

**REFORM AND GROWTH FACILITY FOR THE
WESTERN BALKANS**

LOAN AGREEMENT

Between

THE EUROPEAN UNION

**Represented by the European Commission
as Lender**

AND

**KOSOVO¹
as Borrower**

and

**the Central Bank of Kosovo
as Agent to the Borrower**

2025

¹ 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.

This Loan Agreement is made by and between the **European Union**, represented by the European Commission,

as the Lender,

and

Kosovo, represented by the Ministry of Finance, Labour and Transfers,

as the Borrower,

and

the **Central Bank of Kosovo**, acting as an agent to the Borrower, represented by the Governor of the Central Bank of Kosovo,

herein jointly referred to as the "Parties" and each of them a "Party".

PREAMBLE

Whereas:

- (1) Regulation (EU) 2024/1449 of the European Parliament and of the Council (the '**Regulation (EU) 2024/1449**'), established the 'Reform and Growth Facility for the Western Balkans' (the '**Facility**')² to support the enlargement process by accelerating the alignment with the Union *acquis*, accelerate regional economic integration as well as socio-economic convergence with the EU.
- (2) Support under the Facility is to be provided following the approval by the Commission, in accordance with Article 15 of Regulation (EU) 2024/1449, of a Reform Agenda submitted by the Borrower (the '**Reform Agenda**'), setting out the reforms to be undertaken by the beneficiary as well as investment areas. The Reform Agenda should provide for an overarching framework to achieve the objectives of the Facility, on the basis inter alia of a facility agreement and of a loan agreement to be concluded between the Union and the Borrower.
- (3) In accordance with Articles 11, 12 and 13 of Regulation (EU) 2024/1449, the Borrower prepared and submitted the Reform Agenda on 9 October 2024 to the Commission. In accordance with Articles 14 and 15 of Regulation (EU)

² Regulation (EU) 2024/1449 of the European Parliament and of the Council of 14 May 2024 on establishing the Reform and Growth Facility for the Western Balkans, OJ L, 2024/1449, 24.5.2024, p. 1.

2024/1449, the Commission assessed the relevance, comprehensiveness and appropriateness of the Reform Agenda and approved it by means of an implementing decision on 23 October 2024³ (the '**Commission Implementing Decision**').

- (4) In accordance with Regulation (EU) 2024/1449, by virtue of the Commission Implementing Decision, the Commission approved a total maximum financial contribution of up to EUR 629,311,236.37 as loan support linked to the satisfactory fulfilment of payment conditions (qualitative and quantitative steps) as set out in the Reform Agenda as well as of pre-conditions and general conditions for disbursement set out in Article 5 and 12 of Regulation (EU) 2024/1449 respectively.
- (5) The loan support, which will be partially implemented through the Western Balkans Investment Framework ('**WBIF**'), is to be disbursed directly to the treasury of Kosovo. The Borrower shall transfer 34,75% of the loan support to the European Western Balkans Joint Fund (EWBJF) established under the WBIF for receiving donors' contributions in accordance with contribution arrangements to be concluded between the Borrower and European Bank for Reconstruction and Development and the European Investment Bank (the '**Fund Managers**') pursuant to the rules pertaining to the fund (the '**EWBJF General Conditions**').
- (6) In accordance with Article 9 of Regulation (EU) 2024/1449, the European Union concluded a facility agreement (the '**Facility Agreement**') with the Borrower laying down the principles of the financial cooperation between the European Union and the beneficiary and setting out detailed provisions concerning, among other things, the activities related to the management, control, supervision, monitoring, evaluation, reporting and audit of the funds under the Facility as well as the measures to effectively prevent, detect, investigate, correct and report irregularities, fraud, corruption, and any other illegal activity affecting financial interests of the Union and conflicts of interests, including the effective investigation and prosecution of offences affecting the financial interests of the Union, and to avoid double funding.
- (7) In accordance with Article 9(2) of Regulation (EU) 2024/1449, the Facility Agreement is to be complemented by a loan agreement setting out specific provisions for the management and implementation of funding provided to the Borrower in the form of loans under the Facility.
- (8) In accordance with Article 9(3) of Regulation (EU) 2024/1449, funding is to be granted to the Borrower only after the respective Facility Agreement and the applicable loan agreement have entered into force.
- (9) In accordance with Articles 12 and 21 of Regulation (EU) 2024/1449, the disbursement of the loan support is to be provided in instalments, based on the satisfactory fulfilment of payment conditions in the form of qualitative and

³ C(2024)7375, 23.10.2024.

quantitative steps set out in the Commission Implementing Decision and subject to the fulfilment of pre-conditions and general conditions set out in Article 5 and 12 of Regulation (EU) 2024/1449 respectively.

- (10) In accordance with Article 21(11) of Regulation (EU) 2024/1449, disbursements of the loan are subject to the available funding, and an instalment may be disbursed in one or more tranches.
- (11) In accordance with Article 20 of Regulation (EU) 2024/1449, the Western Balkans beneficiaries may request, following submission of their Reform Agenda, a pre-financing payment of up to 7% of the total amount foreseen under the Facility, subject to the fulfilment by the Western Balkans beneficiaries of pre-conditions and general conditions set out in Article 5 and 12 of Regulation (EU) 2024/1449 respectively. The pre-financing combines non-repayable financial support and loan support. The pre-financing corresponding to the loans is to be made available to the Treasury of Kosovo.
- (12) The Commission Implementing Decision establishes a total support in the form of loan support under the Facility amounting to a maximum of up to EUR 629,311,236.37 for the Borrower. In accordance with Article 20 of Regulation (EU) 2024/1449, the Borrower has requested a pre-financing amount of EUR 44,051,786.55 in the form of loan support.
- (13) Pursuant to Article 9(4) of Regulation (EU) 2024/1449, the loan agreement to be concluded between the Commission and the Borrower is to provide for obligations of the Borrower in relation to the cooperation for the protection of the financial interests of the Union as set out in Article 129 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union⁴ (the 'Financial Regulation').
- (14) Provisions of the Financial Regulation relating to the implementation of financial assistance by the Lender are to apply to the Loan under this Agreement, unless derogated from in Regulation (EU) 2024/1449.
- (15) The Commission's funding strategy ("**Diversified Funding Strategy**"), set out in Article 224 of the Financial Regulation and governed by the rules of Commission Implementing Decision (EU, Euratom) 2023/2825⁵, as amended or replaced as the case may be, applies to the funding of the financial assistance in the form of loans provided under the Facility.
- (16) The Commission will launch on behalf of the Union bond issues, notes, short-term bills or any other appropriate short and/or long-term financial transactions ("**Funding Instruments**") for the funding of the loan support requested by the Borrower.
- (17) In accordance with recital 50 and Article 17 of Regulation (EU) 2024/1449, the Commission should offer loans at highly concessional terms with a maximum duration of 40 years, with repayment of the principal not starting before 2034,

⁴ OJ L 239, 26.9.2024.

⁵ Commission Implementing Decision (EU, Euratom) 2023/2825 of 12 December 2023

in full compliance with the principles of sound financial management.

- (18) The terms of each disbursement of the loan support are determined in accordance with Regulation (EU) 2024/1449, the Commission Implementing Decision, the Reform Agenda, the Cost Allocation Methodology, the Facility Agreement and this Loan Agreement.
- (19) Appropriate measures related to the prevention of, and the fight against fraud, corruption and other irregularities affecting the Loan are to be provided for by the authorities of the Borrower.

