsinki" tied aid disciplines, as well as applicable national allocation criteria.

An indicative list of eligible project sectors is attached as Annex 2.

Article 5 - Procurement

The following procurement types for projects to be financed under the Austrian soft loan scheme might be used in accordance to Kosovar legislation:

- a. Limited Bidding (limited to eligible companies under the Austrian soft loan scheme)
- b. Direct Contracting

Article 6 - Entities for the Loans

Loan agreements refinanced by OeKB are negotiated and concluded directly between commercial banks as lenders and the Ministry of Finance of the Republic of Kosovo as borrower.

Article 7 -Inclusion of Projects

The inclusion of projects into this Agreement will be agreed upon through exchange of letters between the Ministry of Finance of the Republic of Kosovo and the Federal Ministry of Finance of the Republic of Austria and effected after the coming into force of the supply and the financial contract.

Article 8 - Use of loans

Tied aid loans granted are to be utilized for the purchase of Austrian capital goods and services for development projects in the Republic of Kosovo, which may include up to 50% of capital goods and services originating outside Austria.

Article 9 - Guarantee

The Republic of Kosovo, represented by the Ministry of Finance, will irrevocably and unconditionally guarantee the fulfilment of all payments resulting from Austrian concessional loans.

Article 10 - Taxes

All payments by the borrower under concessional loans officially supported under the Austrian export financing system will be made free and clear of any form of taxation – if any – or any deduction whatsoever.

Article 11 - Review of Progress

The Contracting Parties will on an annual basis or whenever deemed necessary review progress under this Agreement.

Article 12 - Evaluation of the Use of Loans

In order to evaluate the use of the concessional loans granted under this Agreement and the sustainability of the corresponding projects, the Ministry of Finance of the Republic of Kosovo will facilitate the provision of all necessary documentation for evaluation, auditing and monitoring of the projects.

Article 13 – Settlement of Disputes

Any disputes between the Contracting Parties concerning the interpretation and/or implementation of this Agreement shall be settled amicably through diplomatic channels.

Article 14 - Entry into Force and Validity

The present Agreement will enter into force on the first day of the month following the month in which the Contracting Parties have notified each other of the fulfilment of all procedures necessary in their respective country. It may be amended and extended for similar periods

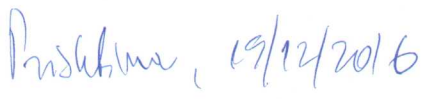
upon mutual consent of the Contracting Parties. It shall be automatically renewed thereafter for a further two years period unless denounced at any time in writing by either Contracting Party giving six months' notice.

Done in two originals, both in English language.

For the Government of the
Republic of Kosovo

represented by the
Minister of Finance



Avdullah Hoti


Venue/Date

For the Government of the
Republic of Austria

represented by the
Federal Minister of Finance


Hans Jörg Schelling


Venue/Date

ANNEX 1

The indicative terms and conditions as per January 15, 2016 include a repayment period of fifteen and a half (15,5) years, which includes a four (4) year grace period, an interest rate of zero (0) percent per annum as well as a reduction of guarantee charges and other financing costs.

These are subject to change due to the annual resetting of the discount rate under the auspices of the OECD, and may be further subject to change due to the OECD country risk classification.

ANNEX 2

Soft Loan eligible projects in most favourable sectors, inter alia

- Agricultural area (e.g. irrigation)
- Drinking- and waste water sector
- Healthcare
- Waste treatment sector
- Education and vocational training
- Field of infrastructure (e.g. rail way, bridges, signalisation)
- Civil protection (e.g. fire fighting, emergency warning)
- E-government solutions