

FRAMEWORK LOAN AGREEMENT

between

COUNCIL OF EUROPE DEVELOPMENT BANK

and

CZECH REPUBLIC

COVID-19 Public Sector Financing Facility




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COUNCIL OF EUROPE DEVELOPMENT BANK, international organisation with its headquarters at 55, Avenue Kléber, F-75116 Paris (France), represented by  CEB Vice-Governor for Target Group Countries (hereinafter, the **"CEB"** or the **"Bank"**), on the one hand,

and

CZECH REPUBLIC, acting through the Ministry of Finance, having its registered office at Letenská 15, 118 10, Praha (Czech Republic), represented by  the Deputy Prime Minister and the Minister of Finance (hereinafter, the **"Borrower"** and together with the CEB, the **"Parties"** and each a **"Party"**), on the other hand,

WHEREAS

- (A) Having regard to the loan application submitted by the Czech Republic on 7 April 2020, approved by the CEB's Administrative Council on 17 April 2020,
- (B) Having regard to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe dated 6 March 1959,
- (C) Having regard to the CEB's Loan Regulations, as adopted by the CEB's Administrative Council Resolution 1587 (2016) (hereinafter, the **"Loan Regulations"**),
- (D) Having regard to the CEB's Loan and Project Financing Policy, as adopted by the CEB's Administrative Council Resolution 1611 (2019) (hereinafter, the **"Loan Policy"**),
- (E) Having regard to the CEB's Environmental and Social Safeguards Policy, as adopted by the CEB's Administrative Council Resolution 1588 (2016) (hereinafter, the **"Environmental and Social Safeguards Policy"**),
- (F) Having regard to the CEB's Procurement Guidelines, as adopted by the CEB's Administrative Council in September 2011 (hereinafter, the **"Procurement Guidelines"**),

HEREBY AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

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

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

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

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

“Business Day” means:

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

In relation to payments in a Currency other than Euro, any day on which:

- (a) TARGET 2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is operating; and
- (b) banks are open for general business in the principal financial centre for the relevant Currency.

“Closing Date” means the date specified under Appendix 1 hereto from which no further disbursements may be requested by the Borrower.

“Completion Report” has the meaning specified under Sub-clause 6.1.

“Currency” means, for the purposes of the Agreement, Euro or Czech Crown.

“Czech Crown” and the sign **“CZK”** means the lawful currency of the Czech Republic.

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

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

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

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

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

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

“Early Reimbursement Confirmation” has the meaning specified under Sub-clause 4.7.

“Early Reimbursement Costs” has the meaning specified under Sub-clause 4.7.

“Early Reimbursement Date” has the meaning specified under Sub-clause 4.7.

“Early Reimbursement Notice” has the meaning specified under Sub-clause 4.7.

“Effective Date” means the date of entry into force of the Agreement resulting from Clause 17.

“EU” means the European Union.



“EURIBOR” means the percentage rate *per annum* quoted on the page EURIBOR01 of the Thomson Reuters screen (or on a successor page which replaces the Thomson Reuters’ page EURIBOR01) at or about 11 a.m. Brussels time on the Interest Determination Date as the Euro interbank offered rate administrated by the European Money Market Institute (or any other entity which takes over the administration of that rate) for the same period as the relevant Interest Period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

“PRIBOR” (Prague Interbank Offered Rate) means the percentage rate *per annum* quoted on Reuters’ page PRIBOR (or on a successor page which replaces Reuters’ page PRIBOR) at or about 11 a.m. Prague time on the Interest Determination Date as the rate of the Czech Financial Benchmark Facility s.r.o. (or any other entity which takes over the administration of that rate) for Czech Crown term deposits in the Czech interbank market for the same period as the relevant Interest Period.

If the relevant Interest Period is not the same as a period quoted by Reuters, the applicable PRIBOR shall be the percentage rate *per annum* resulting from a linear interpolation by reference to two (2) PRIBOR rates for Czech Crown term deposits, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant Interest Period.

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

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

“Progress Report” has the meaning specified under Sub-clause 6.1.

“Prohibited Practices” has the meaning specified under Sub-clause 5.7.

“Project” means the eligible investment scheme(s) set forth under Appendix 1 to be partially financed with the Loan approved by the CEB’s Administrative Council with ref. LD 2050.

“Reference Rate” means EURIBOR for a Floating Interest Rate Tranche denominated in Euro or PRIBOR for any Floating Interest Rate Tranche denominated in Czech Crown.

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

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

“Sub-project” means an eligible investment to be financed under the Project.

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

1.2 Construction

Unless the context otherwise requires, references to:

- (a) this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;
- (b) “Clauses”, “Sub-clauses” and “Recitals” shall be construed as references to clauses, sub-clauses and recitals respectively of this Agreement; and
- (c) words importing the singular shall include the plural and vice-versa.



1.3 Headings

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

1.4 Rounding

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

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

2. CONDITIONS

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

3. PURPOSE

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

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

4. FINANCIAL CONDITIONS

4.1 Loan Amount

The Loan Amount is:

Three hundred million Euro

EUR 300,000,000

If a Tranche is disbursed in a Currency other than the one in which the Loan Amount is denominated, the calculation of the undisbursed balance under the Loan shall be computed on the basis of the exchange rate quoted by the European Central Bank on the Business Day preceding the issuance of the relevant Disbursement Notice.



4.2 Disbursement Amount

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

The amount of each Tranche shall be determined according to the absorption capacity of the Project. The amount of the first Tranche shall not exceed seventy per cent (70 %) of the Loan Amount.