Now, therefore, the Parties hereto have agreed as follows:

Article 1 DEFINITIONS

In this Loan Agreement (including its recitals) the following terms have the following meaning:

- (1) **"Availability Period"** means the period that runs up to the date defined in Article 2(6) of this Loan Agreement.
- (2) **"Allocated Percentage"** means a share equal to 34.75% of the loan support provided under this Loan Agreement, which the Borrower must transfer to the EWBJF.
- (3) **"Borrower"** means Kosovo.
- (4) **"Business Day"** means a day on which the TARGET2 payment system is open for business.
- (5) **"Commission"** means the European Commission.
- (6) **"Confirmation Notice"** means the Lender's written notice to the Borrower in the form of Annex 2 setting out the final terms of the Loan Instalment or, as the case may be, a tranche of the Loan Instalment.
- (7) **"Cost Allocation Methodology"** means the Commission Implementing Decision (EU, Euratom) 2024/1520 of 12 July 2024 establishing the framework for allocating costs related to borrowing and debt management operations under the diversified funding strategy⁶, as amended or replaced as the case may be.
- (8) **"Conflict of Interests"** in line with Article 61 of the Financial Regulation, means that the impartial and objective exercise of the functions of a person involved in the implementation of financial support under the Facility is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest. A conflict of interests includes situations that may objectively be perceived as a conflict of interests.

⁶ OJ L, 2024/1974, 18.7.2024.

- (9) **"Corruption"** means corruption as defined in Article 4(2) of Directive (EU) 2017/1371 or active corruption within the meaning of Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997, or conduct referred to in Article 2(1) of Council Framework Decision 2003/568/JHA, or corruption as defined in other applicable laws.
- (10) **"Cost of Carry"** is the cost of carry as defined in the Cost Allocation Methodology.
- (11) **"Cost of Funding"** is the cost of funding as defined in the Cost Allocation Methodology.
- (12) **"Cost of Liquidity Management"** is the cost of liquidity management as defined in the Cost Allocation Methodology.
- (13) **"Cost of Service"** is the cost of service for administrative overheads as defined in the Cost Allocation Methodology.
- (14) **"Commission Implementing Decision"** means Commission Implementing Decision of 23 October 2024 under Article 15 of Regulation (EU) 2024/1449 on the approval of the Reform Agenda submitted by the Borrower.
- (15) **"Contribution Arrangement"** means the written agreement concluded between the Borrower and the EWBIF Fund Managers which sets out the amount committed by the Borrower to the EWBIF, the currency of such contribution, the manner in which payments thereof will be made to the Fund Account and may contain such other administrative matters as may be required and are permitted by the General Conditions, and will be substantiated in the form attached in Annex A to the General Conditions, as applicable. The Contribution Arrangement also serves as adherence to the EWBIF General Conditions.
- (16) **"Disbursement"** means a disbursement of a Pre-Financing Loan Instalment, Loan Instalment or Tranche to the Borrower under this Loan Agreement.
- (17) **"Disbursement Date"** means, in relation to the Disbursement, the date of transfer of the Net Disbursement Amount to the account indicated in Article 8 of this Loan Agreement.
- (18) **"Due Date"** means any day on which a payment by the Borrower to the Lender is due under this Agreement, including any date indicated in the Confirmation Notice on which a payment of principal amount, Cost of Funding, Cost of Service, and Cost of Liquidity Management is to be made.
- (19) **"Diversified Funding Strategy"** means the Commission's funding strategy set out in Article 224 of the Financial Regulation and governed by the rules of Commission Implementing Decision 2023/2825.
- (20) **"Early Reimbursement"** means any voluntary early repayment, in total or in part, of the Loan Facility at the initiative of the Borrower.
- (21) **"Early Repayment"** means the early repayment of the Loan Facility requested by the Lender.

- (22) **"EBRD"** means the European Bank of Reconstruction and Development.
- (23) **"EIB"** means the European Investment Bank.
- (24) **"Event of Default"** means an event defined in Article 13(1) of this Loan Agreement.
- (25) **"ECB"** means the European Central Bank.
- (26) **"EU"** means the European Union.
- (27) **"External Indebtedness"** means all indebtedness of the Borrower (i) which is denominated or payable in a currency other than the lawful currency of the Borrower and (ii) which was not originally incurred or assumed under an agreement or instrument made with or issued to creditors substantially all of whom are residents of the Borrower or entities having their head office or principal place of business within the territory of the Borrower.
- (28) **"EWBJF"** means the European Western Balkans Joint Fund established under the Western Balkan Investment Framework for receiving donors' contributions, in accordance with the EWBJF General Conditions lastly approved by Commission Decision C(2023)4806 of 19 July 2023⁷ and as amended through non-substantial changes adopted on 20 August 2025 under flexibility provision of Article 2 of the Decision, to enable the beneficiary to channel the portion of loan referred to as "Allocated Percentage" through the EWBJF.
- (29) **"Facility"** means the Reform and Growth Facility for the Western Balkans established by Regulation (EU) 2024/1449.
- (30) **"Financial Regulation"** means Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union.
- (31) **"Fund Account"** means the bank account, opened and maintained by the EBRD, to which contributions to the Fund will be transferred by the Borrower and out of which the EBRD shall disburse resources of the Fund, as required, in accordance with the EWBJF General Conditions"
- (32) **"Funding Instrument"** means bond issues, notes, short-term bills or any other appropriate short and/or long-term financial transactions launched by the Commission on behalf of the Union under the Diversified Funding Strategy for the funding of the loan support requested by the Borrower.
- (33) **"Facility Agreement"** means the facility agreement concluded between the European Union, represented by the Commission, and the Borrower in accordance with Article 9 of Regulation (EU) 2024/1449.
- (34) **"Fraud"** means fraud within the meaning of Article 3 of Directive (EU) 2017/1371 of the European Parliament and of the Council and Article 1 of the Convention on the protection of the European Communities' financial interests,

⁷ Commission Decision C(2023)4806 amending Commission Decision C(2016)3610 final as regards the approval of the General Conditions of the European Western Balkans Joint Fund, 19.7.2023.

drawn up by the Council Act of 26 July 1995.

- (35) **"Fund Managers"** means, in the context of the EWBIF, the EBRD and the EIB.
- (36) **"EWBIF General conditions"** means the set of provisions governing the administration of the EWBIF, establishing roles and responsibilities, composition, methods of work and decision-making systems of the EWBIF, as initially approved on 7 November 2006, and subsequently amended on 2 October 2009, 16 June 2016, 6 September 2023 and 10 October 2025, and which may be further amended as necessary by its governing entities.
- (37) **"IMF"** means the International Monetary Fund.
- (38) **"IMF Arrangement"** means any agreement, programme, facility or other financial arrangement between the Borrower and the IMF.
- (39) **"Interest Payment Date"** means any date on which interest is payable under the Loan Agreement.
- (40) **"Interest Period"** means the interest period as defined in the Cost Allocation Methodology.
- (41) **"Legal Opinion"** means the legal opinion issued by the Ministry of Justice of the Borrower in the form set out in Annex 3.
- (42) **"Lender"** means the European Union.
- (43) **"Loan Agreement"** means this loan agreement.
- (44) **"Loan Instalment"** means the sums which have been the subject of a Request for Payment.
- (45) **"Loan Facility"** means the loan support that the Commission makes available to the Borrower under this Loan Agreement and in accordance with the Commission Implementing Decision.
- (46) **"Market Disruption Event"** means, at the time of a proposed issuance of Funding Instruments, the occurrence of events or circumstances affecting the national or international financial, political or economic conditions or international capital markets or currency exchange rates or exchange controls which in the reasonable view of the Lender - are likely to prejudice materially the ability of the Lender to achieve a successful issue, offering or distribution of Funding Instruments at a reasonable price.
- (47) **"Maturity Date"** means the scheduled date for full repayment of principal of the Loan Instalment or Tranche as defined in a Confirmation Notice.
- (48) **"Net Disbursement Amount"** means the proceeds of the Funding Instrument less the aggregate amount of clearing of the pre-financing according to Article 6 of this Loan Agreement in relation to any Disbursement, resulting in an amount to be disbursed to the Borrower.
- (49) **"Pre-financing Loan Instalment"** means the part of Loan Facility to be disbursed as pre-financing indicated in Article 6 of this Loan Agreement.

