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**CREDIT NUMBER 4691-XK**  
**GRANT NUMBER H544-XK**

# **Financing Agreement**

**(Real Estate Cadastre and Registration Project)**

**between**

**REPUBLIC OF KOSOVO**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 10, 2010**

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**CREDIT NUMBER 4691-XK**  
**GRANT NUMBER H544-XK**

## **FINANCING AGREEMENT**

AGREEMENT dated March 10, 2010, entered into between REPUBLIC OF KOSOVO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 - FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
  - (a) an amount equivalent to three million five hundred thousand Special Drawing Rights (SDR 3,500,000) (“Grant”); and
  - (b) an amount equivalent to four million three hundred thousand Special Drawing Rights (SDR 4,300,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Euro.

### **ARTICLE III - PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, through the Kosovo Cadastre Agency, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV - REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely that the Recipient's legislation affecting real estate administration, planning or business permitting has been amended, suspended, abrogated or waived in such a way that, in the opinion of the Association, it materially affects the ability of the Recipient to achieve the objectives of the Project.

### **ARTICLE V - EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Project Operational Manual has been adopted by the Recipient in a form and manner satisfactory to the Association.
  - (b) The Project Coordination Office has been staffed in accordance with terms of reference and in a manner satisfactory to the Association, including with a project coordinator, a procurement expert, a financial management expert, a cadastre expert and a legal expert, in accordance with terms of reference and in a manner satisfactory to the Association.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI - REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is the Minister of Finance.
- 6.02. The Recipient's Address is:

Ministry of Economy and Finance  
Mother Teresa Street  
1000 Pristina  
Republic of Kosovo

Facsimile:

+38 138 213 113

- 6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Pristina, Republic of Kosovo, as of the day and year first above written.

REPUBLIC OF KOSOVO

By /s/ Ahmet Shala

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ranjit Nayak

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to help develop the Recipients' land and property markets and to improve tenure security.

The Project consists of the following parts:

#### **Part A: Municipal Land Administration**

1. Improvement of client services in Eligible MCOs, including building renovations, changes in office layouts and the introduction of new standardized procedures, and data migration from IPRR to KCLIS.
2. Support for selected MCOs in: (a) collecting complete documentation for the registration of buildings, apartments and other properties that meet the requirements for registration in accordance with the Recipient's legal and regulatory framework; (b) collection of data for cadastre reconstruction in selected cadastre zones; and (c) quality control of previously collected data.

#### **Part B: Institutional Framework of Kosovo Cadastre Agency**

1. Reform of the framework for operation of the Kosovo Cadastre Agency in line with the Kosovo Cadastre Development Strategy, the Business Plan and the Implementation Plan, including: (a) upgrading the legal and regulatory framework, as well as guidelines and manuals for office operation, building cadastre construction, cadastre reconstruction and quality control; and (b) compiling and disseminating a compilation and assessment of laws on property rights.
2. Establishment and maintenance of a Continuous Operating Reference Network and an information hotline at KCA.

#### **Part C: Project Management, Training and Public Outreach**

1. Strengthening of implementation capacity of the Project Coordination Office, through the provision of consultants' services.
2. Design and implementation of a comprehensive training program for KCA and Project Coordination Office managers and staff, private surveyors and other key stakeholders on management, legal, technical and administrative subjects.
3. Design and implementation of public awareness campaigns, social assessments and client surveys on land and property registration.

## **SCHEDULE 2**

### **Project Execution**

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

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

1. The Recipient shall ensure that the Project Coordination Office within the Kosovo Cadastre Agency: (a) is adequately staffed, with terms of reference acceptable to the Association, funded and operational; (b) approves on a timely basis annual plans, budget plans, and updates the Procurement Plan in a manner satisfactory to the Association; (c) provides secretariat services to the Inter-Ministerial Land Administration Committee; (d) provides overall Project coordination, monitoring and evaluation; (e) carries out the Project's fiduciary aspects, including procurement, financial management, reporting and auditing; (f) prepares and manages public awareness and training programs and related activities; (g) prepares technical specifications and terms of reference for Project activities; (h) prepares social assessments acceptable to the Association; (j) coordinates Project activities with the municipalities and other government institutions; (k) prepare the reports for reviews and midterm review of the Project; and (l) oversees the Eligible MCOs' and MCOs' contributions to the implementation of activities under Part A of the Project.

2. The Recipient shall ensure that the Inter-Ministerial Land Administration Committee: (a) is established no later than March 31, 2010, and, thereafter maintained with adequate resources and in a manner acceptable to the Association; and, thereafter, (b) provides strategic guidance and decisions on policy issues relevant to overall Project implementation and implements policy reforms; (c) coordinates and builds consensus among stakeholders on policies related to Project implementation; and (d) receives and approves annual work plans.

##### **B. Anti-Corruption**

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

##### **C. Implementation Covenants**

1. The Recipient shall carry out the Project in accordance with the Environmental Management Plan and the Project Operations Manual, and shall not amend, suspend, abrogate, repeal or waive any provision of the Environmental Management Plan or the Project Operations Manual without prior approval of the Association.