4.3 Disbursement Procedure

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

(a) Disbursement Request

Prior to each disbursement, the Borrower shall submit to the CEB a disbursement request substantially in the form set out under Appendix 3 hereto (hereinafter, a **"Disbursement Request"**).

A Disbursement Request shall specify the proposed:

- (i) Currency(ies) and amount(s) for the Tranche;
- (ii) Disbursement Date; such Disbursement Date shall be a Business Day falling at least five (5) Business Days but not later than twenty (20) Business Days after the date of the Disbursement Request;
- (iii) Principal Repayment Date(s), including the Maturity Date, taking into account that the Principal Repayment Period for each Tranche shall not exceed ten (10) years including a grace period not greater than nine (9) years;
- (iv) maximum Fixed Interest Rate or maximum Spread to the Reference Rate;
- (v) Interest Period and Interest Payment Dates;
- (vi) Day Count Convention and Business Days; and
- (vii) Borrower's account for payments.

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

(b) Disbursement Notice

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

A Disbursement Notice shall specify:

- (i) Currency(ies) and amount(s) for the Tranche;
- (ii) Disbursement Date;
- (iii) Principal Repayment Period and Principal Repayment Date(s), including the Maturity Date;
- (iv) Fixed Interest Rate or Spread to the Reference Rate;
- (v) Interest Period and Interest Payment Dates;
- (vi) Day Count Convention and Business Days; and
- (vii) Borrower's and CEB's accounts for payments.



If the Borrower has submitted to the CEB a Disbursement Request in which the Borrower has not proposed a Fixed Interest Rate or a Floating Interest Rate, the Borrower shall be deemed to agree in advance to the one subsequently specified by the CEB in the Disbursement Notice.

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

Notwithstanding the above, if the CEB has not delivered a Disbursement Notice within twenty (20) Business Days following the receipt of a Disbursement Request, the relevant Disbursement Request shall be deemed cancelled.

4.4 Disbursement Period

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

- (i) the issue of a Disbursement Request for the first Tranche beyond twelve (12) months after the Effective Date;
- (ii) the issue of any further Disbursement Request beyond eighteen (18) months after the last disbursement; or
- (iii) the issue of any further Disbursement Request beyond the Closing Date specified under Appendix 1 hereto.

4.5 Disbursement Conditions

(a) Conditions precedent to the Disbursement Request for the first Tranche:

- (i) Legal opinion in English issued by the Head of Legal Department of the Ministry of Finance of the Czech Republic confirming to the CEB's satisfaction, substantially in the form set out under Appendix 2 hereto, that the Agreement has been duly executed by authorised representatives of the Borrower and that the Agreement is valid, binding and enforceable in accordance with its terms in the Borrower's jurisdiction.
- (ii) Evidence in English (*e.g.*, Statute, By-laws, Board Resolution, Power of Attorney, etc.) to the CEB's satisfaction of the person(s) authorised to execute the Agreement and the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).

(b) Conditions precedent to any further Disbursement Request:

- (i) In the event there has been a change regarding the person(s) authorised to execute Disbursement Requests on behalf of the Borrower, the Borrower shall provide CEB with updated evidence of the person(s) authorised to execute the corresponding Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
- (ii) Progress Report confirming to the CEB's satisfaction the Allocation of at least ninety percent (90%) of the previous Tranche.

4.6 Repayment

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



4.7 Early Reimbursement

(a) Mechanics

If in any event specified in this Agreement referring to this Sub-clause the Borrower ought to reimburse prior to maturity all or part of a Tranche, the Borrower shall give at least a one (1) month prior written notice to the CEB (hereinafter, the **"Early Reimbursement Notice"**) specifying the amounts to be reimbursed, the date on which the reimbursement will take place (hereinafter, the **"Early Reimbursement Date"**) and, upon prior consultation with the CEB, the maximum Early Reimbursement Costs. The Early Reimbursement Date shall fall on an Interest Payment Date, unless otherwise agreed in writing by the CEB.

Upon receipt of the Early Reimbursement Notice, the CEB shall send a written notice to the Borrower (hereinafter, the **"Early Reimbursement Confirmation"**), not later than five (5) Business Days prior to the Reimbursement Date, indicating the accrued interest due thereon and the Early Reimbursement Costs in accordance with Sub-clause 4.7(b).

An Early Reimbursement Confirmation matching the elements included in an Early Reimbursement Notice shall constitute an irrevocable and unconditional commitment on the part of the Borrower to reimburse the relevant amounts to the CEB under the terms and conditions specified in the Early Reimbursement Confirmation.

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

(b) Early Reimbursement Costs

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

4.8 Interest Determination

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

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

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

4.9 Default Interest Rate

In the event that the Borrower fails to pay, in full or in part, any amount under the Agreement, and notwithstanding any other recourse available to the CEB under the Agreement or otherwise, the Borrower shall pay interest on such unpaid amounts from the due date until the date of receipt of



such payment by the CEB at the interest rate *per annum* (hereinafter, the “**Default Interest Rate**”) equal to:

- for payments in Euro, the one-month EURIBOR quoted on the due date plus two hundred and fifty basis points (250 bps); and
- for payments in Czech Crown, the one-month PRIBOR quoted on the due date plus two hundred and fifty basis points (250 bps).

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

4.10 Market Disruption Event

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

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

- (a) The Reuters page referred to under the EURIBOR/PRIBOR definition does not indicate the required details or is not accessible.