- (50) **"Reform Agenda"** means the Reform Agenda for the Borrower or amendment thereto assessed by the Commission and approved through the adoption of the Commission Implementing Decision.
- (51) **"Request for Payment"** means the Borrower's request for the payment of Loan Instalments in the form of Annex 1(a) or Annex 1(b).
- (52) **"TARGET2"** means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which uses a single shared platform, and which was launched on 19 November 2007.
- (53) **"Tax"** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).
- (54) **"Tranche"** means a part of the Pre-Financing Loan Instalment or of a Loan Instalment.
- (55) **"WBIF"** means the Western Balkans Investment Framework, a joint initiative of the EU, financial institutions, bilateral donors and beneficiaries, aimed at enhancing harmonisation and cooperation in investments for the socio-economic development of the region and contributing to the European perspective of the Western Balkans, as referred to in Article 12 of Regulation (EU) 2021/1529⁸.

Article 2 **SUBJECT OF THE AGREEMENT**

- (1) This Loan Agreement sets out the rights and obligations of the Parties and terms and conditions applicable to the loan support provided with a view to the satisfactory fulfilment by the Borrower of the payment conditions set out in the Reform Agenda approved by the Commission Implementing Decision and to the fulfilment of the pre-conditions and general conditions set out in Article 5 and 12 of Regulation (EU) 2024/1449 respectively.
- (2) Subject to the provisions of Regulation (EU) 2024/1449, the Commission Implementing Decision, the Cost Allocation Methodology, the Facility Agreement and this Loan Agreement, the Union makes available to the Borrower a Loan Facility in euro in the aggregate principal amount of maximum EUR 629,311,236.37.
- (3) The Loan Facility shall be made available in Loan Instalments. The Loan Instalments shall be disbursed in one or more Tranches, according to the choice of the Lender.
- (4) The Borrower shall use all amounts borrowed by it under the Loan Facility in conformity with its obligations under the Reform Agenda, the Facility

⁸ Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III) (OJ L 330, 20.9.2021, p. 1).

Agreement and this Loan Agreement.

- (5) The Central Bank of Kosovo shall act as the Borrower's financial agent and shall not be liable for any financial obligations of the Borrower under this Agreement.
- (6) The Loan shall be denominated solely in euro, which shall be the currency of account and payment. The Availability Period of the loan support shall be from 1 January 2024 until 31 December 2027.

Article 3 MATURITY

- (1) Each Disbursement shall have a maximum duration of 40 years from the date of the signature of this Loan Agreement.
- (2) The repayment of the principal amount of a Disbursement shall not start before 2034 and be spread evenly in equal repayments over the remaining maturity of the Disbursement.

Article 4 RESPONSIBILITY OF THE BORROWER

- (1) The Borrower shall be responsible for the fulfilment of payment conditions related to the qualitative and quantitative steps as set out in the Reform Agenda as approved in the Commission Implementing Decision and for the satisfactory fulfilment of the pre-conditions and general conditions set out in Article 5 and 12 of Regulation (EU) 2024/1449 respectively.
- (2) The satisfactory fulfilment of the payment conditions stemming from the Reform Agenda as approved in the Commission Implementing Decision shall presuppose that steps related to the same reforms for which the Borrower had achieved satisfactory fulfilment in prior decisions have not been reversed by the Borrower.

Article 5 OBLIGATIONS OF THE BORROWER WITH RESPECT TO THE IMPLEMENTATION OF A SHARE OF THE LOAN SUPPORT THROUGH THE WBIF

- (1) The Borrower shall transfer the Allocated Percentage to the EWBIF.
- (2) The obligation of the Borrower under this Article shall be formalised through Contribution Arrangements, in accordance with Article 19(2) of the Facility Agreement.
- (3) The Borrower shall conclude such Contribution Arrangements within three months from the adoption of the Commission release decision referred to in Article 8(1) of this Agreement.
- (4) The Borrower, in accordance with the Facility Agreement, shall provide the Commission with copies of such Contribution Arrangements, as well as of any subsequent changes thereto.

- (5) The Borrower shall provide the Commission with proofs of payment under each Contribution Arrangement.

Article 6 PRE-FINANCING

- (1) The Lender shall disburse an amount of EUR 44,051,786.55 of pre-financing in one or more Tranches.
- (2) The share of pre-financing related to the Allocated Percentage, to be made available to the EWBJF and amounting to EUR 15,307,995.82, shall be subject to the provisions of Article 5 of this Agreement.
- (3) The Borrower acknowledges and irrevocably agrees that:
- a) The disbursement of the Pre-Financing Loan Instalment shall be subject to availability of funds, and, for the share of Allocated Percentage related to the pre-financing referred to in paragraph 2 of this Article to the receipt of a signed copy of the Contribution Arrangement, covering the entire share of Allocated Percentage related to the pre-financing;
 - b) Cost of Funding, Cost of Liquidity Management and Cost of Service for the Pre-financing Loan Instalment shall be based on the Cost Allocation Methodology;
 - c) The Maturity Dates of the Pre-financing Loan Instalment shall be up to 40 years;
 - d) The Pre-financing Loan Instalment shall be disbursed in one or several Tranches;
 - e) It shall pay any fees, costs and expenses, including if applicable breakage costs and cost of carry;
 - f) It shall bear the costs of implementation and any fees due in respect of the implementation of the EWBJF in accordance with the EBWJF General Conditions.
- (4) The Lender shall issue to the Borrower a Confirmation Notice setting out the financial terms of the Pre-financing Loan Instalment or Tranche. The Borrower shall be deemed to have accepted in advance the terms of the Pre-financing Loan Instalment or Tranche set out in the Confirmation Notice.
- (5) For pre-financing paid in accordance with paragraph 1 of this Article, an amount corresponding to the percentage equal to the ratio of the remaining uncleared pre-financing over remaining amounts of the Loan Facility to be disbursed shall be deducted from each Disbursement to calculate the Net Disbursement Amount in order to clear the pre-financing until it has been fully cleared.
- (6) Upon request of the Borrower in its payment request, additional amounts may be deducted from each Disbursement in order to clear the pre-financing earlier.
- (7) Amounts of pre-financing that have not been cleared by 31 December 2027 or, if earlier, the date in which the last Disbursement is made, shall be immediately

due and payable. The Commission shall be entitled to offset such amounts against any claim that the Borrower has vis-à-vis the Lender.

- (8) Any pre-financing shall be declared immediately due and payable following the reduction of loan support or request for Early Repayment in cases referred to in Article 21 (5) and Article 21 (7) of Regulation (EU) 2024/1449. Article 13(3) of this Loan Agreement shall apply.

Article 7 REQUEST FOR PAYMENTS AND VERIFICATION OF CONDITIONS

- (1) Together with each request for release of funds under the Facility Agreement, the Borrower shall submit two Requests for Payment, using the form set out in Annex 1(a) and Annex 1(b) of this Loan Agreement, and namely:
 - a. a Request for Payment for a Loan Instalment covering the share of the loan corresponding to the Allocated Percentage indicated in the request for release of funds (Annex 1(a)); and
 - b. a Request for Payment for a Loan Instalment covering the remaining share the loan indicated in the same request for release of funds (Annex 1 (b)).
- (2) The Borrower shall provide adequate documentation to justify the Requests for Payment submitted under this Loan Agreement, for each single step, according to the sources of verification stipulated in Annex I to the Reform Agenda, and in accordance with the Facility Agreement.
- (3) The Borrower shall on a best effort basis seek to abide by the indicative payment request schedule set out in the Commission Implementing Decision. The final Request for Payment shall be submitted by 30 September 2027.
- (4) The assessment under Article 21(2) of the Regulation (EU) 2024/1449 shall be carried out by the Lender on the basis of the information provided by the Borrower in accordance with paragraph 3. The Lender may ask for supplementary information and/or carry out checks and on-the-spot controls to verify the completion of qualitative and quantitative steps, including on the non-reversibility of the previously satisfactorily fulfilled qualitative and quantitative steps.

