

**OFFICIAL  
DOCUMENTS**

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**LOAN NUMBER 8428-ME**

# **Loan Agreement**

**(Montenegro Industrial Waste Management and Cleanup Project)**

**between**

**MONTENEGRO**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated** OCTOBER 10 , 2014

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**LOAN AGREEMENT**

Agreement dated OCTOBER 10, 2014, between MONTENEGRO (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifty million Euro (EUR 50,000,000) as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a

Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through its MSDT, EPA and the MOF in accordance with the provisions of Article V of the General Condition.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01 The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is its Minister of Finance.

5.02. The Borrower's Address is:

Ministry of Finance  
Stanka Dragojevic 2  
81000 Podgorica  
Montenegro

Facsimile:  
382 20 224 450

5.03. The Bank's Address is:

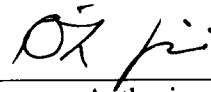
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Podgorica, Montenegro, as of the day and year first above written.

MONTENEGRO

By



Authorized Representative

Name: RAĐOJE ŽUGIĆ

Title: MINISTER OF FINANCE

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: HLIVNYAK SANDRA

Title: ACTING COUNTRY MANAGER

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to reduce contamination of the Borrower's natural resources and public health risks of exposure to this contamination from selected industrial waste disposal sites.

The Project consists of the following parts:

#### **Part 1. Remediation of Selected Legacy Industrial Waste Disposal Sites**

Financing the detailed design, construction, and supervision for the remediation of the Project Sites, including through the following measures: slope and dam stabilization; coverage; containment cells; in-site encapsulation; re-shaping; re-vegetation; drainage and other water management investments including groundwater management measures, if needed; and removal (including export) of hazardous and non-hazardous waste.

#### **Part 2. Future Industrial Hazardous Waste Management**

Support to the Borrower and industries involved with management of the Project Sites for managing future industrial hazardous waste generation in a manner compliant with national and EU legislation, for strengthening the Borrower's institutional and regulatory capacities in the field of industrial hazardous waste management, and for exploring options for developing infrastructure for industrial hazardous waste disposal at the national level, including through, but not limited to, the following activities:

- (a) support for the development and implementation of a national industrial hazardous and non-hazardous waste register;
- (b) support for the carrying out of Training, workshops, information and awareness campaigns to increase awareness of waste generators regarding separation of waste streams, interim storage requirements in line with European Union (EU) legislation, and reporting obligations; and
- (c) support for the planning and national permitting process for the realization of infrastructure for future industrial hazardous waste from waste generators in the Borrower's territory.

#### **Part 3. Project Management**

Support for Project management and capacity building at EPA and TSU, including establishment of the PMU, and support for Project monitoring and evaluation including establishment of a monitoring and evaluation system, through funding of audits, Training, equipment, consultants services, and Incremental Operating Costs.

## SCHEDULE 2

### Project Execution

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. The Borrower shall:
  - (a) carry out the Project, through the MSDT and its EPA, and with the assistance of the TSU, in accordance with the procedures set forth in the POM and Safeguards Documents and shall ensure that the POM and any Safeguards Document are not amended, suspended, abrogated, repealed and that no provision of the POM, or any Safeguards Document is waived, without prior approval of the Bank;
  - (b) through EPA, maintain the PMU throughout the duration of the Project, in a form and with functions, staffing, resources, terms of reference and qualifications and scope of responsibilities satisfactory to the Bank, and shall cause the PMU to assist EPA with Project implementation and be responsible for management of the Project activities, including environmental and social matters, monitoring, reporting and coordination;
  - (c) maintain adequate staffing with procurement and financial management capacity, throughout the duration of the Project, for the carrying out of procurement, disbursement and financial management activities under the Project, with terms of reference and qualifications satisfactory to the Bank, from the TSU or as otherwise agreed with the Bank; and
  - (d) maintain the Project Steering Committee, throughout the duration of the Project, with a structure and in a form and with functions, staffing, terms of reference, qualifications, scope of responsibilities satisfactory to the Bank and other adequate resources, and shall cause the Project Steering Committee to be responsible for general Project strategic guidance and implementation oversight.