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

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

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

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

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

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

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

- (i) If the Borrower so requires, the Parties, acting in good faith, shall enter into negotiations for a period of not more than thirty (30) calendar days in order to agree on an alternative



to the applicable EURIBOR/PRIBOR. If no agreement is reached, the Borrower may proceed with early reimbursement on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

- (ii) The CEB shall have the right, acting in good faith and in consultation with the Borrower to the extent reasonably practicable, to change the duration of any subsequent Interest Period to thirty (30) calendar days or less by sending to the Borrower a notice thereof. Any such change to an Interest Period shall take effect on the date specified by the CEB in such notice.

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

4.11 Payments

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

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

5. PROJECT IMPLEMENTATION

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

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

5.1 Duty of Care

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

5.2 Allocation Period

The Borrower shall allocate each Tranche to the Project within twelve (12) months after the relevant Disbursement Date (the "**Allocation Period**").

If a Tranche disbursed by the CEB is not allocated to the Project or is only partially allocated to it within the Allocation Period, the Borrower shall reimburse the unallocated amounts to the CEB in accordance with Sub-clause 4.7.



5.3 Project Costs

The Tranches disbursed under the Loan shall not exceed ninety per cent (90%) of the total eligible costs of the Project. If the Tranches disbursed under the Loan exceed the above ninety per cent (90%) (by reduction of the total eligible costs or otherwise), the Borrower shall reimburse the surplus to the CEB in accordance with Sub-clause 4.7.

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

5.4 Procurement

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

5.5 Environmental and Social Safeguards

The Borrower shall implement the Project in conformity with the requirements set forth in the Environmental and Social Safeguards Policy.

If new constructions (even of temporary nature) were to be financed, the Borrower shall provide the CEB as soon as possible, for its review, information about the type and scope of construction activities and the associated environmental and social risks and proposed management strategy to be put in place.

5.6 Human Rights

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

5.7 Integrity

The Borrower shall ensure that the implementation of the Project will not give rise to a violation of the applicable laws on fraud, corruption or any other unlawful use of funds.

5.8 Visibility

Publicity and marketing of the Public Sector Financing Facility on one side and information to the Financial Beneficiaries on the other side will be carried out through press releases; and information on the line Ministries' web sites or project web sites shall indicate that the Project benefits from the CEB's funding. The information shall display in an appropriate way the CEB's name and logo.

6. MONITORING

6.1 Reporting

(a) Progress Reports

The Borrower shall send to the CEB a progress report (hereinafter, a **"Progress Report"**) (i) every six (6) months, until the full Allocation of the disbursed Tranches; and (ii) prior to every Disbursement Request.

Appendix 4 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

(b) Completion Report

Upon full Allocation of the Tranches, the Borrower shall submit a completion report (hereinafter, a **"Completion Report"**).



Appendix 4 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

6.2 Visits

The Borrower undertakes to favourably receive any monitoring/technical/evaluation visits, including by facilitating access to relevant Project/Sub-project sites/contractors, carried out by the CEB's staff members or designated third parties.

6.3 Audit

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

6.4 Project Information

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

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

The Borrower shall inform the CEB immediately of any event that may have a material adverse impact on the implementation of the Project, including but not limited to:

- (i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or any material litigation that is commenced or threatened against it with regard to procurement or environmental or other matters affecting the Project; and
- (ii) any enactment of or any amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation).

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

6.5 Borrower Information

The Borrower shall deliver a summary of the Borrower's annual budget and the related budget implementation every year, within ten (10) Business Days after its adoption or approval, in a form and substance satisfactory to the CEB, and any such information on its general financial situation as the CEB may reasonably require from time to time.

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

The fact that, following any default in relation thereto, the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, repay or terminate ahead of maturity any Debt Instrument or any commitment in connection with a Debt Instrument is cancelled or suspended, would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension,



cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

7. PARI PASSU

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

7.1 Ranking

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

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

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

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

- (i) simultaneously pays; or
- (ii) sets aside in a designated account for payment on the next Interest Payment Date

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

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

7.2 Security

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

This provision shall not apply to a Security:

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



7.3 Clause by Inclusion

Should any Borrower's Debt Instrument include clauses regarding a loss-of-rating, financial ratios or *pari passu* that are stricter than any equivalent provision of this Agreement, the Borrower shall so inform the CEB and shall, at the request of the CEB by means of a written notice, execute within the period indicated in the CEB's notice, an amendment to this Agreement to provide an equivalent provision in favour of the CEB.

7.4 Prepayment to Third Parties

Should the Borrower prepay in whole or in part, voluntarily or otherwise, any Debt Instrument, the Borrower shall so inform the CEB.

In such an event, and upon CEB's request, the Borrower shall reimburse to the CEB the amounts disbursed under the Loan in accordance with Sub-clause 4.7 in such proportion as the prepaid amount bears to the corresponding Debt Instrument. The aforementioned does not concern prepayments to revolving credit facilities which remain open for drawing on the same terms after such prepayment.

For the purposes of the Agreement, "**Prepayment**" means a repayment in advance of maturity.

8. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

- (a) its competent bodies have authorised it to enter into the Agreement and have given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations, articles of association and other texts applicable to it;
- (b) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Agreement do not:
 - (i) contravene or conflict with any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;
 - (ii) contravene or conflict with any agreement or other Debt Instrument binding upon it which might reasonably be expected to give rise to a Material Adverse Change;
- (c) no event or circumstance is outstanding that constitutes a default under any other agreement or Debt Instrument, which is binding on it or to which its assets are subject, which might reasonably be expected to give rise to a Material Adverse Change;
- (d) no Security has been granted to a third party in breach of Sub-clause 7.2;
- (e) no litigation, arbitration or administrative proceedings of or before any court, arbitral tribunal or agency which might reasonably be expected to give rise to a Material Adverse Change have (to the best of its knowledge and belief) been started or threatened against it;
- (f) it has received a copy of the Loan Regulations, the Loan Policy, the Environmental and Social Safeguards Policy and the Procurement Guidelines and has taken note thereof.

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

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



9. THIRD PARTIES

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

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

10. NON-WAIVER

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

11. ASSIGNMENT

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

The CEB may assign all or part of its rights and benefits or transfer all or part of its rights, benefits and obligations under the Agreement.

12. GOVERNING LAW

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

13. DISPUTES

Disputes between the parties to the Agreement shall be subject to arbitration under the conditions laid down in Chapter 4 of the Loan Regulations.

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

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

14. NOTICES

Any notice or other communication to be given or made under this Agreement to the CEB or the Borrower shall be in writing and shall be deemed to have been duly given or made when it is delivered by registered mail or facsimile by one Party to the other Party's address or fax number specified below:



For the Borrower:

Ministry of Finance

Letenská 15

118 10 Prague

Czech Republic

Attention: Director, Debt and Financial Assets Management Department

Fax:



For the CEB:

Council of Europe Development Bank

55 Avenue Kléber

75116 Paris

France

Attention: Director, Projects Division

Fax:



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

Without affecting the validity of any notice delivered by facsimile according to the paragraphs above, a copy of each notice delivered by facsimile shall also be sent by registered letter to the relevant Party on the following Business Day at the latest.

Notices issued by the Borrower pursuant to any provision of this Agreement shall, where required by the CEB, be delivered to the CEB together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

15. TAXES AND EXPENSES

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

The Borrower shall bear all charges and expenses (including legal, professional, banking or exchange costs) incurred in connection with (i) the preparation, execution, perfection, implementation and termination of this Agreement or any related document; (ii) any amendment, supplement or waiver in respect of this Agreement or any related document; and (iii) the preparation, execution, perfection, management and enforcement of any Security required under the Loan.

Notwithstanding the above, Article 4.7 (*Cost of arbitration*) of the Loan Regulations shall apply regarding the costs of the arbitration set forth under Clause 13.



16. DISCHARGE

After repayment of all outstanding principal under the Loan as well as payment of all interests and other expenses resulting from the Agreement, including in particular those amounts under Sub-clause 4.9 and Clause 15, the Borrower shall be fully released from its obligations towards the CEB, with the exception of those set out in Clause 6 above for the purposes of a possible evaluation of the Project, which shall not take place later than [two (2)/four (4)] years following the repayment of all outstanding principal under the Loan.

17. ENTRY INTO FORCE

The Agreement shall enter into force upon (i) its execution by the Parties and (ii) notification by the Borrower to the CEB of the publication of the Agreement in the registry of contracts (in Czech: *Registr smluv*), as required by the applicable Czech law, such publication to be done within thirty (30) calendar days upon reception by the Borrower of the Agreement duly executed by both Parties hereto.

IN WITNESS THEREOF the Parties have caused the Agreement to be executed in two (2) originals, each of which is equally valid, and have caused the signatories specified below to initial each page of this Agreement on their behalf. One (1) original is kept by each of the Parties.

Prague, on 19 June 2020

For the Borrower

Deputy Prime Minister and Minister of Finance

Prague, on 19 June 2020

For the CEB

CEB Vice-Governor for Target Group Countries

APPENDIX 1

Project Description

I.	LD	LD 2050 (2020)
	Borrower	Czech Republic, acting through the Ministry of Finance
	Loan Type	Public Sector Financing Facility (hereinafter "PFF")
	Loan Amount	EUR 300,000,000
	Approval by the CEB's Administrative Council	17 April 2020
II.	Sector(s) of action	Health
	Location	Czech Republic
	Final Beneficiaries	Czech inhabitants, mainly doctors, nurses, medical emergency services, testing centres, laboratories, those in the first line of defence against the pandemic
	Project Description	<p>The objective of the PFF is to aid the Czech government in its efforts to mitigate the spread and consequences of COVID-19, to safeguard the availability of medical services to both affected and unaffected by COVID-19 by providing the necessary medical material and equipment.</p> <p>The PFF will co-finance the expenditures such as:</p> <ul style="list-style-type: none"> a) Medical material and equipment <ul style="list-style-type: none"> 1) Face masks 2) Respirator masks FFP2 & FFP3 3) Protective equipment (clothing, helmets, goggles) 4) Tests (PCR, Antibody) 5) Ventilators 6) Medicine (direct purchases or subsidies to insurance companies) b) Transportation and distribution costs associated with the purchase of medical material and equipment
	Estimated Project Total Cost	EUR 350 million
	Financing Plan	CEB's Loan: EUR 300 million State budget contribution: EUR 50 million
	Eligible Budgetary Years	2020-2021
	Closing Date	31 December 2021
	III. Eligibility Criteria	<p>PFF is addressed to State or local Treasuries or other public entities that are primarily dependent on budget financing for their investment programmes.</p> <p>The PFF aims at enabling the provision of financing in CEB sectors of action so as to safeguard the viability of social development projects over time.</p>
		CEB's share of financing has been determined during