Article 8 DRAWDOWN, CONDITIONS PRECEDENT AND DISBURSEMENT

- (1) Without prejudice to Article 6 of this Loan Agreement, any disbursement of a Loan Instalment shall be conditional upon the Commission having adopted a release decision according to Article 21(3) of Regulation (EU) 2024/1449 and shall be limited to the amount established in that decision.
- (2) No disbursement shall be made before:
 - (a) the Facility Agreement has entered into force, and;

(b) the Lender has received the official notification in the form of the Legal Opinion by the Borrower that all constitutional and legal requirements for the provisions concerning loans to take effect and the valid and irrevocable commitment of the Borrower to all obligations under this Loan Agreement have been fulfilled, and;

(c) the Lender has received a Request for Payment.

The Borrower is irrevocably bound by the terms of the Request for Payment.

Point c) of this paragraph shall not be applicable for the Pre-financing Loan Instalment.

(3) A Request for Payment shall not be regarded as having been duly completed unless it specifies the information set out in Annex 1.

(4) Following submission of a Request for Payment by the Borrower, the Lender's obligation to pay the Net Disbursement Amount in respect of a Loan Instalment to the Borrower under this Loan Agreement shall be subject to:

- a. no event having occurred that would render incorrect any statement made in the Legal Opinion;
- b. the Lender having received from the Minister of Finance, Labour and Transfers of the Borrower an official document indicating the persons authorised to sign the Request for Payment (and thus validly commit the Borrower) and containing the specimen signatures of these persons;
- c. availability of funding;
- d. no Market Disruption Event having occurred;
- e. no material adverse change having occurred since the date of signature of this Loan Agreement such as would, in the opinion of the Lender, after consultation with the Borrower, be likely to prejudice materially the ability of the Borrower to fulfil its payment obligations under this Agreement, i.e. to service any of the Loan Instalments to be funded and to repay them;
- f. no Event of Default having occurred which has not been cured to the satisfaction of the Lender;
- g. when the Request for Payment covers the Allocated Percentage, the Lender having received from the Borrower a copy of a signed Contribution Arrangement, covering the same amount released under the Commission Implementing Decision, after clearing of pre-financing in accordance with Article 6(5) of the Loan Agreement.

(5) A Loan Instalment may be disbursed in one or more Tranches.

(6) In accordance with Regulation (EU) 2024/1449 and the Commission Implementing Decision, the Lender shall launch any appropriate Funding

Instruments for the funding of the amount of a Loan Instalment under the Diversified Funding Strategy.

- (7) The Lender shall issue to the Borrower a Confirmation Notice setting out the financial terms of the Disbursement. The Borrower shall be deemed to have accepted in advance the terms of the Loan Instalment or Tranche set out in the Confirmation Notice. For the avoidance of doubt, the Lender is under no obligation to consider favourably any request from the Borrower at any time to modify any of the financial terms of a Loan Instalment or Tranche.
- (8) The Commission shall instruct the ECB to transfer the Net Disbursement Amount of a Loan Instalment or Tranche on the Disbursement Date to the following euro account of the Borrower with Deutsche Bank, BIC: DEUTDEFFXXX, IBAN DE31500700100935885400, account owner: Central Bank of the Republic of Kosovo BIC CBRKXXKPRXXX, for beneficiary Treasury of Kosovo, Ministry of Finance, Labour and Transfers, account number XK051000400070000180.

A payment to this bank account shall discharge the Lender from its payment obligation under this Loan Agreement with regard to the respective Disbursement.

- (9) The Borrower's right to receive Loan Instalments or Tranches under this Loan Agreement expires at the end of the Availability Period, following which any undisbursed amount of the Loan Facility shall be considered as immediately cancelled, except for any tranches of the Loan Instalment for which the Commission has adopted a release decision prior to that date.

Article 9 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

(1) Representations

By signing this Agreement, the Borrower represents and warrants to the Lender that on the date of this Loan Agreement and on each Disbursement Date:

- (a) each Loan Instalment or any Tranche thereof shall constitute an unsecured, direct, unconditional, unsubordinated and general obligation of the Borrower and will rank at least *pari passu* with all other present and future unsecured and unsubordinated loans and obligations of the Borrower arising from its present or future External Indebtedness, provided however that the Borrower shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Loan Facility and vice versa; and
- (b) the Legal Opinion provided in accordance with Annex 3 is accurate and correct.

(2) Undertakings

The Borrower undertakes, until such time as all principal under this Loan Agreement has been fully reimbursed and all interest and additional amounts, if any, due under this Loan Agreement have been fully paid:

- (a) to utilise the Net Disbursement Amount of each Disbursement consistently with Regulation (EU) 2024/1449, in accordance with the Reform Agenda, the Facility Agreement, and any related conditions applicable at the time of issuing the Request for Payment;
- (b) to obtain and maintain in full force and effect all authorisations necessary for it to comply with its obligations under this Loan Agreement;
- (c) to comply in all respects with applicable laws which might affect its ability to perform this Loan Agreement;
- (d) to pay any fees, costs, overheads and expenses, including if applicable breakage costs and Cost of Liquidity Management, calculated according to the Cost Allocation Methodology;
- (e) in relation to External Indebtedness to recognise that the Lender shall have the identical legal capacity, immunities and privileges as accorded to international financial institutions;
- (f) to ensure that the checks and measures referred to under Article 15 of this Loan Agreement are in place;
- (g) with the exception of those encumbrances enumerated in subparagraphs (1) to (7) below:
 - (i) not to secure by mortgage, pledge or any other encumbrance upon its own assets or revenues any present or future External Indebtedness and any guarantee or indemnity given in respect thereof, unless the Loan Facility at the same time shares *pari passu* and *pro rata* in such security; and
 - (ii) not to grant to any other creditor or holder of its sovereign debt any priority over the Lender.

The grant of the following encumbrances shall not constitute a breach of this Article 9:

- (1) encumbrances upon any property incurred to secure financing for the purchase price or construction of such property and any renewal or extension of any such encumbrance which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing; and
- (2) encumbrances on commercial goods arising in the course of ordinary

commercial transactions (and expiring at the latest within one year thereafter) to finance the import or export of such goods into or from the country of the Borrower; and

- (3) encumbrances securing or providing for the payment of External Indebtedness incurred exclusively in order to provide financing for a specific investment project, provided that the properties to which any such encumbrances apply are properties which are the subject of such project financing, or which are revenues or claims which arise from the project; and
- (4) any other encumbrances in existence on the date of the signing of this Loan Agreement, provided that such encumbrances remain confined to the properties presently affected thereby and properties which become affected by such encumbrances under contracts in effect on the date of the signing of this Loan Agreement (including, for the avoidance of doubt, the crystallization of any floating charge which had been entered into at the date of this Loan Agreement), and provided further that such encumbrances secure or provide for the payment of only those obligations so secured or provided for on the date hereof or any refinancing of such obligations; and
- (5) all other statutory encumbrances and privileges which operate solely by virtue of law and which cannot be reasonably avoided by the Borrower; and
- (6) any encumbrance securing the Borrower's obligations with any central securities depository such as *Euroclear* given in the normal course of the business; and
- (7) any encumbrance securing an indebtedness of less than EUR 3 million, provided that the maximum aggregate amount of indebtedness secured by such encumbrances does not exceed EUR 50 million.

As used in this Article 9, "financing for a specific investment project" means any financing of the acquisition, construction, or development of any properties in connection with a project if the providing entity for such financing expressly agrees to look to the properties financed and the revenues to be generated by the operation of, or loss or damage to, such properties as the principal source of repayment for the moneys advanced.

