



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

Law No. 05/L -154

**ON RATIFICATION OF FINANCIAL PROTOCOL BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF KOSOVO AND THE
GOVERNMENT OF THE REPUBLIC OF FRANCE, AND THE LOAN
AGREEMENT FOR THE IMPLEMENTATION OF FINANCIAL
PROTOCOL BETWEEN THE MINISTRY OF FINANCE OF THE
REPUBLIC OF KOSOVO AND NATIXIS**

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 PROTOCOL BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF KOSOVO AND THE
GOVERNMENT OF THE REPUBLIC OF FRANCE, AND THE LOAN
AGREEMENT FOR THE IMPLEMENTATION OF FINANCIAL
PROTOCOL BETWEEN THE MINISTRY OF FINANCE OF THE
REPUBLIC OF KOSOVO AND NATIXIS**

Article 1
Purpose

This Law aims to ratify the Financial Protocol between the Government of the Republic of Kosovo and the Republic of France, signed on July 5, 2016, Loan Agreement for the

implementation of the Financial Protocol, between the Ministry of Finance of the Republic of Kosovo and NATIXIS, signed on January 19, 2017.

Article 2
Ratification of the Agreement

1. Through this Law there are ratified:

1.1. Financial Protocol between the Government of the Republic of Kosovo and the Government of the Republic of France; and

1.2. Loan Agreement for implementation of the Financial Protocol signed on July 5, 2016 between the Government of the Republic of Kosovo and the Republic of France, between the Ministry of Finance of the Republic of Kosovo, which operates on behalf and for the account of the Government of the Republic of Kosovo and NATIXIS, acting on behalf and for the account of the Government of the Republic of France.

Article 3
Documents attached

1. The following documents are attached to the Appendix of this Law:

1.1. Financial Protocol between the Government of the Republic of Kosovo and the Government of the Republic of France;

1.2. Loan Agreement for implementation of the Financial Protocol signed on July 5, 2016 between the Government of the Republic of Kosovo and the Republic of France, between the Ministry of Finance of the Republic of Kosovo, which operates on behalf and for the account of the Government of the Republic of Kosovo and NATIXIS, acting on behalf and for the account of the Government of the Republic of France; and

1.3. The parties agreeing on the time associated with Article 7, first paragraph, of the Financial Protocol.

Article 4
Entry into force

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

Law No.05/L - 154
10 March 2017

President of the Assembly of the Republic of Kosovo

Kadri VESELI

LOAN AGREEMENT

**in implementation to the Financial Protocol signed on July 5, 2016
between the Government of the REPUBLIC OF KOSOVO
and the Government of the FRENCH REPUBLIC**

BETWEEN

**The MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO,
acting in name and on behalf of the Government of the REPUBLIC OF KOSOVO**

AND

**NATIXIS,
acting in name and on behalf of the Government of the FRENCH REPUBLIC**

A.H. P.H.

S U M M A R Y**PREAMBLE**

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- Article 2** - Opening of drawing rights on the Loan
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- Article 8** - Recovery of sums resulting from the implementation of guarantees issued in the frame of a Contract
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PREAMBLE

Whereas the Government of the **FRENCH REPUBLIC** and the Government of the **REPUBLIC OF KOSOVO** signed a financial protocol on July 5, 2016, hereinafter called the "Protocol", by which the French Government has provided the Kosovar Government with a French Treasury loan up to a maximum amount of **SIXTY SIX MILLION EUROS (EUR 66 000 000)**, hereafter called the "Loan", intended for the execution of the Pristina wastewater treatment project, hereafter called the "Project".

The French Treasury Loan is intended for the financing of :

- the purchase in **FRANCE** of French goods and services ;
- the purchase of goods and services from **KOSOVO** or from foreign countries, within the limit of 30 % of the financial facility, the execution of the contracts being under the responsibility of the French suppliers.

Whereas in article 4 of the Protocol, the signing of an Implementation Agreement between the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO**, acting in name and on behalf of the Government of the **REPUBLIC OF KOSOVO** and **NATIXIS**, acting in name and on behalf of the Government of the **FRENCH REPUBLIC**, has been provided for, in order to specify the modalities of utilisation and repayment of the Loan.