##### **B. Project Site Industry Arrangements**

1. The Borrower shall ensure that prior to signature of the civil works contract in relation to remediation works on the Pljevlja Site, it provides evidence satisfactory to the Bank that the following conditions have been met, in form and substance satisfactory to the Bank:
  - (a) the Borrower has entered into legal arrangements with EPCG, under terms and conditions approved by the Bank, which shall include the following: (i) provisions requiring EPCG to assist the Borrower with its remediation works on the site, including EPCG's obligations to grant access to the Borrower for the purpose of carrying out the remediation works under the Project, to cooperate with the Borrower regarding the remediation works and to generally facilitate Project implementation; (ii) provisions regarding EPCG's responsibilities for aftercare, maintenance and monitoring following

remediation of the site, including the requirement that EPCG provides adequate annual budgets for such aftercare, maintenance and monitoring; (iii) obligations by EPCG to develop the the Sumane Site and implement the ESIA, EMP, RPF and RAP for such site; and (iv) adequate dam safety requirements and obligations to implement and comply with such dam safety requirements; the Borrower shall provide a legal opinion satisfactory to the Bank, stating that said legal arrangements have been duly authorized or ratified by each of the respective parties, and are legally binding upon each of the parties thereto in accordance with their terms; and

- (b) (i) the provisions of Sections I.D.2(a) and (b) of Schedule 2 to this Agreement, as applicable, have been complied with, with regard to each the Sumane Site and the Pljevlja Site; (ii) all site preparation works on the Sumane Site have been completed and carried out in accordance with adequate designs, the ESIA, EMP and the RAP, if required; and (iii) the facilities on the Sumane Site are adequate to accommodate and receive coal ash and are operational and operated in line with international good practice, each in a manner satisfactory to the Bank.

- 2. The Borrower shall ensure that prior to signature of the civil works contract in relation to remediation works on the KAP Site, it provides evidence satisfactory to the Bank that the Borrower has (i) entered into legal arrangements with KAP or the successor owner of the KAP Site, as applicable, under terms and conditions approved by the Bank, requiring it to assist the Borrower with its remediation works on the site, including obligations on KAP or the successor owner of the site, as applicable, not to deposit further red mud in the red mud basins to be remediated under the Project, and to agree to dispose all future waste in line with the *Integrated Pollution Prevention and Control* permit required to be granted by the competent authority pursuant to the Borrower's Law on Integrated Pollution Prevention and Control (IPPC) (Official Gazette 80/05, dated December 28, 2005) and all applicable environmental laws and regulations; and (ii) complied with the provisions of Section I.D.2(a) of Schedule 2 to this Agreement.

- 3. The Borrower shall:

- (a) be responsible for aftercare, maintenance and monitoring following remediation of the Gradac Site and the KAP Site, including for the provisions of adequate budget for such aftercare, maintenance and monitoring, and shall only assign such responsibilities in joint agreement with the Bank; and

- (b) ensure that Bijela maintains alternative arrangements for ongoing waste disposal on the Bijela Site, in form and substance satisfactory to the Bank and in compliance with all applicable national legislation.

