



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

Law No. 04/L-207

**ON RATIFICATION OF FRAMEWORK AGREEMENT BETWEEN
GOVERNMENT OF THE REPUBLIC OF KOSOVO AND EUROPEAN
INVESTMENT BANK WHICH GOVERNS THE ACTIVITIES OF THE
EUROPEAN INVESTMENT BANK IN KOSOVO**

Assembly of Republic of Kosovo,

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

Approves

**LAW ON RATIFICATION OF FRAMEWORK AGREEMENT
BETWEEN GOVERNMENT OF THE REPUBLIC OF KOSOVO AND
EUROPEAN INVESTMENT BANK WHICH GOVERNS THE
ACTIVITIES OF THE EUROPEAN INVESTMENT BANK IN
KOSOVO**

Article 1
Purpose

This law aims to ratify the agreement signed between the Government of the Republic of Kosovo and the European Investment Bank on the activities of the European Investment Bank in Kosovo.

Article 2
Ratification

The agreement signed between the Government of the Republic of Kosovo and the European Investment Bank that governs the activities of the European Investment Bank, signed on June 07, 2013 in Prishtina, is ratified.

Article 3
Attached Documents

In Annex 1 of this law is attached the Agreement signed between the Government of the Republic of Kosovo and the European Investment Bank that governs the activities of the European Investment Bank in Kosovo, signed on June 07, 2013 in Prishtina.

Article 4
Entry into force

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

Law No. 04/L-207
31 July 2013

President of the Assembly of the Republic of Kosovo

Jakup KRASNIQI



FRAMEWORK AGREEMENT

between

the Government of Kosovo*

and

the European Investment Bank

governing EIB activities in Kosovo

Pristina, 7 June 2013

* *This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.*

MADE BETWEEN:

The Government of Kosovo, having its seat in the New Government Building, Mother Theresa Street, 10000 Pristina, represented by Mr. Besim Beqaj, Minister of Finance,

hereinafter referred to as the "**Government of Kosovo**",

of the one part, and

European Investment Bank, having its Head Office at 100, boulevard Konrad Adenauer, L - 2950 Luxembourg - Kirchberg, Grand Duchy of Luxembourg, represented by Mr. Anton Rop, Vice-President,

hereinafter referred to as the "**Bank**",

of the other part,



HAVING REGARD TO the Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Union (the "**EU guarantee Decision**");

HAVING REGARD TO the decision of the Board of Governors of the Bank of 12 December 2011 on review of the external mandate for the period 2007-2013 and renewal of the European Union guarantee against losses under loans and guarantees for projects outside the Union;

RECALLING that, according to the above mentioned decisions, Kosovo is included and falls within the list of eligible regions in which the Bank is authorized to finance operations for investment projects;

NOTING that, pursuant to Article 10 (2) of the EU guarantee Decision, Kosovo is represented either by the United Nations Mission in Kosovo or by an administration designated in the regional technical operational guidelines for EIB financing under this Decision;

WHEREAS the regional technical operational guidelines, as set out by the European Commission and the Bank in consultation with the European External Action Service on 7 November 2012, state that such administration should be the Government of Kosovo;

BEARING IN MIND that the Bank's lending of investment funds for the benefit of projects in Kosovo has occurred until this date under the Framework Agreement entered into on 3 May 2005 between the United Nations Interim Administration in Kosovo (UNMIK), acting for and on behalf of the Provisional Institutions of Self-Government in Kosovo (PISG), and the Bank (the "**Framework Agreement 2005**");

RECOGNIZING that Government of Kosovo is bound by the Framework Agreement 2005 for the purposes of the transactions entered into under such Framework Agreement 2005 and further acknowledging that in view of Article 15 of the Framework Agreement 2005 the performance of obligations thereunder including, but not limited to, servicing for financial obligations is due by the PISG and its successors acting for and on behalf of Kosovo;

ACKNOWLEDGING that the development of Kosovo, and its economy in particular, is in process of evolution as well as the establishment and consolidation of its institutions; and that Kosovo's administration is working with a view to establish sustainable economic growth based on continued economic development in Kosovo that requires also funding from international finance institutions for the benefit of Kosovo's development;

DESIRING to facilitate, within the framework of the Decision and/or of the decisions of the governing bodies of the Bank, the financing by means of loans, guarantees and other instruments by the Bank for investment projects of interest to Kosovo and for that purpose to extend certain protection to such projects and to ensure certain rights and privileges for the Bank;

REAFFIRMING that the signature of the present Framework Agreement does not constitute a recognition of Kosovo as an independent state and it is without prejudice to Member States' position on the status of Kosovo which will be decided in accordance with their national practice and international law,

