European Bank
for Reconstruction and Development

MINUTES OF THE LOAN DISCUSSION

Bosnia and Herzegovina

GrCF2 W2 E2 Tram line Ilidza – Hrasnica

(former name: GrCF2 W2 E2 Sarajevo e-Tram Extension)

Held on 1st of August 2022

At the EBRD Resident Office, Sarajevo

Loan negotiations were held in Sarajevo on 1 August 2022 in connection with the proposed sovereign loan to Bosnia and Herzegovina ("**BiH**" or the "**Borrower**") in the amount of up to EUR 25 million to be on-lent to Ministry of Traffic of the Sarajevo Canton ("**MoT**" or "**Project Entity**") through the Federation of Bosnia and Herzegovina ("**FBH**") and the Sarajevo Canton ("**Canton**") to finance (i) the extension of two lines of tram tracks from Ilidza to Hrasnica, (ii) the construction of a new tracks roundabout in Ilidza where the connection to the existing tram tracks will be made and a U-turn in Hrasnica (approximately 12.96 km total length), and (iii) the development of approximately twenty new tram stations (the "**Project**"). The Project will be carried out by the Project Entity with additional financial assistance from the Canton.

The delegation of BiH (the "**Delegation**") comprised of the following representatives:

Bosnia and Herzegovina:

Mr. Nenad Vujicic
Expert Advisor, BiH Ministry of Finance and Treasury

Federation of Bosnia and Herzegovina:

Mr. Vedad Neziric
Head of the Department for Borrowing and Coordination of Development Funds, Federal Ministry of Finance

Ms. Jasmina Cosic,
Expert Advisor for Borrowing, Federal Ministry of Finance

Sarajevo Canton:

Mrs. Elvedina Ademovic
Assistant Minister, Ministry of Finance of the Sarajevo Canton

MoT representatives:

Mr. Emir Hota
Assistant Minister, Ministry of Traffic of the Sarajevo Canton

The Bank's team comprised of the following representatives:

Ms. Corentine Delobel
Principal Counsel, Office of the General Counsel

Mr. Alen Dzananovic
Associate Banker, Sarajevo Resident Office

Ms. Selma Ziga
Analyst, Sarajevo Resident Office

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In the preparation for the Meeting, EBRD provided the Delegation with drafts of the Loan Agreement, the Project Agreement and the Loan Support Agreement, as well as a copy of the EBRD Standard Terms and Conditions for the EBRD's sovereign operations (dated 5 November 2021).
At the Meeting:

1. BiH, FBH, Canton and MoT confirmed their current interest in considering the Project.
2. EBRD confirmed its current interest in considering the loan to the Borrower.
3. During the Meeting the drafts of the Loan Agreement, the Loan Support Agreement and the Project Agreement were discussed and the following comments were made on each of the agreements:

Project name: The Delegation requested the following change and the Bank agreed, subject to internal approval.

i) Change to "**GrCF2 W2 E2 Tram line Ilidza – Hrasnica"**

Loan Agreement:

i) Project name: "GrCF2 W2 E2 **Tram line Ilidza – Hrasnica**"

ii) **Preamble**: The Parties agreed to the changes in the Preamble as follows:

a. *WHEREAS, the Borrower, with the assistance and support of the Federation of Bosnia and Herzegovina (the "Federation"), the Sarajevo Canton (the "Canton") and the Ministry of Traffic of the Canton (the "Project Entity"), intends to implement the Project as described in Schedule 1 hereto, which is designed to assist the Project Entity in the financing of (i) the extension of two lines of tram tracks from Ilidza to Hrasnica, (ii) the construction of a new tracks roundabout in Ilidza where the connection to the existing tram tracks will be made and a U-turn in Hrasnica (approximately 12.96 km total length), and (iii) the development of* ***approximately*** *twenty new tram stations (the "Project");*

iii) **Section 1.02**: The Delegation requested the following changes which were accepted by the Bank except for in instances subject to approval of other Bank departments as stated within each noted change request:

a. **Environmental Permit** – "means **applicable** local legal act which will be issued by the Ministry of Environment and Tourism of Federation of Bosnia and Herzegovina in line with ~~item 1) or 2) of the Article 71 and Article 79 of~~ the Law on Environmental Protection of the Federation of Bosnia and Herzegovina ~~(Official Gazette of the Federation of Bosnia and Herzegovina, no. 15/21)~~ in form of either decision or opinion whether Environmental Impact Assessment will be deemed mandatory or not."