THE MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO,
represented by

AVDULLAH HOTI
Minister of Finance



on the one hand,

NATIXIS (Direction of Institutional Activities),

represented by

Philippe MICHAUD, Director of
Institutional Activities

on the other hand,

HAVE HEREBY AGREED AS FOLLOWS :



ARTICLE 1.- Amount and purpose of the Loan

The Loan, up to a maximum amount of **SIXTY SIX MILLION EUROS (EUR 66 000 000)** is intended for the financing :

- of the purchase in **FRANCE** of French goods and services;
- of the purchase of goods and services from **KOSOVO** or from foreign countries, within the limit of 30% of the financial support, the execution of the contracts being under the responsibility of the French suppliers.

In accordance with **KOSOVO's** legislation, the following procurement types may be applied:

- Limited Bidding (limited to eligible companies under this Loan Agreement)
- Direct Contracting

The transport shall be considered as a French service if it is made by a French shipping company or under an airway bill issued by a French air freight company, or under a consignment note issued by a French company, and is certified as being a French service by the appropriate French authorities.

The insurance shall be considered as a French service if it is signed with a French insurance company authorized to operate in France and governed by the French Code des Assurances or with the branch of a company of the European Union established in **FRANCE**.

However, the financing may be extended to goods and services originating from countries other than **FRANCE**, incorporated in the supplies of the French suppliers and under their responsibility within the limits and under the conditions fixed by the French Authorities.

The Loan will be placed at the disposal of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** by **NATIXIS** according to the modalities stated in articles 2, 3 and 4 hereunder.

ARTICLE 2.- Opening of drawing rights on the Loan

Each contract, relating to the implementation of the Project, signed between a French supplier and a Kosovar buyer and registered to the Protocol in accordance with article 6 of the Protocol, will be hereinafter called the "Contract".

The parties to the Contracts registered on the Protocol shall neither offer or give, nor seek, accept or get promised, directly or indirectly for themselves or for another party any undue pecuniary or other advantage from or to a third party and/or any other, which would or could be construed as an illegal or corrupt practice. The **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** declares that, to the best of its knowledge, the said Contracts have not been and will not be the matter of any practice described hereabove.

A copy of the Contract bearing the seal of the Head of Regional Economic Service competent for **KOSOVO** will be forwarded to **NATIXIS**; the Head of Regional Economic Service will have mentioned on the Contract the amount to be financed under the Protocol.

Once it has received this copy of the Contract and the authorization to pay the French supplier from the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** given through a letter of general instructions -in terms of the specimen letter annexed hereto-, **NATIXIS** will inform the French supplier of the ascription of the Contract under the Protocol. Moreover, **NATIXIS** shall require from the French supplier that it agrees to submit itself to the possible control of the application of the sums disbursed and of the compliance of the commitments taken, in particular of their conformity with the French rules of financing relating to the financial protocols.

After having received this agreement from the French supplier, NATIXIS will open for the Project drawing rights under the Loan up to the amount to be financed as mentioned by the Head of Regional Economic Service.

The transmission of the Contract and of the letter of general instructions, will constitute an attestation from the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** that the Contract is perfectly regular in respect of the practices and laws of **KOSOVO** and approval by the Kosovar Authorities of the financing of the Contract under the Protocol.

ARTICLE 3.- Conditions to be met prior to the drawings on the Loan

After the opening of drawing rights under the Loan, as defined in article 2 above, the disbursements on the Loan will be made for the account of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO**, as provided for in article 4 hereafter, when the following conditions have been fulfilled to the satisfaction of NATIXIS :

a) submission to NATIXIS of the powers of attorney of the representatives of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** duly authorized to sign this Loan Agreement;

b) for each Contract:

. submission to NATIXIS of the powers of attorney and specimens of signature of the representatives of the Kosovar buyer, when for payment the invoices are required to be approved by the representatives of the Kosovar buyer;

. submission to NATIXIS of a document attesting to the coming into force of the Contract, for the drawings made after the payment by NATIXIS of the first downpayment.