HAVE AGREED AS FOLLOWS:

ARTICLE 1

Definitions

For the purposes of this Framework Agreement (hereinafter "**Agreement**"):

"**Beneficiary**" (or collectively "**Beneficiaries**") means Kosovo itself, including any of its administrative authorities, any person, whether a natural person or a person established under private or public law, receiving the benefit of:

- (a) financing by means of a loan, guarantee, equity, quasi equity or any other financing instrument provided by the Bank for any Project, or
- (b) Technical Assistance,

including, but not limited to a borrower from the Bank, a co-debtor, a guarantor, a lender guaranteed by the Bank and its borrower or an owner of a Project;

"**Project**" (or collectively "**Projects**") means any investment project which, the Bank finances directly or through an intermediary by means of a loan, guarantee, equity, quasi equity or any other financing instrument provided by the Bank and/or which benefits from Technical Assistance from the Bank and which satisfies the following criteria:

- (i) it is located in, or its financing by the Bank is effected in or through, the territory of Kosovo, and
- (ii) the Government of Kosovo requests financing for it or acknowledges that the financing falls within the scope of this Agreement,

where the Bank agrees to the financing or the Technical Assistance on a date after the date of entry into force of this Agreement or expressly in expectation of its execution or entry into force;

"**Tax**" means any tax, imposition, duty, levy, withholding or fiscal charge whatsoever applied at any territorial level, being direct or indirect or imposed by or within Kosovo;

"**Technical Assistance**" means any technical assistance services provided directly by the Bank; or by third parties on the basis of an agreement with and under the supervision of the Bank.

For the purposes of this Agreement, "**Articles**" and "**Recitals**" shall be construed as a reference to respectively to articles and recitals of this Agreement (unless otherwise specified). Article headings are for ease of reference only and shall not affect the construction of this Agreement.

ARTICLE 2

Scope of the Agreement

The designation of Kosovo is without prejudice to the position of Member States and/or the European Union on Kosovo's status, and is in line with the UNSCR 1244 (1999) and the ICJ Opinion of 22 July 2010 on Kosovo declaration of independence. The Bank and the Government of Kosovo agree that that issue of status falls outside the scope of the Bank's functions and activities and pertains exclusively to the sovereign or supranational prerogatives of individual Member States and/or the European Union. This shall however not affect in any way the validity and enforceability of this Agreement under International Law.

ARTICLE 3

Bank's Activity

The Bank may freely pursue within the territory of Kosovo the activities envisaged by the Bank's Statute, as it may be amended from time to time, including, but not limited to, financing by means of a loan, guarantee, equity, quasi equity or any other financing instrument provided by the Bank for any Project, providing Technical Assistance, investing on money markets, buying and selling securities and carrying out any other financial operation linked to such activity, borrowing funds under any relevant laws and regulations by means of all instruments permitted thereby, as well as holding, using and disposing of such funds and the operation of accounts in any currency. In particular the Bank may provide Technical Assistance and/or, on the basis of its appraisal of a Project, freely decide whether, and on which terms and conditions, to grant finance in support of it.

ARTICLE 4

Taxation of Bank

Interest and all other payments due to the Bank and arising out of activities envisaged by this Agreement, including the provision of Technical Assistance, as well as the assets and revenues of the Bank connected with such activities, shall be exempt from Tax. No activity of the Bank in the territory of Kosovo in connection with any matter covered by this Agreement shall, of itself, render the Bank or its assets subject to Tax.

ARTICLE 5

Currency Convertibility and Transfer of Funds

Throughout the life of any financial operation concluded pursuant to Article 3 of this Agreement, the Government of Kosovo shall ensure that:

- (a) (i) Beneficiaries may convert into any fully convertible currency, at the prevailing market exchange rate, the amounts in the local currency necessary for the timely payment of all sums due to the Bank in respect of loans, guarantees, quasi-equity or any holdings in the capital of undertakings, Technical Assistance in connection with any Project or otherwise due to the Bank; and (ii) that such amounts shall be freely, immediately and effectively transferable outside or inside the territory of Kosovo, as the case may be, so as to enable the Beneficiaries to meet their obligations to the Bank in accordance with the terms of the relevant contractual or other instrument;
- (b) (i) the Bank may convert into any fully convertible currency, at such prevailing market exchange rate, the amounts in the local currency received by the Bank by way of payments arising in respect of its financing through loans, guarantees, quasi-equity or holdings in the capital of undertakings, Technical Assistance, or any other activity and that the Bank may freely, immediately and effectively transfer the amounts so converted outside the territory of Kosovo to such bank accounts as the Bank may freely determine; or, at the Bank's option, (ii) that it may freely dispose of such amounts within the territory of Kosovo;
- (c) the Bank may convert into the local currency at the prevailing market exchange rate, any amounts in any fully convertible currency.