b. **Preliminary Water Consent** – "means **applicable** local legal act which will be issued by a relevant authority in line with the Law on Waters of Federation of Bosnia and Herzegovina ~~(Official Gazette of the Federation of Bosnia and Herzegovina, no. 70/06)~~"

The Delegation agreed that the changes stipulated in the Minutes section "Loan agreement" points iii)a) and iii)b) cannot be adopted at the time of negotiations and are

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subject to obtaining appropriate approvals from relevant departments of the Bank (ESD team) which will be communicated with the Delegation once feedback has been received.

c. **Section 2.02 (a):** "The Minimum Drawdown Amount shall be **EUR 500,000.**"

d. **Section 2.02 (d):** "The Interest Payment Dates shall be **20 January** and **20 July** of each year."

e. **Section 2.02 (e):** "The Borrower shall repay the Loan in 24 equal (or as nearly equal as possible) semi-annual instalments on **20 January** and **20 July** of each year, with the first Loan Repayment Date being on the first Interest Payment Date falling immediately after the third anniversary of the date of this Agreement and the last Loan Repayment Date being the twenty fourth Interest Payment Date following the above first Loan Repayment Date."

f. **Section 3.01 (g.7):** "compliance with all covenants regarding financial and operational aspects of the Project and the Project Entity as provided for in Sections [**3.02, and 3.03 ~~and 3.04~~**] of the Project Agreement; and"

iv) **Section 5.02(d):** The Delegation requested the Bank to check the deadline to this covenant , in line with other projects between the parties.

v) **Schedule 1 (2):** "Part A: (i) the extension of two lines of tram tracks from Ilidza to Hrasnica, (ii) the construction of a new tracks roundabout in Ilidza where the connection to the existing tram tracks will be made and a U-turn in Hrasnica (approximately 12.96 km total length), and (iii) the development of **approximately** twenty new tram stations;"

vi) **Schedule 2:** "Notwithstanding the provisions of paragraph 1 above, no Drawdown shall be made in respect of expenditures incurred prior to the Effective Date, except that one or several Drawdowns in an aggregate amount not exceeding 20% of the total amount of the Loan may be made in respect of Category 1 on account of expenditures incurred prior to the Effective Date **~~but after the date of the Loan Agreement~~**."

The Delegation confirms their understanding that the requested deletion in section "Loan agreement" point vi) of these Minutes is subject to approval by relevant departments of the Bank and will be communicated with the Delegation once feedback is received.

vii) **Attachment to Schedule 2:** MoT proposed and the Bank accepted the change:

Category	**Amount of the Loan Allocated in the Loan Currency**	**Percentage of Expenditures to be Financed**
(1) Goods and Works for Part A	23,550,000	100% (excluding taxes & duties)
(2) Services for Part B	1,200,000	100% (excluding taxes & duties)
(3) Front-end Commission	250,000	100%
Total	**25,000,000**	

Loan Support Agreement:

i) Project name: "GrCF2 W2 E2 **Tram line Ilidza – Hrasnica**"