2. The Recipient, through the Project Coordination Office, shall: (i) not later than March 1, 2010, submit to the Association an annual work plan for the remainder of

calendar year 2010, and shall agree with the Association on steps to be taken in calendar year 2010; and (ii) on December 1 of each year, starting on December 1, 2010, submit to the Association for review and approval an annual work plan for the following calendar year, and shall agree with the Association on steps to be taken in the following calendar year.

3. The Recipient shall ensure that the Eligible MCOs abide by the terms of their respective memorandum of understanding with the KCA, by which the Eligible MCOs agree to use standardized workflows and procedures for cadastre and registration, in a manner acceptable to the Association.

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

### **A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the first or last six (6) months of the calendar year, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than January 31, 2016.

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

1. The Recipient shall maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.



**Section III. Procurement**

**A. General**

1. **Goods, Works and Technical Services.** All goods, works and Technical Services required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Technical Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Technical Services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Technical Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Technical Services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) National Competitive Bidding, subject to the modifications and additions set forth in the Annex to Schedule 2
(b) Shopping
(c) Direct Contracting

**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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Fixed Budget Selection
(b) Consultant Qualifications
(c) Least Cost Selection
(d) Individual Consultants
(e) Sole Source Selection

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

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

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association 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 Financing ("Category"), the allocations of the

amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category. To the extent practicable and relevant for the individual Categories, the proceeds of the Grant shall be disbursed before disbursement of the proceeds of the Credit:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Works and Technical Services for Parts A.1, A.2(a) and A.2(c) of the Project	2,009,000	0	75 %
(2) Technical Services for Part A.2(b) of the Project	1,073,000	0	75 %
(3) Goods, Consultants' Services, Training and Incremental Operating Costs for Parts A.1, A.2(a), A.2(c), B and C of the Project	1,218,000	3,500,000	100%
<b>TOTAL AMOUNT</b>	<u>4,300,000</u>	<u>3,500,000</u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement; and

(b) under Category (2), until the Recipient has enacted amendments to the Cadastre Law in a manner satisfactory to the Association.

2. The Closing Date is July 31, 2015.

## **ANNEX TO SCHEDULE 2**

### **National Competitive Bidding: Additional Provisions**

#### **A. Generalities**

Open Procedure shall be the default method of procurement. Procurement procedures, including methods and prior review processes cannot be changed without express consent from the World Bank.

#### **B. Registration**

1. Bidding shall not be restricted to pre-registered firms.
2. 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.
3. Bidders not from the territory of the Recipient shall not be precluded from bidding. If a registration process is required, any bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

#### **C. Advertising**

Invitations to bid shall be advertised in at least one widely circulated Albanian-language daily newspaper and in at least one widely circulated Serbian-language daily newspaper available over the territory of the Recipient allowing a minimum of thirty (30) days for the preparation and submission of bids.

#### **D. 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 widely circulated daily newspaper available over the territory of the Recipient a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, and technical and financial requirements, shall be explicitly stated in the pre-qualification documents, which shall be determined on a “pass/fail” method, not through the use of a merit point system. When pre-qualification is not used, the qualifications of the bidder recommended for contract award shall be assessed by post-qualification, applying minimum experience, technical and financial requirements, which shall be explicitly stated in the bidding documents.

**E. Participation by Publicly-Owned Enterprises**

Publicly-owned enterprises 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 contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

**F. Bidding Documents**

Procuring entities shall use the appropriate standard bidding documents for the procurement of works, acceptable to the Association. Europe and Central Asia Regional Sample Bidding Documents, modified as acceptable by the Association, shall be used.

**G. Bid Opening and Bid Evaluation**

1. Bids shall be submitted in a single envelope containing the bidder's qualification information, technical and price bids, which shall be opened simultaneously at the public bid opening.

2. Bids shall be opened in public, immediately after the deadline for submission of bids. The name of the bidder, the total amount of each bid and any discounts offered shall be read aloud and recorded in the minutes of the public bid opening.

3. Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents. No merit point system will be used.

4. Extensions of bid validity will be allowed once only for not more than thirty (30) days. No further extensions shall be requested without the prior approval of the Association.

5. Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.

**H. Price Adjustment**

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

**I. Rejection of Bids**

1. All bids shall not be rejected and new bids solicited without the Association's prior concurrence.

2. When the number of bids received is less than three, re-bidding shall not be carried out without the Association's prior concurrence.

**J. Securities**

Bid security shall not exceed three percent (3%) of the estimated cost of the contract and performance security not more than ten percent (10%) of this cost. No advance payment shall be made to contractors without a suitable advance payment security. These securities shall be included in the bidding documents in a text and format acceptable to the Association.

**K. Confidentiality**

The process of bid evaluation shall be confidential until the publication of contract award has been issued.

**L. Standards and Technical Specifications**

The Recipient shall specify internationally accepted standards whenever possible. Where such international standards are unavailable or are inappropriate, national standards may be specified.