ARTICLE 6

Treatment of Projects / Bank activities

Without prejudice to the terms of this Agreement, the Government of Kosovo shall:

- (a) ensure that Projects, as well as contracts awarded for the execution thereof, and other Bank activities, benefit, in respect of fiscal, customs and other matters, from treatment no less favourable than that which is accorded to projects or contracts or other activities financed and/or guaranteed or provided by any other international financial institution or accorded under any bilateral agreement in respect of such matters or under national legislation, whichever is the most favourable; and
- (b) extend to each Project full and constant protection and security against expropriation and shall preserve the capacity of the Project to generate income, which is available to service the obligations in relation to the financing incurred in connection with the Project.

ARTICLE 7

Public Tendering

The Bank may make its financing of Projects or provision of Technical Assistance conditional upon the arrangements for participation in tenders and other competitive procedures for the award of contracts being in accordance with the Bank's rules and procedures in force from time to time.

ARTICLE 8

Bank Status and Treatment

- (1) The Bank shall enjoy full legal personality in the territory of Kosovo, including in particular the capacity to contract, to acquire and dispose of movable and immovable property and to be party to legal proceedings.
- (2) The Bank shall enjoy in respect of its activities in the territory of Kosovo the treatment accorded to the international institution, which is most favoured in respect of any such activity, or, if that is more favourable, the treatment accorded under any international agreement covering such activities.

In particular, the Bank shall have free access to the financial market in Kosovo. Its obligations, securities and other comparable financial instruments shall be treated on terms, including, but not limited to, terms as to Tax treatment, at least as favourable as those accorded to public bodies in Kosovo, including the Government, and the most favoured international financial institution in such respect.

- (3) The debt securities issued by the Bank and denominated in the local currency shall be eligible for repurchase operations with any institution that enjoys the prerogatives of a central bank in Kosovo as if they were debt securities issued by the Government. Investors shall be permitted to buy such securities without restriction, and in particular shall not be limited as to the proportion of outstanding securities of an issue held by them.
- (4) When carrying out its activities under this Agreement, the Bank shall be exempt from any permit, licence or any other authorisation in whatever form which may be required for similar activities under any applicable rule of domestic law.
- (5) The Bank shall enjoy preferred creditor status in respect of the activities envisaged by the Bank's Statute including those mentioned in Article 3 of this Agreement.

ARTICLE 9

Privileges and Immunities of the Bank and its Representatives

- (1) The assets of the Bank shall be exempt from:
 - (a) search and all forms of expropriation; and
 - (b) the levy or imposition of any measure of execution or distraint prior to the award of a final, unappealable judgement against the Bank, rendered by a court of competent jurisdiction.
- (2) Representatives of the Bank, while they are engaged in activities connected with or in implementation of this Agreement, shall enjoy at least the following immunities and privileges:
 - (a) immunity from legal and administrative proceedings including, but not limited to, immunity from any form of arrest or detention in respect of acts performed by them in their official capacity, except in cases where the Bank waives such immunity;
 - (b) diplomatic privileges and facilities available in the territory of Kosovo for official communications, for the transmission of documents and travel.
- (3) The Government of Kosovo shall exempt representatives of the Bank, while they are engaged in activities connected with or in implementation of this Agreement, from immigration restrictions and alien registration formalities.
- (4) In respect of all matters not specifically contemplated above, representatives of the Bank shall enjoy the level of immunities and privileges which is no less favourable than that available to officials of the most favoured international institution in Kosovo.

ARTICLE 10

Settlement of Disputes over Activities of the Bank

- (1) The Government of Kosovo undertakes, in respect of any dispute arising between the Bank and a Beneficiary or any third party regarding the activities of the Bank envisaged by this Agreement: (i) to ensure that the courts in Kosovo have the authority to recognise a final decision delivered by due process by a court or tribunal of competent jurisdiction, including the Court of Justice of the European Union or any national court of a member state of the EU or any arbitration tribunal; and (ii) to ensure the execution of any such decision in accordance with its applicable national rules and procedures.
- (2) The Government of Kosovo hereby waives any immunity from or right to object to the jurisdiction of such competent court or tribunal, including the Court of Justice of the European Union, in respect of any dispute arising between Kosovo and the Bank in respect of the financing of a Project or Technical Assistance.