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ii) **Preamble**: The Parties agreed to the changes in the Preamble as follows:

a. *WHEREAS, the Borrower, with the assistance and support of the Federation of Bosnia and Herzegovina (the "Federation"), the Sarajevo Canton (the "Canton") and the Ministry of Traffic of the Canton (the "Project Entity"), intends to implement the Project as described in Schedule 1 hereto, which is designed to assist the Project Entity in the financing of (i) the extension of two lines of tram tracks from Ilidza to Hrasnica, (ii) the construction of a new tracks roundabout in Ilidza where the connection to the existing tram tracks will be made and a U-turn in Hrasnica (approximately 12.96 km total length), and (iii) the development of* ***approximately*** *twenty new tram stations (the "Project");*

iii) **Section 3.02(k)**: MoT requested the change "ensure that adoption and implementation of the Corporate Development Plan **(for the avoidance of doubt, excluding the Staff Retrenchment Plan, which shall be adopted and implemented in accordance with Section (i) and (j) of this Section 3.02)** as defined in the Project Agreement follows the timeline stipulated by the contract with the respective consultant, but in any case is completed no later than **31 March 2023**;
The Delegation agreed that these changes cannot be adopted at the time of negotiations and are subject to obtaining appropriate approvals from relevant departments of the Bank (ESD team) which will be communicated with the Delegation once feedback has been received.

Project Agreement:

(i) Project name: "GrCF2 W2 E2 **Tram line Ilidza – Hrasnica**"

(ii) **Preamble**: The Parties agreed to the changes in the Preamble as follows:

a. *WHEREAS, the Borrower, with the assistance and support of the Federation of Bosnia and Herzegovina (the "Federation"), the Sarajevo Canton (the "Canton") and the Ministry of Traffic of the Canton (the "Project Entity"), intends to implement the Project as described in Schedule 1 hereto, which is designed to assist the Project Entity in the financing of (i) the extension of two lines of tram tracks from Ilidza to Hrasnica, (ii) the construction of a new tracks roundabout in Ilidza where the connection to the existing tram tracks will be made and a U-turn in Hrasnica (approximately 12.96 km total length), and (iii) the development of* ***approximately*** *twenty new tram stations (the "Project");*

MoT requested the following changes:

(iii) **Section 2.05 (c): "**The Project Entity shall ensure that development and implementation of the Corporate Development Plan follows the timeline stipulated by the contract with the respective consultant, but in any case is completed no later than **31 March 2023.**"

(iv) **Section 2.05 (d):** "The Project Entity shall ensure that development and adoption of the Gender Action Plan follows the timeline stipulated by the contract with the respective consultant, but in any case is completed no later than **31 March 2023.**"
The Delegation agreed that changes stipulated in the Minutes in section "Project agreement" points iii) and iv) cannot be adopted at the time of negotiations and are

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subject to obtaining appropriate approvals from relevant departments of the Bank (ESD team) which will be communicated with the Delegation once feedback has been received.

4. The Delegation confirmed that they have no further comments on the drafts of Loan Agreement, Loan Support Agreement and Project Agreement.

5. These Minutes of Loan Negotiations do not and are not intended to constitute or evidence any legal, equitable and/or binding commitment under any applicable law by any of the signatories and are intended only to record their current understanding and intention with regard to the Project. The proposed transactions outlined in these Minutes of Loan Negotiations are subject to satisfactory results of due diligence; discussion; execution of any eventual legal documentation; and to any relevant governmental, regulatory, institutional and corporate or other approvals, including those of the signatories. Nothing herein shall constitute nor be construed as a waiver by EBRD of any of the privileges, immunities and exemptions granted to EBRD under the Agreement Establishing the European Bank for Reconstruction and Development, international convention or any applicable law.

6. Signed on 1st of August 2022.

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FOR BOSNIA AND HERZEGOVINA

Name: Nenad Vujicic
Title: Expert Advisor, BiH Ministry of Finance and Treasury

FOR FEDERATION OF BOSNIA AND HERZEGOVINA

Name: Vedad Neziric
Title: Head of the Department for Borrowing and Coordination of Development Funds, Federal Ministry of Finance

FOR SARAJEVO CANTON

Name: Elvedina Ademovic
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FOR MINISTRY OF TRAFFIC

Name: Emir Hota
Title: Assistant Minister, Ministry of Traffic of the Sarajevo Canton

FOR THE BANK

Name: Tamir Mostarac
Title: Senior Banker, EBRD in Bosnia and Herzegovina