	<p>appraisal based on sectorial needs and objectives and will be 90% to total eligible costs.</p> <p>In the absence of disbursement for two consecutive years following approval by the Administrative Council, the facility would automatically be cancelled from CEB's Stock of Projects.</p> <p>The COVID-19 PFF covers expenditures approved in the budget corresponding to the years of PFF implementation as well as extraordinary expenditures.</p> <p>The CEB can finance Sub-projects concerning health, social care and related infrastructure such as:</p> <ol style="list-style-type: none"> Supply and installation of medical equipment, non-medical equipment and furniture; Adaptation of premises in order to facilitate their use during COVID-19 pandemic; Acquisition of health management and related material and equipment; Outright purchase, or the lease or other forms of long-term hire of such equipment; Training for specialised staff in the social and health sectors. <p>Regarding environmental and social safeguards, the Borrower shall ensure that the following measures are applied, when pertinent, in connection with investments financed out of the Loan proceeds:</p> <ul style="list-style-type: none"> Protection protocols for health personnel are in place and information, as well as protective equipment, are available for the implementation of such protocols for all personnel. Newly recruited staff, as well as all staff mobilised for the emergency outbreak, have been trained on operational health and safety procedures and specific procedures related to COVID-19. Training shall be documented. A medical waste management plan and related documentation is in place in all health centres, as well as in new repurposed areas, and sound management continued during the emergency situation. Any area repurposed for treatment of COVID-19 infected patients reaches the highest possible standard of health attainable in such an emergency situation. Quarantine and isolation areas are operated in accordance with applicable laws and in line with clause 5.6.
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	CEB reserves the right, in accordance with Clause 6.4, to inquire about compliance with the above measures.
Eligible Costs	<p>The costs eligible for CEB financing include:</p> <ul style="list-style-type: none"> i. The purchase of medical and pharmaceutical materials, equipment and machinery, including IT equipment and software, as well as the related costs linked to the training of staff. ii. Transportation and distribution costs of the medical and pharmaceutical material and equipment <p>Financing will be made based on expenditures resulting from a need assessment.</p> <p>Non-refundable and non-deductible VAT costs will be considered as eligible for CEB financing.</p>

IV. Social impact	<p>Health systems are facing the most serious global pandemic crisis in a century. Containing and mitigating the spread and infection rate of the coronavirus is the first priority of public health authorities to distribute the number of infections over time and, if possible, reduce the incidence of the disease it causes (COVID-19).</p> <p>The international community has called governments for a sizeable, credible, internationally co-ordinated four-pronged effort to provide the necessary resources to deal with the immediate public health emergency, to buffer the economic shock and develop a path towards recovery. This includes immediate spending on health care: testing; treatment for all patients; support to health-care workers; return of health-care retirees, while protecting high-risk groups; the enhanced provision of masks, ICUs and respirators, among others.</p> <p>For the above reasons, the social impact of the project is high as the PFF will partially-fund emergency measures of the Czech Republic to cope with COVID-19, minimising the loss of life and health of its citizens.</p>
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APPENDIX 2
Form of Legal Opinion

Council of Europe Development Bank
55, avenue Kléber
F-75116 Paris

Attn: Projects Department
Cc: Office of the General Counsel

[INSERT DATE]

Re: **Framework Loan Agreement between the Council of Europe Development Bank and the Czech Republic**

Dear Sir or Madam,

I, [●], in my condition of [INSERT TITLE (*e.g.*, Minister of Justice, Head of Legal Services)], have acted as legal advisor as to matters of the Czech Republic law to the Czech republic, acting through the Ministry of Finance (the “**Borrower**”) in relation to the Framework Loan Agreement between the Council of Europe Development Bank (the “**CEB**”) and the Borrower dated [●] and effective as of [●] (the “**Agreement**”) and deliver this opinion pursuant to Article 4.5 of the Agreement.

For the purposes of this opinion, we have examined an original copy of the Agreement and such other documents, acts or treaties as we have considered necessary or desirable to examine in order to give this opinion.

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

Based on the foregoing, I am of the opinion that:

1. **Capacity, power and authority.** Pursuant to Article 35a of the Act of the Czech Republic No. 218/2000 Coll., on the budgetary rules and amending other related laws, as amended, the Government of the Czech Republic is the competent organ to authorize the Borrower to enter into the Framework Loan Agreement and such organ has authorized the execution of this Framework Loan Agreement by its resolution of [DAY] [MONTH] 2020. On the basis of this resolution of the government of the Czech Republic, the Borrower has the legal capacity, power and authority to enter into the Agreement and perform its obligations thereunder.
2. **Internal authorisations.** All action required from the Borrower for the execution, delivery and performance of the Agreement, including any required authorisation from its competent bodies, has been duly and effectively taken. In particular, no further action is required from the Borrower, apart from execution by a duly empowered representative of the Borrower, in order to issue a Disbursement Request under the Agreement.
3. **Due execution and validity.** The Agreement was duly executed by [INSERT NAME OF THE SIGNATORY)] as duly empowered representative(s) of the Borrower and gives rise to legally valid, binding and enforceable undertakings for the Borrower.