**M. Right to Inspect and Audit**

Each contract shall provide that the suppliers, contractors and subcontractors shall permit the Association, 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 Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

**O. Fraud and Corruption**

The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, 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 Association.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 and September 15:	
commencing March 15, 2020 to and including September 15, 2029	1%
commencing March 15, 2030 to and including September 15, 2049	2%

- \* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.



## 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.
2. “Cadastre Law” means the Recipient’s Law on Cadastre No. 2003/25 of December 4, 2003.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “Continuous Operating Reference Network” or “CORN” means a system of permanently operating satellite receivers that continuously record, distribute and archive data from Global Navigation Satellite Systems, enabling surveying equipment to capture positioning information.
6. “Eligible MCOs” means MCOs that have entered into a memorandum of understanding with the KCA, by which they agree to abide by standardized workflows and procedures for cadastre and registration as agreed with the Association and in a manner satisfactory to the Association.
7. “Environmental Management Plan” means the plan adopted by the Recipient on August 4, 2009, satisfactory to the Association, consisting of the set of mitigation, monitoring, and institutional measures to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement these measures.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
9. “Implementation Plan” means the document which sets forth the detailed activities for KCA during the period of 2009 through 2014, based on the Kosovo Cadastre Development Strategy and the Business Plan.
10. “Incremental Operating Costs” means costs incurred by Project staff and consultants, incremental to implementation of the Project and as agreed with the Association, including CORN operating costs (including data transmission line

fees), office supplies, office rent, office equipment rental and repair, telecommunication costs, local transport costs, vehicle operation and maintenance costs, travel costs for (including air fare, hotel costs and per diems for Project staff and consultants), hospitality costs for meetings and conferences, translation and interpretation costs, and costs for production of documents, publication of advertisements, procurement notices and media spots.

11. “Inter-Ministerial Land Administration Committee” means the committee referenced in Section I.A.2 of Schedule 2 to the Agreement, composed by representatives of the Ministry of Public Administration, the Ministry of Environment and Spatial Planning, the Ministry of Local Government, the Ministry of Internal Affairs, and the Ministry of Economy and Finance.
12. “IPRR” means the Recipient’s Immovable Property Rights Registry, established pursuant to UNMIK Regulation 2002/22, and the Law on Establishment of the Immovable Property Rights Register (Law No. 2002/5 on October 17, 2002).
13. “KCLIS” means the Kosovo Cadastre Land Information System.
14. “Kosovo Cadastre Agency” or “KCA” means the Government agency responsible for the cadastre, established pursuant to Law on Cadastre No. 2003/25 on December 4, 2003, and includes any successor thereto.
15. “Kosovo Cadastre Development Strategy and Business Plan” means the documents prepared by the Kosovo Cadastre Agency and adopted by the Recipient in December 2008, setting forth the development strategy and business plan for the cadastre sector in Kosovo and KCA for the period of 2009, through 2011.
16. “Ministry of Environment and Spatial Planning” means the Recipient’s Ministry of Environment and Spatial Planning and includes any successor thereto.
17. “Ministry of Economy and Finance” means the Recipient’s Ministry of Economy and Finance and includes any successor thereto.
18. “Ministry of Internal Affairs” means the Recipient’s Ministry of Internal Affairs and includes any successor thereto.
19. “Ministry of Local Government” means the Recipient’s Ministry of Local Government, and includes any successor thereto.
20. “Ministry of Public Administration” means the Recipient’s Ministry of Public Administration and includes any successor thereto.
21. “Municipal Cadastre Offices” or “MCOs” means the Recipient’s municipal offices that maintain the cadastre records.

22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
23. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 5, 2009, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
24. “Project Coordination Office” means the entity based in the Kosovo Cadastre Agency charged with overall Project implementation, referenced in Section I.A.1 of Schedule 2 to the Agreement.
25. “Project Operations Manual” means the document adopted by the Recipient and satisfactory to the Association, setting forth the rules and regulations for implementation of the Project, including, *inter alia*, the financial management manual and the detailed procurement and monitoring and evaluation provisions, as the same may be amended from time to time with the agreement of the Association.
26. “Public Procurement Agency” means the Recipient’s agency charged with public procurement, established by Section 90 of UNMIK Regulation 2003/17, as amended, on January 15, 2004, and includes any successor thereto.
27. “Public Procurement Regulatory Commission” means the Recipient’s commission responsible for the overall development and operation of the public procurement rules and system in Kosovo, established by Section 81 of UNMIK Regulation No. 2003/17, as amended, on January 15, 2004, and includes any successor thereto.
28. “Technical Services” means services for carrying out cadastre mapping and surveying, building cadastre, data entry, publicity campaigns relating to the cadastre, and other cadastre-related services to be contracted on the basis of measurable outputs, as agreed with the Association.
29. “Training” means training activities (other than consultants’ services) to be carried out under the Project, as approved by the Association, including the reasonable and necessary local and international travel and visa expenses incurred by participants in training workshops and study tours, as well as lodging, subsistence, local and international per diem allowances, registration, tuition and facilitators’ fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and study tour activity, as may be agreed with the Association.