**C. Anti-Corruption**

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Safeguards.**



1. The Borrower shall ensure that the Project is carried out in accordance with the Safeguards Instruments and shall not amend, suspend, abrogate, repeal or waive any provision of the Safeguards Instruments without prior approval of the Bank.
2. The Borrower shall ensure that:
  - (a) with regard to each of the Project Sites, following the development of the detailed designs of the remediation measures under Part 1 of the Project, and prior to signature of the civil works contracts for such remediation measures on each of the Project Sites; and with regard to the Sumane Site, following the development of the detailed design of the site preparation works and prior to signature of the civil works contracts for the Sumane Site preparation works:
    - (i) the ESIA's and EMP's for the relevant Project Site and the Sumane Site, as applicable, are adjusted and updated with detailed measures to adjust the ESIA's and EMP's to the design of the works, in form and substance satisfactory to the Bank;
    - (ii) meaningful consultations are conducted on such updated ESIA's and EMP's;
    - (iii) the updated ESIA's and EMP's are adequately disclosed; and
    - (iv) all necessary and appropriate final permits and approvals have been issued by the relevant authorities, each in a manner satisfactory to the Bank;
  - (b) with regard to the Sumane Site and prior to signature of the civil works contracts for the remediation works on the Pljevlja Site:
    - (i) if required pursuant to the provisions of the RPF, a site-specific RAP is prepared;
    - (ii) meaningful consultations are conducted on such RAP;
    - (iii) the RAP is adequately disclosed; and (iv) all and any compensation has been paid or other measures required to be carried out under the RAP have been implemented, and any grievances have been addressed under the grievance mechanisms provided for under the RAP; and
  - (c) the Borrower shall provide evidence satisfactory to the Bank that the requirements of paragraphs (a) and (b) above have been met, for the Bank's prior review and no objection to signature of the contract for civil works for the related Project Site.
3. For purposes of carrying out of activities relating to dam and slope safety and stabilization under Part 1 of the Project for each of the Project Sites, as required, the Borrower shall:
  - (a) ensure that all work related to slope and dam safety and stabilization under Part 1 of the Project is designed and supervised by competent professionals in a manner satisfactory to the Bank. To that effect, the Borrower shall employ, under

terms of reference satisfactory to the Bank, an independent specialist to review, on its behalf, dam safety requirements, as set forth in EMP, in the design of Part 1 of the Project;

(b) have periodic dam safety inspections performed by competent professionals in a manner satisfactory to the Bank;

(c) for the Pljevlja Site, monitoring equipment is included and a frequent monitoring program with early warning system is commenced upon completion of the remediation works; and

(d) for the impoundment of red-mud basins at the KAP Site, geotechnical site data are collected during the preparation of the detailed design of remediation works.

4. For the purposes of technical assistance under Part 2 of the Project, the Borrower shall ensure that the terms of reference for any consultancies related to the technical assistance under Part 2 of the Project shall be satisfactory to the Bank and, to that end, such terms of reference shall require that the advice conveyed and documentation prepared through such technical assistance be consistent with the requirements of the Bank's Safeguards Policies.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

### **B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

## **Section III. Procurement**

### **A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions listed in paragraph 3 below; (b) Shopping; (c) Direct Contracting; and (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Bank.
3. National Competitive Bidding shall be subject to the following additional procedures:
  - (i) **Registration:** (a) bidding shall not be restricted to pre-registered firms; (b) where registration is required, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
  - (ii) **Eligibility:** foreign bidders shall not be precluded from bidding, and no preference of any kind shall be given to national bidders.
  - (iii) **Procedures:** "Open procedures" shall be followed in all cases. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, allowing a minimum of thirty (30) days for the preparation and submission of bids.
  - (iv) **Pre-qualification:** when pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, technical and financial requirements shall be explicitly stated in the pre-qualification documents.

- (v) **Participation by government-owned enterprises:** government-owned enterprises in Montenegro shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the government. Such enterprises shall be subject to the same bid and performance security requirements as other bidders.
- (vi) **Bidding documents:** procuring entities shall use the appropriate standard bidding documents for the procurement of works which shall contain draft contract and conditions of contract, satisfactory to the Bank.
- (vii) **Submission of bids:** bidders may, at their option, deliver bids either in person, by courier service, or by mail at any time prior to the deadline set the submission of bids.
- (viii) **Bid opening and bid evaluation:** bids shall be opened in public and, if two envelopes are submitted for technical and price components, both shall be opened simultaneously. The time for the bid opening shall be the same as for the deadline for receipt of bids or immediately thereafter, and shall be announced, together with the place for bid opening, in the solicitation documents. Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents. Extension of bid validity shall be allowed once only for not more than thirty (30) days. No further extensions should be requested without the prior approval of the Bank. Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid. Negotiations shall not be allowed with the lowest evaluated bidder or any other bidder.
- (ix) **Price adjustment:** civil works contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause.
- (x) **Rejection of bids:** all bids shall not be rejected and new bids solicited without the Bank's prior concurrence.
- (xi) **Contracts:** all contracts shall be in writing, signed and stamped by authorized signatories of the purchaser and the supplier, and shall contain identical terms and conditions of contract to those included in the tender documents.
- (xii) **Securities:** bid securities shall not exceed two percent (2%) of the estimated cost of the contract; performance securities shall not exceed ten percent (10%). No advance payments shall be made to contractors without a suitable advance payment security. The wording of all such securities shall be included into the bidding documents and be acceptable to the Bank.
- (xiii) **Right to inspect and audit:** Each contract financed out of the proceeds of the Loan shall provide that the suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(xiv) **Fraud and Corruption:** The Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank Group.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures for competitive selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed

(1) Goods, works, non-consulting services, consultants' services, Incremental Operating Costs and Training and audit for the Project	49,125,000	100%
(2) Refund of the Preparation Advance	750,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
(3) Front-end Fee	125,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.07(c) of this Agreement
<b>TOTAL AMOUNT</b>	<b><u>50,000,000</u></b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed Euro 50,000 equivalent may be made for payments made prior to this date but on or after April 10, 2014, for Eligible Expenditures.
2. The Closing Date is June 30, 2019.

### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
February 15, 2020	1.35%
August 15, 2020	1.38%
February 15, 2021	1.41%
August 15, 2021	1.44%
February 15, 2022	1.48%
August 15, 2022	1.51%
February 15, 2023	1.54%
August 15, 2023	1.58%
February 15, 2024	1.61%
August 15, 2024	1.65%
February 15, 2025	1.69%
August 15, 2025	1.72%
February 15, 2026	1.76%
August 15, 2026	1.80%
February 15, 2027	1.84%
August 15, 2027	1.88%
February 15, 2028	1.93%
August 15, 2028	1.97%
February 15, 2029	2.01%
August 15, 2029	2.06%
February 15, 2030	2.11%
August 15, 2030	2.15%
February 15, 2031	2.20%
August 15, 2031	2.25%
February 15, 2032	2.30%
August 15, 2032	2.35%
February 15, 2033	2.41%
August 15, 2033	2.46%
February 15, 2034	2.52%
August 15, 2034	2.57%
February 15, 2035	2.63%
August 15, 2035	2.69%
February 15, 2036	2.75%
August 15, 2036	2.81%

February 15, 2037	2.88%
August 15, 2037	2.94%
February 15, 2038	3.01%
August 15, 2038	3.07%
February 15, 2039	3.14%
August 15, 2039	3.21%
February 15, 2040	3.29%
August 15, 2040	3.36%
February 15, 2041	3.44%
August 15, 2041	3.85%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
  
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
  
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank



under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Bank’s Safeguard Policies” means the Bank operational policies and procedures set forth in the Bank’s Operational Manual under Ops/BPs 4.01, 4.04, 4.36, 4.09, 4.11, 4.10, 4.12, 4.37, 7.50 and 7.60, as said manual is published under [www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual).
3. “Bijela” means Jadransko Brodogradiliste a.d. Bijela, established under the laws of the Borrower and registered as a joint stock company with registration number 40000049 and company identification number 02007428, and includes any successor thereto.
4. “Bijela Site” means Bijela’s shipyard.
5. “Category” means a category set forth in the table in Section IV of Schedule 4 to this Agreement.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
7. “EPA” means the Environmental Protection Agency, established under the MSDT pursuant to the Decree on the Amendments and Modifications of the Decree on Organization and Functioning of Public Administration, published in the Official Gazette of Montenegro No. 48/08 on November 12, 2008, and includes any successor thereto.
8. “EPCG” means Elekrtoprivreda Crne Gore a.d. Niksic, established under the laws of the Borrower and registered as a joint stock company with registration number 40000330 and company identification number 02002230, and includes any successor thereto.
9. “ESIA” means the Borrower’s environmental and social impact assessment for the Project, covering each of the Project Sites, as well as the Sumane Site, in form and substance satisfactory to the Bank, dated January 23, 2013, including, *inter alia*: (i) the identification and assessment of potential environmental and social impacts of activities to be carried out under the Project; (ii) an evaluation of alternative measures; and (iii) the EMP (as hereinafter defined) detailing the appropriate mitigation, monitoring, institutional and management measures required for the implementation of the Project with a view to ensuring compliance of the activities referred to in sub-paragraph (i) herein with said measures and to eliminating adverse environmental and social impacts, offsetting such impacts, or reducing them to acceptable levels, as such ESIA shall be updated pursuant to Section I.D.2 of Schedule 2 this Agreement by agreement between the Borrower and the Bank, and as such ESIA may be further updated or amended from time to time by agreement between the Borrower and the Bank.