4. **External authorisations, public consents and filings.** The Agreement was duly registered in the registry of contracts (in Czech: Registr smluv) in accordance with the Czech Act No. 340/2015 Coll. on special conditions for effectiveness of certain contracts, publication of such contracts and on registry of contracts. No other authorisations, consents, licences, exemptions, filings, notarisations or registrations are required in the Czech Republic in connection with the execution, delivery or performance of the Agreement in order to give rise to legally valid, binding and enforceable undertakings for the Borrower and for the Agreement to be admissible in evidence in the Czech Republic.
5. **Tax/Stamp duties.** The execution of the Agreement is not subject to any tax or stamp duties in the Czech Republic.
6. **Choice of law.** The submission by the Borrower to the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and secondarily to the laws of the France is legally valid and binding on the Borrower under the laws of the Czech Republic.
7. **Arbitration.** The submission by the Borrower to the Arbitral Tribunal set forth under Chapter 4 of the CEB's Loan Regulations with respect to any dispute arising out of the Agreement is legally valid and binding on the Borrower. Any award of such Arbitral Tribunal is enforceable in the Czech Republic in accordance with the terms of Article 3 of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949).

Yours faithfully,

[•]

[INSERT NAME AND TITLE]



APPENDIX 3

DISBURSEMENT REQUEST (TEMPLATE)

LD [●] – [●] Tranche

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

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

Currency/Amount ¹	[●]		
Disbursement Date	[●]		
Principal Repayment Period	[●] years [including a grace period of [●] years]		
Principal Repayment Date(s)	[●]		
Maturity Date	[●]		
Interest Rate	Fixed	Maximum [●] <i>per annum</i>	
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	Maximum [●] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[●]		
Borrower's Account	Beneficiary's Name		[●]
	Beneficiary's Bank	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
		Reference	[●]
	Correspondent Bank (if applicable)	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]

[●], on [●].

For the Borrower

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

¹ [In case of Sub-Tranches, a separate table shall indicate the Amount, Principal Repayment Period, Principal Repayment Date(s), Interest Rate, Interest Period, Interest Payment Dates for each Sub-Tranche.]



DISBURSEMENT NOTICE (TEMPLATE)

LD [●] – [●] Tranche

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

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

Currency/Amount ²	[●]		
Disbursement Date	[●]		
Principal Repayment Period	[●] years [including a grace period of [●] years]		
Principal Repayment Date(s)	[●]		
Maturity Date	[●]		
Interest Rate	Fixed	[●] <i>per annum</i>	
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	[●] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[●]		
Borrower's Account	Beneficiary's Name		[●]
	Beneficiary's Bank	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
		Reference	[●]
	Correspondent Bank (if applicable)	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
CEB's account	Beneficiary's Name		Council of Europe Development Bank
	Beneficiary's SWIFT		CEFPFRPP
	Beneficiary's Bank	Name	Deutsche Bank
		City	Frankfurt (Germany)
		SWIFT	DEUTDEFF
		IBAN	DE44 5007 0010 0928 7384 00

Paris, on [●]

For the CEB

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

² [In case of Sub-Tranches, a separate table shall indicate the Amount, Principal Repayment Period, Principal Repayment Date(s), Interest Rate, Interest Period, Interest Payment Dates for each Sub-Tranche.]



APPENDIX 4

Reporting

TABLE 1 - PROGRESS REPORT - STATE OF ALLOCATION

LD 2050 (2020) - Czech Republic - COVID 19

CEB Sector: Health

Date of Progress Report: DD/MM/YYYY

CEB Sector	Short Description of the Investments*	Estimated Schedule of Delivery of Supply/Works		Estimated total Costs	Budget expenditures					Comments
					Planned 2020	Spent 2020	Planned 2021	Spent 2021	Total Spent	
		Start	End	EUR	EUR	EUR	EUR	EUR	EUR	
Health	Face masks									
	Respirators FFP2&FFP3									
	Protective equipment (clothing, helmets, goggles)									
	Tests (PCR, Antibody)									
	Others, please specify									

*Including transport costs

TOTAL EXPENDITURES UNDER EMERGENCY COMPONENTS Amount in EUR

FINANCED BY CEB Amount in EUR

FINANCED BY BORROWER Amount in EUR

TABLE 2: COMPLETION REPORT

LD 2050 (2020) - Czech Republic - COVID 19

CEB Sector: Health

1. Final Version of the Table 1: Final State of Allocation

2. List of Indicators

Short Description of the Investments	Unit	Output Indicators	Comments
Medical equipment provided (list the equipment provided by type)	Number		
	Number		
	Number		
	Number		
	Number		



Council of Europe Development Bank

Loan regulations

(Adopted by the Administrative Council by
Resolution 1587, on 17 November 2016)



CHAPTER 1

Object of the Loan Regulations

ARTICLE 1.1

Object of the Loan Regulations

The present Loan Regulations lay down the general conditions governing loans granted by the Bank and guarantees thereof.

ARTICLE 1.2

Conflict between the Loan Regulations and provisions of loan and guarantee agreements

The Bank may provide for exceptions to the conditions laid down in these regulations. In the event of conflict between the provisions of these regulations and one or more provisions of loan agreements or guarantee agreements, the latter provisions shall prevail.

CHAPTER 2

Conditions governing loans granted by the Bank and guarantees thereof

ARTICLE 2.1

Purpose of the loan

Loans granted by the Bank shall finance projects approved by the Administrative Council, eligible under the Bank's Applicable Rules.

ARTICLE 2.2

Loans and guarantees

Loans granted by the Bank in accordance with Article VII, 1 of the Articles of Agreement shall be covered by adequate guarantees as provided for in Article VII, 2 of the Articles of Agreement.

A guarantor shall be released from his obligations by execution thereof, but only in so far as he has fulfilled them.