Article 10 COSTS AND EXPENSES

- (1) In respect of each outstanding Loan Instalment, the Borrower shall transfer to the account referred to in Article 12(3) of this Loan Agreement in respect of each Loan Instalment or Tranche

- (a) on each Due Date the amount of Cost of Funding;
 - (b) on each Due Date the amount of Cost of Service;
 - (c) on each Due Date the amount of Cost of Liquidity Management.
- (2) The Interest Period and Due Dates shall be, for each Loan Instalment or Tranche, set in the Confirmation Notice for that Loan Instalment or Tranche and be communicated to the Borrower.

The Lender shall communicate to the Borrower the amount of Cost of Funding, Cost of Service, and Cost of Liquidity Management as soon as possible before the Due Date.

- (3) The costs incurred by the Lender under this Loan Agreement and imputable to the Borrower will be calculated based on a pricing formula composed of Cost of Funding, Cost of Service, and Cost of Liquidity Management which are to be calculated and invoiced based on the applicable Cost Allocation Methodology.
- (4) Without prejudice to the terms of Article 13 of this Loan Agreement, if the Borrower fails to pay any sum payable under this Loan Agreement on its Due Date, the Borrower shall pay in addition default interest on such sum (or, as the case may be, the amount thereof for the time being due and unpaid) to the Lender from the Due Date to the date of actual payment in full, calculated by reference to successive interest periods (each of such length as the Lender may from time to time select, the first period beginning on the relevant Due Date and, wherever possible, the length of such period shall be that of one week) on such overdue sum at the higher of:
- (a) a rate per annum being the aggregate of:
 - (i) 350 basis points, and
 - (ii) the rate applied by the European Central Bank to its principal refinancing operations, or
 - (b) 200 basis points over the Cost of Funding which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan Instalment, or
 - (c) 0 basis points.

So long as the failure to pay continues, such rate shall be re-fixed in accordance with the provisions of this paragraph (4) of this Article 10 on the last day of each such interest period and unpaid interest under this Article 10 concerning previous interest periods shall be added to the amount of interest due at the end of each such interest period. The default interest is immediately due and payable.

- (5) The Borrower undertakes to pay to the Lender all additional interest and all costs and expenses, including legal fees, incurred and payable by the Lender as a result of a breach of any obligation under this Loan Agreement by the Borrower. For the avoidance of doubt a payment by the Borrower on any date different from the Due Date will be construed as in breach of repayment obligations under this Loan Agreement.

Article 11 REPAYMENT, SUSPENSION AND CANCELLATION

- (1) The Borrower shall repay the principal amount of each Disbursement on the Due Date(s) and under the conditions notified to it by the Lender in the relevant Confirmation Notice.

The Borrower shall transfer the amount of principal due to the account referred to in Article 12(3) of this Loan Agreement on the Due Date.

Any amount of principal which is transferred for the purpose of a repayment to the account referred to in Article 12(3) of this Loan Agreement by the Borrower cannot be re-borrowed by the Borrower under the Loan Facility.

- (2) The Lender may suspend or cancel the undrawn Loan Instalment or Tranches if:
- (a) the Borrower declares its intention not to draw any more under the Loan Facility; or
 - (b) the financing needs of the Borrower decrease fundamentally compared to the initial projections; or
 - (c) the Borrower does not comply with the terms of the Reform Agenda, the Facility Agreement, a Contribution Arrangement and/or the Loan Agreement;
 - (d) the Commission release decision referred to in Article 8(1) of this Loan Agreement for undrawn loan instalment is not adopted within the Availability Period
 - (e) the Facility Agreement is suspended or terminated.

Article 12 PAYMENTS

- (1) All payments to be made by the Borrower shall be paid without set-off or counterclaim, free and clear of, and without deduction for and on account of, any Taxes, commissions and any other charges for the entire term of this Loan Agreement.

- (2) The Borrower declares that all payments and transfers under this Loan Agreement, as well as the Loan Agreement itself, are not subject to any Tax or any other levy, import or duty in the country of the Borrower and shall not be so subject for the entire term of this Loan Agreement. If nevertheless the Borrower or the Central Bank of the Borrower is required by law to make any such deductions, the Borrower shall pay the requisite additional amounts so that the Lender receives in full the amounts specified by this Loan Agreement.
- (3) All payments by the Borrower shall be made on the Due Date before 11:00 a.m. Luxembourg time to the European Commission's account 4062990131 at the ECB, via TARGET2 participant SWIFT-BIC ECBFDEFFBAC, in favour of the final beneficiary EUCOLULLXXX or to such other account as the Lender may communicate by written notice prior to the relevant Due Date.

A payment made on the Due Date on such account shall discharge the Borrower from the relevant repayment obligation.

- (4) If the Borrower pays an amount in relation to any of the Loan Instalment or to any Tranche thereof which is less than the total amount due and payable under this Loan Agreement, the Borrower hereby waives any rights it may have to make any appropriation of the amount so paid as to the amounts due.

The amount so paid in respect of the Loan Instalment or of any Tranche thereof shall be applied in or towards satisfaction of payments due under such Loan Instalment or any Tranche thereof in the following sequence:

- (a) *first* against any fees, expenses and indemnities;
- (b) *second* against any interest for late payments as determined under Article 10(4) of this Loan Agreement;
- (c) *third* against interest; and
- (d) *fourth* against principal,

provided that these amounts are due or overdue for payment on that date.

- (5) Any calculation and determination by the Lender under this Agreement:
- (a) shall be made in a commercially reasonable manner; and
 - (b) shall, absent manifest error, be binding on the Lender and the Borrower.
- (6) Business Day Convention as communicated in the Confirmation Notice shall apply.

Article 13 EVENTS OF DEFAULT

- (1) The Lender may by written notice to the Borrower declare the outstanding principal amount of the Loan Facility to be immediately due and payable, together with accrued interest, and/or cancel any undrawn Loan Instalment or Tranche if:
- (a) the Borrower fails or shall fail to pay on the relevant Due Date any amount of principal or Costs of Funding or Costs of Service or Cost of Liquidity Management, or any other amounts due under this Loan Agreement on their due dates, whether in whole or in part, in the manner as agreed in this Loan Agreement, in respect of any Loan Instalment or Tranche; or
 - (b) the Borrower defaults or shall default in the performance of any obligation under this Loan Agreement other than that referred to in Article 13(1)(a) (including the obligation set out in Article 2(4) to use the Loan Facility in accordance with the terms of the Reform Agenda, the Facility Agreement and this Loan Agreement), and such default shall continue for a period of one month after written notice thereof shall have been given to the Borrower by the Lender; or
 - (c) the Lender sends the Borrower a declaration of default in circumstances where the Borrower's obligations under this Loan Agreement are declared by a court of competent jurisdiction not to be binding on or enforceable against the Borrower or are declared by a court of competent jurisdiction to be illegal; or
 - (d) the Lender sends the Borrower a declaration of default in circumstances where (i) it has been established that in relation to this Loan Agreement, or the Facility Agreement, the Borrower has engaged in any act of fraud or corruption, or any other illegal activity detrimental to the financial interests of the Lender or (ii) any representation or warranty made by the Borrower under this Loan Agreement or the Facility Agreement is inaccurate, untrue or misleading and which in the opinion of the Lender could have a negative impact on the capacity of the Borrower to fulfil its obligations under this Loan Agreement or on the rights of the Lender under it; or
 - (e) any loan agreement between the Borrower and the Lender or any EU institution or body, regardless of the amount, is subject of a declaration of default or there is a default on any payment obligation of any kind towards the Lender or any EU institution or body by the Borrower which gives rise to a declaration of default; or
 - (f) the Borrower does not comply with the Reform Agenda as approved by the Commission Implementing Decision, and/or the Facility Agreement, and/or a Contribution Arrangement, and/or if the Facility Agreement is terminated;