ARTICLE 4.- Drawings on the Loan

The first downpayment provided for in each Contract shall be between 10% and 20% of the amount of the Contract to be financed under the Protocol, after deduction of the amount of freight and insurance, and shall be paid by drawing under the Loan.

As far as the financing of freight and insurance is concerned, no payment can be made prior to the actual shipment.

Each drawing under the Loan shall be made available to the French supplier according to the payment conditions of the Contract and against presentation to NATIXIS by the French supplier of invoices approved by the Kosovar buyer and photocopies of the documents specified in the Contract.

Should NATIXIS consider that additional documents are required to enable it to check that a drawing application complies with the French regulations applicable to the Protocol, then NATIXIS shall request such documents from the French supplier.

NATIXIS shall pay the amounts due, within the limits provided for in article 2, by drawing on the Loan. The only responsibility of NATIXIS in examining the documents mentioned above shall be to ascertain that they appear on their face to be in accordance with the terms and payment conditions of the Contract and the terms of this Loan Agreement. The scope of such examination shall be in accordance with the Uniform Customs and Practice for Documentary Credits (latest version).

NATIXIS shall make the payments within fifteen working days of having received and found the documents acceptable.

NATIXIS will inform by e-mail or fax the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** of the amount and date of each drawing.

At the end of each calendar quarter, NATIXIS will send to the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** the statement of the drawings made under the Loan during the said calendar quarter. This statement shall specify the date and amount of each drawing.

The payments made by NATIXIS according to the modalities provided for in articles 2, 3 and 4 hereabove shall constitute the fulfilment by NATIXIS of the mandate given by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** in its letter of general instructions mentioned in article 2 and shall attest of the accomplishment of its obligation to place the Loan at the disposal of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO**.

ARTICLE 5.- Repayment of principal - Payment of interest on the Loan

The right to be repaid arises for NATIXIS from the payments made by it, regarding the Loan, for the account of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** in execution of this Loan Agreement. The Loan will be divided in successive portions, each corresponding to the drawings made by NATIXIS during a calendar quarter.

Each portion of the Loan, which has a duration of thirty (30) years, is repayable in twenty five (25) years, in fifty (50) equal and successive half-yearly instalments, the first one falling due sixty six (66) months after the last day of the calendar quarter during which drawings have been made. Each portion of the Loan bears interest at the rate of zero point zero thirty six per cent (0.036%) per annum, computed on the disbursed and not yet repaid amounts.

Interest accrues as from the date of each drawing and is calculated on the basis of a year of three hundred and sixty (360) days and a month of thirty (30) days. Interest is payable half yearly, in arrears, the first instalment falling due six (6) months after the last day of the calendar quarter during which drawings have been made.

At the end of each calendar quarter, for each portion of the Loan as defined above, NATIXIS will forward as soon as possible to the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** one (1) copy of the schedule of repayment of principal and corresponding interest. NATIXIS shall annex to this schedule the statement of the drawings made under the Loan mentioned in article 4.

This repayment schedule will constitute an unconditional and irrevocable commitment of payment by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO**, in favour of NATIXIS for all the instalments drawn up in the said schedule.

On each maturity date, the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** will credit the amount due, to the account n° 30007 99999 63565775000 89 of NATIXIS opened in its books, in PARIS.

The date of payment of a maturity of principal or interest is, when it falls due a non-working day in FRANCE, postponed to the working day which follows.

On encashment of the said amount, NATIXIS shall acknowledge receipt to the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** of the payment made.

ARTICLE 6.- Claims or defences originating from a Contract

All undertakings entered into by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** pursuant to this Loan Agreement and in particular the commitment to pay the instalments of principal and interest are independent of the commitments entered into between the Kosovar buyer and the French supplier pursuant to the terms of the Contracts.

Accordingly, no claims or defences which the Kosovar buyer might have against the French supplier arising out of the Contract may be set forth against NATIXIS and therefore interfere with the repayment of any sums due pursuant to this Loan Agreement.

ARTICLE 7.- Currency of accounting and payment - Place of payment

The amount of each Contract is expressed in Euros.

The Loan is granted and repaid in Euros.