Such obligations shall not be subject to any demands upon or action against the guarantor; they shall, however, be subject to a notice from the Bank to the guarantor informing the latter of the failure of the borrower to fulfil his obligations vis-à-vis the Bank.

The obligations of the guarantor shall not be affected by any extension of time, forbearance or concession granted to the borrower, nor by any assertion of, or failure to assert any right or remedy against the borrower or in respect of any security for the loan, nor by any failure of the borrower to comply with any requirements of any law, decree or regulations of the guarantor or of any political or administrative authority under the guarantor.



ARTICLE 2.3

State Guarantees

The State Guarantee may be given by special contract between the Bank and the guarantor or by the endorsement of the loan agreement by the guarantor.

ARTICLE 2.4

Loan Agreement

For each project approved by the Administrative Council the Bank shall enter into a framework loan agreement. Each disbursement shall be separately documented and requires the conditions set out in the framework loan agreement to be met.

CHAPTER 3

Suspension and cancellation of undisbursed loans; early reimbursement of loans; voluntary early reimbursement of loans

ARTICLE 3.1

Suspension or cancellation by the borrower of undisbursed loans following the signature of a loan agreement

Following the entering into a loan agreement between the Bank and the borrower, were this latter to cancel or suspend all or part of a loan before it has been fully or partly disbursed, the borrower shall be required to compensate the Bank for the loss sustained as a result of such cancellation or suspension by paying a single commission at a rate to be fixed by the Bank in relation to the proportion of the loan cancelled or suspended. This provision shall also apply to the guarantor.

ARTICLE 3.2

Voluntary early reimbursement of disbursed loans at the request of the borrower

A borrower may be authorised by decision of the Bank to reimburse a loan in advance of maturity. The conditions of such reimbursement shall be decided by the Bank.

ARTICLE 3.3

Early reimbursement of disbursed loans

The Bank may demand early reimbursement of disbursed loans in the following cases:

- (a) where the borrower or guarantor fails to repay the principal or pay the interest or any other sum due under a loan agreement or guarantee agreement between the Bank and the borrower or under a loan agreement or guarantee agreement between the Bank and the guarantor, whether their default relates to the agreement in question or to any other agreement between the Bank and the same borrower or guarantor;
- (b) where the borrower or guarantor fails to fulfil an obligation arising out of any other stipulation or clause in these regulations or in a loan agreement or a guarantee agreement, whether the default relates to the agreement in question or to any other agreement between the Bank and the same borrower or guarantor and where the interests and objectives of the Bank are prejudiced thereby;



- (c) where an exceptional situation arises which makes the fulfilment of the borrower's or guarantor's obligations uncertain;
- (d) where the borrower or guarantor takes or authorises any measure or institutes or allows to be instituted any proceedings whereby any property belonging to him is or may be assigned, transferred, or delivered in any way whatsoever to an official receiver, assignee, liquidator or other person, whether that person be appointed by the borrower, a court, or the guarantor, or be acting in pursuance of any law, and where the said measure or proceedings result in, or provide for, the distribution of such property among the creditors of the borrower or guarantor;
- (e) where the guarantor or any competent governmental authority takes any action to dissolve or to put an end to the activities of the borrower or to suspend its operations;
- (f) in the case of loans granted to a member of the Bank, where the borrower or the guarantor ceases to be a member of the Bank;
- (g)
 - (i) in the case of misprocurement, corruption, fraud, or money laundering, where the borrower has not taken timely and appropriate actions to prevent or remedy the situation arising from such misprocurement, corruption, fraud, or money laundering;
 - (ii) where the implementation of the project financed by the Bank leads to a violation of the Bank's Environmental and Social Safeguards Policy;
 - (iii) where the implementation of the project financed by the Bank leads to a violation of the European Convention on Human Rights and the European Social Charter;
- (h) where any other event specified in the loan agreement or the guarantee agreement occurs, giving rise to the application of this article.

ARTICLE 3.4

Time Allowed

In case of loans to one of the members of the Bank, early reimbursement pursuant to article 3.3 above is conditional upon

- (a) any of the contingencies set forth in Article 3.3 (a) having prevailed for more than thirty calendar days;
- (b) one of the contingencies set forth in Article 3.3(b) of the same article has prevailed for more than sixty calendar days.

ARTICLE 3.5

Suspension by the Bank of undisbursed loans

If any of the contingencies described in Article 3.3 should arise, the Bank may at any time suspend all or part of the disbursement of further tranches of the loan by giving notice to the borrower and to the guarantor.



Suspension shall end on the date on which the Bank notifies the borrower and the guarantor that the cause of suspension is no longer operative.

ARTICLE 3.6

Cancellation by the Bank of undisbursed loans

If any of the contingencies described in Article 3.3 arises, the Bank may also, by notifying the borrower and the guarantor, cancel permanently all or part of the undisbursed loan. Such a decision to cancel a loan may also be taken after a suspension.

ARTICLE 3.7

Commission applicable to cases set out in Article 3.1

Should the Bank sustain a loss as a result of suspension, cancellation or early reimbursement, as provided above, the single commission specified in Article 3.1 shall also be payable.

CHAPTER 4

Settlement of disputes in respect of loans from the Bank or guarantees pertaining thereto

ARTICLE 4.1

Arbitration

Any dispute between the parties to the loan agreement and, where applicable, the guarantee agreement in respect of the interpretation or execution of such agreements or in respect of a claim by one of the said parties against another arising out of the loan agreement the guarantee agreement, or these regulations, which has not been settled by agreement between the parties shall be submitted for arbitration in the manner prescribed below.