- (g) a selected investment project listed in a Contribution Arrangement is cancelled, or the Beneficiary fails to provide the proof of payment to the EWBIF;
 - (h) the Borrower fails or shall fail to pay any amount of guarantee call under any guarantee by which the Borrower guarantees to the Lender the fulfilment of payment obligations of another party towards the Lender; or
 - (i) External Indebtedness of the Borrower having an aggregate principal amount in excess of EUR 50 million is the subject of a declaration of default as defined in any instrument governing or evidencing such indebtedness and as a result of such a declaration of default there is an acceleration of such indebtedness or a *de facto* moratorium on payments; or
 - (j) the Borrower does not make timely repurchases from the IMF in relation to the IMF Arrangement and is subject of a declaration of default; or
 - (k) the Borrower does not pay a substantial portion of its External Indebtedness as it falls due or declares or imposes a moratorium on the payment of its External Indebtedness or of External Indebtedness assumed or guaranteed by it.
- (2) The Lender may, but is not obliged to, exercise its rights under this Article 13 and may also exercise them only in part without prejudice to the future exercise of such rights. No waiver is to be implied from any delay in exercise of any such rights.
- (3) The Borrower shall reimburse all costs, expenses and fees payable by the Lender as a consequence of an Early Repayment of any Loan Instalment or Tranche under this Article 13. In addition, the Borrower shall pay default interest, as provided for in Article 10(4) of this Loan Agreement, which shall accrue as from the date when the outstanding principal amount of the Loan Facility has been declared immediately due and payable, until the date of actual payment in full.

Article 14 INFORMATION UNDERTAKINGS

- (1) With effect from the entry into force of this Loan Agreement, the Borrower shall promptly supply to the Lender:
- (a) any information regarding its fiscal and economic condition, as the Lender may reasonably request;
 - (b) any information pertaining to any event which could reasonably be expected to cause an Event of Default to occur (and the steps, if any, being taken to remedy it) including any relevant information for the assessment of any acts or activity under Article 13(1)(d)(i) of this Loan

Agreement.

- (2) The Borrower undertakes to inform the Lender promptly if any event occurs that would render incorrect any statement made in the Legal Opinion as set out in Annex 3.
- (3) Upon request by the Commission when preparing the report under Article 25 of Regulation (EU) 2024/1449 the Borrower shall submit to the Lender reports on the use of the Loan Facility.
- (4) The Lender shall be entitled to withhold the release of any tranche of the Loan Instalment in case the Borrower has not submitted the Declaration of Assurance as per Annex B to the Facility Agreement with regard to the previous tranche of the Loan Instalment, and documents listed in Article 14(10) and 14(11) of the Facility Agreement.

Article 15 UNDERTAKINGS RELATING TO INSPECTIONS, FRAUD PREVENTION AND AUDITS

- (1) During the implementation of the Loan Facility, the Lender shall have the right to monitor the soundness of the Borrower's financial arrangements, the administrative procedures, and the internal and external control mechanisms which are relevant to the assistance.
- (2) In conformity with Article 129(1) of the Financial Regulation, the Lender, including the European Anti-Fraud Office (OLAF), the European Court of Auditors (ECA) and, where applicable, the European Public Prosecutor's Office (EPPO) shall have the rights and access required to exert their respective competences, including the right to send their own agents or duly authorised representatives to carry out any technical or financial controls, investigations including on-the-spot checks and inspections (including digital forensic operations and interviews) and audits (including document audits and on-the-spot audits) that they consider necessary in relation to the management of this Loan Facility in order to protect the Lender's financial interests.
- (3) The Borrower shall supply relevant information and documents which may be requested for the purpose of such assessments, investigations, controls or audits, and take all suitable measures to facilitate the work of persons instructed to carry them out, including granting the persons referred to in paragraph 2 of this Article access to sites and premises where the relevant information and documents are kept.
- (4) The Borrower shall regularly check that financing provided by the Lender has been properly used and shall ensure investigation and satisfactory treatment of any suspected and actual cases of fraud, corruption or any other illegal activity in relation to the management of the Loan, detrimental to the EU's financial interests. All such cases as well as measures related thereto taken by national competent authorities, including legal actions to recover any funds provided

under this Loan Agreement, shall be reported to the Lender without delay.

- (5) The Borrower shall regularly check that amounts borrowed under the Loan Facility are used in accordance with the Reform Agenda, the Facility Agreement, and this Loan Agreement, and shall ensure that appropriate measures to prevent irregularities and fraud are in place. In case of irregular or improper use of the amounts borrowed under the Loan Facility, the Borrower shall take legal actions to recover such amounts.

Article 16 NOTICES

- (1) All notices in relation to this Loan Agreement shall be validly given if in writing, including via email, and sent to the addressees listed in Annex 4 to this Loan Agreement. Each Party will update addressees and notify it to the other Party hereto upon the same being amended from time to time.
- (2) Notices become effective on the date of receipt of the e-mail or letter by which they are delivered.
- (3) All documents, information and materials to be furnished under this Loan Agreement shall be in the English language.
- (4) Each Party to this Loan Agreement will notify to the other, as appropriate, the list and specimen signatures of the persons authorised to act on its behalf under this Loan Agreement, promptly upon its signature of this Loan Agreement. Likewise, each Party will update such list and notify the other Party hereto upon the same being amended from time to time.

Article 17 MISCELLANEOUS

The Borrower shall not have any right to assign or transfer any of its rights or obligations under this Loan Agreement without the prior written consent of the Lender.

Article 18 LIABILITY FOR DAMAGES

The Lender shall not be held liable for any damage caused by the Borrower or any third parties involved in the implementation of the Reform Agenda, as a consequence of the implementation of this Loan Agreement.

Article 19 AMENDMENTS

- (1) Any amendment agreed by the Parties shall be in writing and shall form part of this Loan Agreement.
- (2) By exception to Article 19(1), changes to the account details included in Article

8(8) shall be notified in writing by the Borrower to the Lender at the addresses specified in Annex 4 and shall be used for a Disbursement upon written confirmation by the Lender.

Article 20 GOVERNING LAW AND JURISDICTION

- (1) This Loan Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with European Union law, supplemented where necessary by Luxembourgish law.
- (2) The Parties undertake to submit any dispute which may arise relating to the legality, validity, interpretation or performance of this Loan Agreement to the exclusive jurisdiction of the Court of Justice of the European Union in accordance with Article 272 of the Treaty on the Functioning of the European Union.
- (3) Judgements of the Court of Justice of the European Union shall be fully binding on and enforceable by the Parties.
- (4) The Lender may enforce any judgement obtained from the Court of Justice of the European Union, or other rights against the Borrower in the courts of the Borrower in accordance with the procedures of recognition and enforcement of foreign courts' decision as set forth by the Borrower legislation.
- (5) The Borrower hereby irrevocably and unconditionally waives all immunity to which it is or may become entitled, in respect of itself or its assets, from legal proceedings in relation to this Agreement, including, without limitation, immunity from suit, judgement or other order, from attachment, arrest or injunction prior to judgement, and from execution and enforcement against its assets, to the extent not prohibited by mandatory law.
- (6) The Lender acknowledges that the Borrower considers this Loan Agreement to be an "International Agreement" in the sense of Article 3 (1.5) of the Law No. 04/L-052 on International Agreements of Kosovo.

Article 21 PARTIAL INVALIDITY AND UNINTENTIONAL GAPS

- (1) If one or more of the provisions contained in this Loan Agreement should be or become fully or in part invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained in this Loan Agreement shall not in any way be affected or impaired thereby. Provisions that are fully or in part invalid, illegal or unenforceable shall be interpreted and thus implemented according to the spirit and purpose of this Loan Agreement. The provisions of this Article are without prejudice to Article 13(1)(c) of this Loan Agreement.

- (2) The Preamble and the Annexes to this Loan Agreement do and shall hereafter form an integral part of this Loan Agreement.