10. “EMP” means the Borrower’s environmental management plan for the Project covering each of the Project Sites as well as the Sumane Site, dated January 23, 2013, incorporated in the ESIA, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental and social impacts to levels acceptable to the Bank, as such EMP shall be updated pursuant to Section I.D.2 of Schedule 2 this Agreement by agreement between the Borrower and the Bank, and as such EMP may be further updated or amended from time to time by agreement between the Borrower and the Bank
11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012.
12. “Gradac Site” means the mine tailings disposal facility Gradac.
13. “Incremental Operating Costs” means the PMU’s reasonable and necessary incremental expenditures related to the management and implementation of the Project, all based on periodic budgets acceptable to the Bank, including on account of vehicle rental; miscellaneous utilities; stationary and office supplies and equipment; operation, maintenance and spare parts of equipment; consumables; transportation; local travel; communication and advertisement costs; and a fee for the provision of procurement and financial management services for the Project by the TSU, but excluding salaries or honoraria of officials and employees of the Borrower’s civil services.
14. “KAP” means Kombinat Alumijuma a.d. Podgorica, established under the laws of the Borrower and registered as a joint stock company in the commercial court with registration number 40001982 and company identification number 02014459, and includes any successor thereto.
15. “KAP Site” means the red mud basins and solid waste disposal site at KAP’s aluminum plant.
16. “MOF” means the Borrower’s Ministry of Finance and includes any successor thereto.
17. “MSDT” means the Borrower’s Ministry of Sustainable Development and Tourism and includes any successor thereto.
18. “Pljevlja Site” means the coal ash facility at Pljevlja.
19. “PMU” means the project management unit established by the Borrower within EPA for the purposes of Project management.
20. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement signed on behalf of the Bank on February 14, 2011 and on behalf of the Borrower on March 23, 2011 (IBRD P4600-ME).

21. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
22. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 11, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
23. “Project Operations Manual” or “POM” means the operations manual for the Project, dated April 9, 2014 adopted by MOF, MSDT and EPA for the Project, and referred to in Section I.A.1(a) of Schedule 2 to this Agreement, satisfactory to the Bank, describing and setting forth procedures for implementation of the Project and institutional arrangements, consistent with the provisions of this Agreement and with applicable laws and regulations and including, among other things, timetables of actions required to be carried out under the Project, the respective roles and responsibilities of the agencies involved in the implementation of the Project, staffing, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, and other fiduciary and administrative arrangements and necessary terms of reference, as the same may be amended from time to time by agreement with the Bank.
24. “Project Site” means each of the Gradac Site, Pljevlja Site, Bijela Site, and the KAP Site.
25. “Project Steering Committee” means the Project Steering Committee referred to in Section I.A.1 (d) of Schedule 2 to this Agreement.
26. “RAP” means a site-specific resettlement action plan, prepared pursuant to the provisions of the RPF and referred to in Section I.D.2 (b) of Schedule 2 to this Agreement.
27. “RPF” means the Resettlement Policy Framework adopted by the Borrower and dated March 15, 2013, which establishes the potential resettlement and compensation principles and procedures, organizational arrangements and design criteria to be applied to the Project implementation in compliance with the laws of the Borrower and the Bank’s safeguards policy on land acquisition and involuntary resettlement.
28. “Safeguards Instruments” means the ESIA’s, EMP’s, the RPF and any RAP’s.
29. “Sumane Site” means the Sumane associated alternative coal ash facility.
30. “Training” means Project-related training, and includes Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, reasonable and necessary local and international travel by

participants in training activities, reasonable lodging and accommodation, subsistence and local and international per diem of trainees and trainers, registration, tuition and facilitators' fees, translation and interpretation, and other training related miscellaneous costs, all based on budgets acceptable to the Bank.

31. "TSU" means the Technical Services Unit within the Borrower's MOF.