ARTICLE 4.2

Commencement of arbitration proceedings

Arbitration proceedings may be instituted by any one of the parties specified in the preceding section by means of a request notified to all the other parties; the request shall state the nature and subject of the dispute and set forth the claims to be submitted for arbitration.

ARTICLE 4.3

Appointment of the arbitral tribunal

In any arbitration proceedings instituted in pursuance of this article, the borrower or the guarantor (if any) may be a party alongside the guarantor or the borrower as the case may be.

For any dispute submitted for arbitration in pursuance of this article, an arbitral tribunal shall be set up. It shall consist of three arbitrators appointed as follows:

- (a) one arbitrator shall be appointed by the Bank;
- (b) a second arbitrator shall be appointed by the borrower or, where applicable, by agreement between the borrower and the guarantor or, failing such agreement, by the guarantor;



- (c) a third arbitrator, called the umpire, who shall act as President of the arbitral tribunal, shall be appointed by common consent between the parties or, failing such consent, by the President of the European Court of Human Rights or, should the latter have the nationality of the guarantor or be of the same nationality as the borrower, by the Vice-President of the Court or, if the latter is in the same situation, by the senior of those Judges of the Court who neither have the nationality of the guarantor nor are of the same nationality of the borrower;
- (d) the procedure described in the preceding paragraph shall take place, at the instance of one of the parties to the dispute, if, within one month after notice has been given of the request for arbitration, no agreement has been reached regarding the appointment of an umpire;
- (e) where one of the parties appoints no arbitrator, the umpire shall appoint the said arbitrator.

ARTICLE 4.4

Place of arbitration

The arbitral tribunal shall hold its first sitting on such date and at such place as shall be appointed by the umpire. Thereafter, the tribunal shall decide itself where and when it shall sit

ARTICLE 4.5

Law applicable to arbitration proceedings

The arbitral tribunal shall decide all questions relating to its competence. It shall lay down its own rules of procedure and shall choose the law which shall be applicable, unless that law is specified in the contracts or in the arbitration agreement, bearing in mind the provisions of Article 1 (3) of the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe. All decisions of the tribunal shall be by majority vote.

Domestic law may apply in a particular case provided that it does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe and from the Articles of Agreement.

ARTICLE 4.6

Award of the arbitral tribunal

All awards of the arbitral tribunal shall set out the grounds for the decision. They shall be final and binding upon all the parties referred to in Article 4.3. They may be rendered in default of submissions.

ARTICLE 4.7

Cost of arbitration

The party against whom the award is made shall bear the costs of the arbitration proceedings unless the arbitral tribunal decides otherwise or the parties have agreed otherwise by a clause in the loan contract or the guarantee contract. The arbitral tribunal shall give a final ruling on any dispute in respect of costs.



ARTICLE 4.8

Enforcement of arbitral awards

The loan agreement and the guarantee agreement shall contain whatever provisions are required to ensure, in respect of the Bank and in respect of the borrower and the guarantor, compliance with any awards made in pursuance of this chapter.

If, within one month after the originals of the award have been delivered to the parties, the award has not been complied with, any of the parties specified in Article 4.3 may institute proceedings for the enforcement of the award. The court which shall have jurisdiction for such proceedings shall be that designated by the rules of civil procedure of the State concerned.

CHAPTER 5

Miscellaneous provisions

ARTICLE 5.1

Entry into force

The date of entry into force of a loan agreement or a guarantee agreement shall be specified therein. It may be specified subject to a condition, in which case the contract shall not come into force until that condition has been fulfilled and the Bank has been duly notified by the Borrower and/or the Guarantor.

Should the condition governing the entry into force of a loan agreement or a guarantee agreement not be fulfilled, the borrower or the guarantor shall, if the Bank has sustained a loss, be required to pay to the Bank a single commission at a rate to be fixed by the Bank in relation to the amount specified in the loan contract.

ARTICLE 5.2

Discharge of obligations

The loan agreement and the guarantee agreement and the obligations of the parties thereunder, save for those regarding the ex-post evaluation of the project as provided for in the loan agreement shall cease as soon as the whole of the loan principal as well as interest and any other charges in respect of the loan or the loan guarantee have been paid.

ARTICLE 5.3

Notices

Any notice or request which must or may be given or made under the terms of these regulations or loan agreements or guarantee agreements shall be given or made in writing.

ARTICLE 5.4

Copies

Loan agreements and guarantee agreements may be drawn up in more than one copy, each of which shall be regarded as an original.



ARTICLE 5.5

Language of Loan Regulations

These regulations have been drawn up in English and in French, both versions being equally authentic.

CHAPTER 6

Definitions

Applicable Rules means the Third Protocol to the General Agreement on the Privileges and Immunities of the Council of Europe, the Articles of Agreement of the Bank, the Loan Regulations, the Loan and Project Financing Policy, the Environmental and Social Safeguards Policy, the Guidelines for Procurement of Supplies, Works and Services and the Anti-corruption Charter.

Bank means the Council of Europe Development Bank

European Convention on Human Rights means the Convention for the Protection of Human Rights and Fundamental Freedoms, 4 November 1950, CETS n° 5

European Social Charter means the European Social Charter, 3 May 1996, CETS n°163, as amended from time to time.

State Guarantees means guarantees given by a member state of the Bank to the benefit of the Bank with respect to loans granted by the Bank to any legal person in a member state.