Article 22 ENTRY INTO FORCE

- (1) Following its signature by all Parties, and upon entry into force of the Facility Agreement, this Loan Agreement shall enter into force on the date on which the Lender has received the official notification in the form of the Legal Opinion drawn up in accordance with Annex 3 to this Loan Agreement by the Borrower that all constitutional and legal requirements for the entry into force of this Loan Agreement and the valid and irrevocable commitment of the Borrower to all obligations under this Loan Agreement have been fulfilled.
- (2) The entry into force shall not be later than 6 months after signature of the Loan Agreement. If the Loan Agreement has not entered into force by that date, the Parties to the Loan Agreement shall no longer be bound by it.
- (3) A signed or electronically signed copy of this Loan Agreement transmitted by secure email, or other secure means of electronic transmission, shall be deemed to have the same legal effect as the delivery of an original executed copy of this Loan Agreement for all purposes.

Article 23 EXECUTION OF THE AGREEMENT

This Loan Agreement shall be executed in the English language by each Party in as many originals as the number of Parties, each of which shall constitute an original instrument.

This Loan Agreement may be signed in any number of counterparts. Each counterpart shall be deemed an original.

This Loan Agreement may be signed with a qualified electronic signature within the meaning of Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC.⁹

Article 24 ANNEXES

The Annexes to this Loan Agreement shall constitute an integral part thereof:

⁹ OJ L 257, 28.8.2014, p. 73

1. Form of Request for Payment
2. Form of Confirmation Notice
3. Form of Legal Opinion
4. List of Contacts

FOR THE EUROPEAN UNION
as Lender

Done in Brussels on 14.11.2025

PIOTR SERAFIN

Commissioner for Budget, Anti-Fraud
and Public Administration

Signature:

P. Serafin

FOR KOSOVO
as Borrower

Done in Prishtine on 14/11/2025

Avni Zogiani

Deputy Minister of Finance, Labour and
Transfers of Kosovo

Signature:



FOR THE CENTRAL BANK OF KOSOVO
as Agent to the Borrower

Ahmet Ismaili
Governor

Signature:

Ahmet Ismaili

ANNEX 1 (a)

FORM OF REQUEST FOR PAYMENT

[on letterhead of the Borrower]

[date]

European Commission
Directorate-General for the Budget
Unit F-1: Borrowing and Lending operations
Attn.: Head of Unit
L-2920 Luxembourg

**Subject: European Union Reform and Growth Facility for the Western
Balkans
Request for Payment for Loan Instalment (Allocated Percentage)**

Dear Sir/Madam,

We refer to Regulation (EU) 2024/1449, notably Article 21 thereof, and the Loan Agreement (the "**Loan Agreement**") dated [date of signature by the Borrower] between the European Union, represented by the European Commission (the "**Lender**"), and Kosovo (the "**Borrower**"). Terms defined in the Loan Agreement shall have the same meaning herein.

We confirm that the relevant qualitative and quantitative steps set out in the Commission Implementing Decision have been satisfactorily fulfilled and we hereby request the disbursement of EUR [a maximum of the amount that the Borrower must further transfer to the EWBIF as set out in the Commission Implementing Decision]. We have provided the due justification of this payment request. We confirm that measures related to previously satisfactorily fulfilled qualitative and quantitative steps have not been reversed¹⁰.

We will provide a copy of the Contribution Arrangement covering the Loan Instalment and we shall transfer the Loan Instalment to the EWBIF upon receipt of a payment request from the Fund Managers.

¹⁰ For the first request for payment, please delete this sentence.

1. We hereby irrevocably request that Loan Instalments be disbursed under and in accordance with the Loan Agreement upon the following terms:
 - a. Total principal amount of the Loan Instalment: up to EUR [xxx = maximum of the loan amount that the Borrower must further transfer to the EWBIF as set out in the Commission Implementing Decision.
 - b. We request a Cost of Funding, Cost of Liquidity Management and Cost of Service for the Loan Instalment based on the Cost Allocation Methodology.
 - c. The Maturity Date of the Loan Instalment shall not exceed 40 years with amortised repayment of principal starting after a grace period of 10 years.
 - d. The Loan Instalment shall be disbursed in one instalment or several Tranches.
2. We acknowledge and agree that the Disbursement shall be in accordance with and subject to:
 - a. the Lender being satisfied at all times that the corresponding funds are available to it from counterparties in the international capital markets on terms and conditions that are acceptable to it;
 - b. the Lender having previously obtained through Funding Instruments the funds requested in this Request for Payment. We irrevocably undertake to pay any fees, costs and expenses, including if applicable breakage costs and Cost of Liquidity Management, calculated according to the Cost Allocation Methodology. We irrevocably undertake to bear the costs of implementation and any fees due in respect of the implementation of the EWBIF in accordance with its General Conditions;
 - c. the issue by the Lender, in due course, of a Confirmation Notice
 - d. the Lender having received from the Borrower a copy of a signed Contribution Arrangement, covering the same amount of this Request for Payment.
3. We confirm that:
 - The list of authorised signatories sent on behalf of the Borrower by the Minister of Finance, Labour and Transfers on [date] remains valid and applicable.

- No event has occurred that would render incorrect any statement made in the Legal Opinion issued on [date].
- No Event of Default has occurred.

[Authorised signature]

Copy to:

The Central Bank of Kosovo

ANNEX 1 (b)

FORM OF REQUEST FOR PAYMENT

[on letterhead of the Borrower]

[date]

European Commission
Directorate-General for the Budget
Unit F-1: Borrowing and Lending operations
Attn.: Head of Unit
L-2920 Luxembourg

**Subject: European Union Reform and Growth Facility for the Western
Balkans
Request for Payment for Loan Instalment**

Dear Sir/Madam,

We refer to Regulation (EU) 2024/1449, notably Article 21 thereof, and the Loan Agreement (the "**Loan Agreement**") dated [date of signature by the Borrower] between the European Union, represented by the European Commission (the "**Lender**"), and Kosovo (the "**Borrower**"). Terms defined in the Loan Agreement shall have the same meaning herein.

We confirm that the relevant qualitative and quantitative steps set out in the Commission Implementing Decision have been satisfactorily fulfilled and we hereby request the disbursement of EUR [a maximum of the amount that the Borrower must not further transfer to the EWBIF as set out in the Commission Implementing Decision]. We have provided the due justification of this payment request. We confirm that measures related to previously satisfactorily fulfilled qualitative and quantitative steps have not been reversed¹¹.

1. We hereby irrevocably request that Loan Instalments be disbursed under and in

¹¹ For the first request for payment, please delete this sentence.

accordance with the Loan Agreement upon the following terms:

- a. Total principal amount of the Loan Instalment: up to EUR [xxx = maximum of the loan amount that the Borrower must not further transfer to the EWBJF as set out in the Commission Implementing Decision].
 - b. We request a Cost of Funding, Cost of Liquidity Management and Cost of Service for the Loan Instalment based on the Cost Allocation Methodology.
 - c. The Maturity Date of the Loan Instalment shall not exceed 40 years with amortised repayment of principal starting after a grace period of 10 years.
 - d. The Loan Instalment shall be disbursed in one instalment or several Tranches.
2. We acknowledge and agree that the Disbursement shall be in accordance with and subject to:
- a. the Lender being satisfied at all times that the corresponding funds are available to it from counterparties in the international capital markets on terms and conditions that are acceptable to it;
 - b. the Lender having previously obtained through Funding Instruments the funds requested in this Request for Payment. We irrevocably undertake to pay any fees, costs and expenses, including if applicable breakage costs and Cost of Liquidity Management, calculated according to the Cost Allocation Methodology. We irrevocably undertake to bear the costs of implementation and any fees due in respect of the implementation of the EWBJF in accordance with its General Conditions;
 - c. the issue by the Lender, in due course, of a Confirmation Notice

3. We confirm that:

- The list of authorised signatories sent on behalf of the Borrower by the Minister of Finance, Labour and Transfers on [date] remains valid and applicable.
- No event has occurred that would render incorrect any statement made in the Legal Opinion issued on [date].
- No Event of Default has occurred.