ARTICLE 11

Subrogation

The rights conferred on the Bank by this Agreement may be enjoyed and exercised by the Bank in its own name and, to the extent that the EU has made payment to the Bank in respect of any guarantee or insurance concerning any loan, equity, quasi-equity, guarantee or any other financing instrument or Technical Assistance concluded pursuant to this Agreement, by either (i) the Bank as representative of the EU, or (ii) as the case may be, the EU itself by virtue of a right of subrogation.

ARTICLE 12

Co-operation

- (1) The Government of Kosovo agrees to respond in writing within 30 days to requests made by the Bank for its acknowledgment that a Project financing or Technical Assistance proposal falls within the scope of this Agreement.
- (2) The Government of Kosovo undertakes to inform the Bank in a timely manner of any measure or proposed measure on its part, or of any other circumstance, such as may be reasonably expected to affect materially the rights and interests of the Bank under this Agreement.
- (3) The Government of Kosovo, acting through its Ministry of Finance, shall promptly deliver to the Bank its letter of approval in relation to each Project in Kosovo to be approved by the Bank.

ARTICLE 13

Settlement of Disputes

- (1) Any dispute, disagreement, controversy or claim arising in connection with the existence, validity, interpretation, implementation or termination of this Agreement (together referred to as a "**Dispute**") shall to the extent possible be settled by agreement between the Government of Kosovo and the Bank.
- (2) If the Dispute cannot be amicably settled by the Government of Kosovo and the Bank within 60 days of the notification of the Dispute by either of those parties, the Dispute shall be submitted by either party for a final and binding decision of the Court of Justice of the European Union.
- (3) The Government of Kosovo hereby waives any immunity from or right to object to the jurisdiction of the Court of Justice of the European Union in respect of any Dispute.

ARTICLE 14

Entry into force

This Agreement shall enter into force upon the day following the date on which the Bank confirms to the Government of Kosovo its receipt of a certified copy of the latter's instrument of ratification or other instrument mutually agreed between Kosovo and the Bank, as well as of a legal opinion acceptable to the Bank as to the legal force of this Agreement.

ARTICLE 15

Framework Agreement 2005 and Effectiveness

The Government of Kosovo unconditionally and irrevocably agrees that all obligations contracted by the Special Representative of the UN Secretary General on behalf of the Provisional Institutions of Self-Government in Kosovo in relation to all projects, operations and activities entered into by the Bank under the Framework Agreement 2005 shall continue in force and the Government of Kosovo unconditionally accepts and agrees to be bound by such obligations.

ARTICLE 16

Expiry

- (1) This Agreement is concluded for an unlimited period of time.
- (2) The Bank may by notice in writing to the Government of Kosovo terminate this Agreement or release the Government of Kosovo from all or any of its obligations under this Agreement. Unless otherwise stated, the giving of any such notice shall not affect the rights and interests acquired by the Bank in respect of Projects and financial or other operations outstanding including Technical Assistance at the date of the notice.
- (3) The Government of Kosovo may by a 6-month prior written notice to the Bank terminate this Agreement. The giving of any such notice shall not affect the rights and interests acquired by the Bank in respect of Projects and financial or other operations outstanding including Technical Assistance at the date of taking effect of such notice in the territory of Kosovo.

ARTICLE 17

Disclosure

The Government of Kosovo agrees that disclosure of this Agreement is authorised and will not violate any applicable regulation or ruling of any competent governing body.

ARTICLE 18

Address for Communications

The parties agree that any communication arising in the course of the operation of this Agreement may be addressed to their respective addresses set out as follows:

For the Government of Kosovo: New Government Building, Mother Theresa Street,
10000 Pristina
E-mail: zyraministrit@mfe-ks.org / Tel.: +3813820034101

For the Bank: 100, boulevard Konrad Adenauer,
L-2950 Luxembourg

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have signed the present Agreement in the English language, in four (4) originals, each page having been initialled by the undersigned or their representatives on behalf of the Government of Kosovo and on behalf of the Bank.

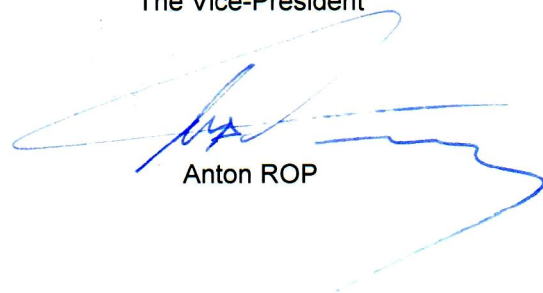
Pristina, 7 June 2013.

Signed for and on behalf of the
GOVERNMENT OF KOSOVO
The Minister of Finance



Besim BEQAJ

Signed for and on behalf of the
EUROPEAN INVESTMENT BANK
The Vice-President



Anton ROP