Any payment of the sums due by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** to NATIXIS shall be made by crediting the account n° 30007 99999 635657775000 89 of NATIXIS opened in its books, in PARIS, with the following reference :

A.I./P.E.E. - Loan n° C39

ARTICLE 8.- Recovery of sums resulting from the implementation of guarantees issued in the frame of a Contract

In the event of guarantees (bank guarantees, bonds...) in favour of the Kosovar buyer are issued in the frame of a Contract, the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** shall inform the Kosovar buyer that the benefit resulting from the guarantees has to be assigned in favour of NATIXIS. Consequently, the text of these guarantees shall provide for a clause specifying that any sum resulting from a call into play of these guarantees will be paid in full and directly to NATIXIS.

In case the said guarantees are supported by counter-guarantees, the counter-guarantor shall attest that it will pay directly to NATIXIS the funds resulting from the call into play of the said guarantees.

The proceeds encashed by NATIXIS by right of these guarantees will be applied in accordance with article 13.

ARTICLE 9.- Taxes - Duties - Fees and other expenses

The Loan shall not be used to finance any direct or indirect taxes, custom duties, levies or administrative expenses in KOSOVO.

In order to dedicate the financial resources provided for in the Protocol to the development of the **REPUBLIC OF KOSOVO**, it has been agreed by both Governments that for the registered Contracts, the supply of goods and services, including technical assistance, by French companies in the framework of the Protocol, as well as importation, exportation, purchase, utilisation or disposal of goods and services contributing to the production of such supplies, shall not be subject to any tax, customs duties, social security taxes or any other levies in KOSOVO. Should such levies, whatever their object or nature, be collected according to the Kosovar rules with respect to the said operations, then the payment of these levies shall be the responsibility of the Kosovar buyer.

Any duties, taxes of any kind, stamp charges, present or future, in relation to this Loan Agreement legally due in FRANCE will be to the charge of NATIXIS.

Any duties, taxes of any kind, stamp charges, present or future, in relation to this Loan Agreement legally due in KOSOVO will be to the charge of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO**. Consequently, the amounts of principal and interest will be paid free and clear of any deductions or withholdings. However, should any event whatsoever prevent the payment of the due amounts, the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** should pay to NATIXIS at first request and promptly the exact difference.

All costs, duties and fees of any kind relating to this Loan Agreement and to any transactions entered into hereunder and in particular the costs and fees of legal advisers or lawyers and the costs resulting from investigations or procedures made necessary by the acts of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** or its failure to act will be to the charge of the latter.

ARTICLE 10. - Repayment in advance of the Loan

The **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** may repay in advance all or part of the Loan. The amount of the Loan so prepaid shall be applied in accordance with the provisions of article 13 hereafter.

ARTICLE 11.- Interest on overdue payments

Without prejudice to the provisions of article 12 hereafter, that is to say without this article 11 prejudicing the right to request repayment in advance or constituting a reason for delay in payment, any maturity of principal or interest not paid on due date by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** will automatically be subject to interest on overdue payments from its due date until the actual date of payment.

In accordance with article 3 of the Protocol, the interest on overdue payment shall be calculated at the Euro OverNight Index Average (EONIA) rate increased by four per cent (4%) per year. This rate cannot be inferior to five per cent (5%) per year. Interest on overdue payment shall itself bear interest at the rate mentioned above if it is due for a full year.

ARTICLE 12.- Interruption of the Loan - Acceleration of repayment of the Loan

No further drawing of the Loan might be required from NATIXIS and all sums regarding the Loan due by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** to NATIXIS will become immediately payable at the first request of NATIXIS in any of the following circumstances :

- Interruption, cancellation, partial or total termination of a Contract for any reason whatsoever; the interruption of the Loan and the repayment in advance of the Loan will apply only to the part of the Loan relating to the Contract interrupted, cancelled or terminated. However, in such a case, at the request of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO**, NATIXIS with the approval of the French authorities could maintain the Loan already paid;
- Default of payment by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** with regard to any of its undertakings of payment resulting from this Loan Agreement;
- Failure of performance by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** in any one of the conditions, stipulations or undertakings arising from this Loan Agreement;
- Any act or decision of the Government of the **REPUBLIC OF KOSOVO** that might prevent the performance of this Loan Agreement.