[Authorised signature]

Copy to:

The Central Bank of Kosovo

ANNEX 2

FORM OF CONFIRMATION NOTICE



EUROPEAN COMMISSION DIRECTORATE GENERAL
BUDGET
Asset and risk management
Borrowing and lending

[Insert Borrower's contact details]

Subject: Disbursement of a Loan Instalment or Tranche of EUR [xxx] under Regulation (EU) 2024/1449

Dear Sir or Madam,

We refer to the Loan Agreement dated [insert date of signature by the Borrower] between the European Commission (the "Lender") acting on behalf of the European Union, and Kosovo (the "Borrower") of a maximum amount of EUR [xxx] ("the Loan Agreement"). Terms defined in the Loan Agreement shall have the same meaning herein.

In line with the Request for Payment dated [insert date], the terms of the Disbursement are as follows:

Principal amount	EUR [xxx]
Net disbursement amount	EUR [xxx]
Disbursement Date	[insert date]
Maturity Date	[insert date]
Interest payment dates	Annually on [insert date]
First interest payment date	[insert date]
Due Dates	[insert date]
Interest period	[insert date]

The applicable Day Count Convention is Actual/Actual (ICMA), following unadjusted unless otherwise specified.

According to Article 8(7) of the Loan Agreement, please find attached the payment schedule of the loan setting out the Due Dates and the amounts of repayment of principal.

EUROPEAN UNION
represented by
EUROPEAN COMMISSION

Annex: Loan payment schedule

Copy: Central Bank of Kosovo

ANNEX 3

FORM OF LEGAL OPINION

MINISTRY OF JUSTICE OF KOSOVO

(to be issued on official letterhead of the Ministry of Justice of Kosovo)

[place, date]

European Commission
Directorate General for the Enlargement and the Eastern Neighbourhood
Unit A-2: Strategic Programming and Performance
1040, Bruxelles

Re: **Loan Agreement between the European Union (as Lender) and Kosovo (as Borrower) and the Central Bank of Kosovo (as Agent to the Borrower) for a maximum amount of EUR [xxx]**

Dear Sir or Madam,

In my capacity as the Minister of Justice, I refer to the above referenced Loan Agreement dated [date of signature by the Borrower] and its Annexes which constitute an integral part thereof (hereinafter together referred to as the "**Loan Agreement**") between the European Union represented by the European Commission (hereinafter referred to as the "**Lender**") and Kosovo (hereinafter referred to as the "**Borrower**") and the Central Bank of Kosovo as Agent to the Borrower for a maximum amount of EUR [xxx].

I warrant that I am fully competent to issue this legal opinion in connection with the Loan Agreement on behalf of the Borrower.

I have examined originals or copies of the execution versions of the Loan Agreement. I have also examined the relevant provisions of national legislation and international law applicable to the Borrower and the Central Bank of Kosovo, the powers of signatories and such other documents as I have deemed necessary or appropriate. Furthermore, I have made such other investigations and reviewed such matters of law as I have considered relevant to the opinion expressed herein.

I have assumed (i) the genuineness of all signatures of the Lender and the conformity of all copies to originals, (ii) the capacity and power to enter into the Loan Agreement of, and their valid authorisation and signing by the Lender and (iii) the validity, binding effect and enforceability of the Loan Agreement on each Party under Union law and, solely where EU law is silent on a particular issue, Luxembourgish law.

Terms used and not defined in this opinion shall have the meaning set out in the Loan Agreement.

This opinion is limited to Kosovo law as it stands at the date of this opinion.

Subject to the foregoing, I am of the opinion that:

1. With respect to the laws, regulations and legally binding decisions currently in force in Kosovo, the Borrower is by the execution of the Loan Agreement by [*insert name, title*], validly and irrevocably committed to fulfil all of its obligations under it.
2. The Borrower's execution, delivery and performance of the Loan Agreement: (i) have been duly authorised by all necessary consents, actions, approvals and authorisations; and (ii) do not violate any applicable regulation or ruling of any competent authority or any international agreement or treaty binding on it.
3. Nothing in this Loan Agreement contravenes or limits the rights of the Borrower to make punctual and effective payment of any sum due for the principal, interest or other charges under the Loan Agreement.
4. The Loan Agreement is in proper legal form under Kosovo law for enforcement against the Borrower. The enforcement of the Loan Agreement would not be contrary to mandatory provisions of Kosovo legislation, to the Kosovo legal order, to international treaties or to generally accepted principles of international law binding on the Borrower.
5. It is not necessary in order to ensure the legality, validity or enforceability of the Loan Agreement that it is filed, recorded, or enrolled with any court or authority in Kosovo.
6. No taxes, duties, fees or other charges imposed by Kosovo or any taxing authority thereof or therein are payable in connection with the execution and delivery of the Loan Agreement and with any payment or transfer of principal, interest, commissions and other sums due under the Loan Agreement.
7. No exchange control authorisations are required and no fees or other commission are to be paid on the transfer of any sum due under the Loan Agreement.
8. The Governor of the Central Bank of Kosovo, Ahmet Ismaili, was duly authorised by [*insert basis of authorisation e.g. order of xx*] to sign the Loan Agreement under [*insert legal basis e.g. paragraph (x) of part [x] of Article [x] of the [e.g. Law on International Treaties]*] of Kosovo.

The signature of the Loan Agreement by Ahmet Ismaili, Governor of the Central Bank of Kosovo according to the [*insert basis of authorisation e.g. order of xx as mentioned in the previous paragraph*], legally and validly binds the Central Bank of Kosovo.

9. The choice of Union law and, solely where EU law is silent on a particular issue, Luxembourgish law as governing law for the Loan Agreement is a valid choice of law binding the Borrower and the Central Bank of Kosovo in accordance with Kosovo law.
10. In accordance with Article 20 of the Agreement, the Borrower has legally, effectively and irrevocably submitted to the exclusive jurisdiction of the Court of Justice of the European Union in connection with the Loan Agreement and any judgement of this court would be

conclusive and enforceable in Kosovo.

11. Neither the Borrower nor any of its property are immune on the grounds of sovereignty or otherwise from jurisdiction, attachment – whether before or after judgement or execution in respect of any action or proceeding relating to the Loan Agreement.
12. The Loan Agreement on execution comply with all domestic constitutional requirements for the Loan Agreement be operative as a matter of Kosovo law and to be binding on the Borrower and the Central Bank of Kosovo and have been made in accordance with Kosovo legislation.
13. The Loan Agreement has been validly ratified by adoption of *[insert reference to national law]*, which has entered into force on *[insert date]*, or following another applicable internal procedure pursuant to its legal order, consisting of *[insert the procedure provided by the national law]*.
14. In conclusion, the Loan Agreement has been duly executed on behalf of the Borrower and all the Borrower's obligations in relation to the Loan Agreement are valid, binding and enforceable in accordance with their terms and nothing further is required to give effect to the same.
15. Attached hereto are unofficial English translations of the relevant provisions of the applicable Kosovo legislation on the basis of which the above opinion is issued. Such legislation is in full force and effect at the date of this opinion.

Minister of Justice of Kosovo

ANNEX 4

LIST OF CONTACTS

For the Lender:

European Commission
Directorate-General for Enlargement and the Eastern Neighbourhood
Unit B-2 "Serbia, Kosovo"
Attn: Head of Unit
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European Commission
Directorate-General for the Budget –
Unit F-1 "Borrowing and Lending operations – Front Office"
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For the Borrower:

Ministry of Finance, Labour and Transfers of Kosovo
For the attention of:

Arber Halitaj
arber.halitaj@rks-gov.net

dbnf.mf@rks-gov.net

Nysret Koca
Nysret.Koca@rks-gov.net

With copy to:

Central Bank of Kosovo
For the attention of:
Governor or Deputy Governors

Ahmet Ismaili
Ahmet.ismaili@bqk-kos.org