Any request for the repayment in advance of the Loan in the above mentioned cases will be made without any other formalities or legal decision, by sending a mere registered letter to the domicile of the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** as mentioned in article 15 hereafter.

In no event may any delay or omission by NATIXIS exercising its rights as mentioned above be considered by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** as a waiver of these rights, or as a consent to the default of payment by the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO**.

ARTICLE 13.- Application of the sums received by NATIXIS

Except for the repayment of principal and the payment of interest stated in articles 5 and 11, any sum received by NATIXIS under this Loan Agreement, especially pursuant to articles 8, 10 and 12, will be applied by NATIXIS as follows :

- in priority, to the payment of any arrears;

- then :

- . either by deduction of the drawings made under the Loan during the calendar quarter when NATIXIS receives the corresponding proceeds;
- . or, by deduction from the drawings made under the Loan during the preceding calendar quarters, the corresponding repayment schedule(s) being recalculated accordingly;
- . or, to the sums remaining due in respect of the Loan, beginning with the more remote instalments of principal, the instalments of the interest being recalculated accordingly.

ARTICLE 14.- Governing Law

The execution of this Loan Agreement is governed by French Law.

ARTICLE 15.- Election of domicile

For the purpose of performance of this Loan Agreement, the parties hereto elect domicile as follows :

- for NATIXIS :

Secrétariat général
 Direction des Activités Institutionnelles
 30, avenue Pierre Mendès-France
 75013 PARIS (France)
 (FRANCE)

E. Mail : d.a.i@natixis.com
 Telephone : (33-1) 58 19 26 42 / 26 82
 Telefax : (33-1) 58 19 26 70

- for the MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO :

Treasury of Kosova
 Mother Teresa Boulevard
 Main Government Building,
 10th Floor, Prishtina
 Republic of Kosovo, 10000

E. Mail : debtunit@rks-gov.net
 Telephone : +381 (38) 20034043
 Telefax : +381 (38) 212362

ARTICLE 16.- Interpretation - Matters not defined - Disputes

This Loan Agreement may be amended at any time by written consent of both parties, in accordance with their internal legal procedure. Any such amendment shall form part of this Loan Agreement.

Should any problems of interpretation or other matter not defined by this text arise during the execution of the present Loan Agreement, the MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO and NATIXIS would, in a spirit of mutual understanding and goodwill, try to find adequate solutions by means of an exchange of letters.

In case of any dispute, the concerned parties agree to negotiate to settle this matter on an amicable basis, with possible recourse to the consultation of their respective government.

If no solution appears, the dispute will be submitted to the respective governments which will decide on the suitable means to solve it.



ARTICLE 17.- Coming into force

The present Loan Agreement shall come into force after its signature by NATIXIS and the **MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVO** and on the date of the receipt of the written notification sent by the Kosovar party to the French party that it has fulfilled its internal legal procedure for the coming into force of the present Loan Agreement.

Signed on
19.01.2017
(in triplicate, in English).

**MINISTRY OF FINANCE OF THE
REPUBLIC OF KOSOVO**



NATIXIS



ANNEX**SPECIMEN LETTER OF GENERAL INSTRUCTIONS**

To NATIXIS

Dear Sir,

A contract for an amount of EUROS (EUR) was signed on between, French supplier, and, Kosovar buyer.

This contract relating to the project indicated in the Financial Protocol signed on July 5, 2016 bears the seal of the Head of the Regional Economic Service competent for KOSOVO.

At the request of the Kosovar buyer, we would request you to kindly proceed, on our behalf, to the direct payment to the French supplier, according to the payment conditions agreed upon by the French supplier and the Kosovar buyer and on presentation of invoices approved by the Kosovar buyer and photocopies of the documents mentioned in the said contract.

The payment out of the French Treasury Loan will be made within the limits and at the conditions set out in our Loan Agreement dated

MINISTRY OF FINANCE OF THE REPUBLIC OF KOSOVOA handwritten signature in black ink, appearing to be 'M. P.' followed by a horizontal line.