



FRAMEWORK LOAN AGREEMENT

Between

COUNCIL OF EUROPE DEVELOPMENT BANK

And

THE SLOVAK REPUBLIC

Duly represented by the Ministry of Finance of the Slovak Republic

-- REHABILITATION OF CARE CENTRES FOR VULNERABLE GROUPS --

The **COUNCIL OF EUROPE DEVELOPMENT BANK**, International Organisation, Paris (hereinafter called the **CEB**), on the one hand,

And

THE SLOVAK REPUBLIC represented by the Ministry of Finance (hereinafter called the **Borrower**),

- Having regard to the application submitted by the Member Government of the Slovak Republic dated June 18, 2003,
- Having regard to the Resolution of the Administrative Council of the CEB: 1424 (1997) Revised 4,
- Having regard to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe,
- Having regard to the articles of the Loan Regulations of the CEB dated 6 October 1970.

HAVE AGREED UPON THE FOLLOWING:

Article 1. General Conditions

This loan is granted under the general conditions of the current Loan Regulations of the CEB and under the special conditions fixed by this framework loan agreement (hereinafter the **Agreement**), its appendices and its supplementary agreements (hereinafter the **Supplementary Agreements**).

Article 2. The Project

The CEB grants to the Borrower, who accepts, a loan for the partial financing of the F/P 1458 (2003) approved by the CEB's Executive Committee on July 9, 2003 and concerning the rehabilitation of care centres for vulnerable groups.

This loan is granted by the CEB in consideration of the commitment that the Borrower is making to apply it solely to financing the project described in Appendix 1 (hereinafter the **Project**), and to carry out such Project under the conditions which are detailed in said Appendix.

Any change to the way the loan is applied that has not received the CEB's approval may lead to the suspension, cancellation or immediate repayment of the loan, under the terms of Article 13 of the Loan Regulations.

Article 3. The Loan

3.1 Financial conditions

The amount of the loan granted is:

SKK 200 136 600

Two hundred million one hundred thirty six thousand six hundred Slovak korunas

It shall be disbursed in instalments.

For each instalment, the amount, the interest rate, the currency, the disbursement date, the repayment period, and each party's accounts for remittance, shall be determined jointly by the Borrower and the CEB by fax.

A Supplementary Agreement to the Agreement which specifies the conditions for each instalment shall be drawn up at the time of disbursement substantially in the form set out in Appendix 2.

3.2. Disbursement and non-disbursement fees

The disbursement of the loan, in several instalments, shall be made in accordance with the Project's work progress. Before any disbursements are made, the CEB will have to have received official notification that the Project Coordination Unit is up and running.

The first disbursement must occur at the latest within 18 months following the approval date of the Project.

The following disbursements shall be based on declarations by the Borrower concerning the state of progress (and on forecasts for the progress of works in the current year).

CEB will charge to the Borrower a non-disbursement fee, calculated as an amount of 0.50% (per annum, payable quarterly in arrears) of the difference between the amounts that should have been disbursed (in accordance with the minimum thresholds set out below) and the amounts actually disbursed. The mentioned threshold amounts are as follows:

- i. if the disbursements after 18 months following Project approval represent less than 20% of the total approved loan amount
- ii. if the disbursements after 24 months following Project approval represent less than 30% of the total approved loan amount
- iii. if the disbursements after 36 months following Project approval represent less than 50% of the total approved loan amount

3.3. Mobilisation

In order to mobilise the loan instalments, the Borrower shall send to the CEB before each disbursement the attached Declaration (Appendix 3) for each instalment.

The Declaration is issued and payable in the currency of the instalment paid out.

A legal opinion concerning the Declaration will be issued by the Ministry of Justice of the Borrower within two weeks after signature of the Framework Loan Agreement.

3.4. Domicile

All the amounts due by the Borrower under this loan are payable to the CEB in the currency of each instalment to the bank and account number communicated to the Borrower by the CEB at the time of disbursement of each instalment, with fax notice to be sent to the CEB by the Bank charged by the Borrower with payment, at least five working days before each payment.

3.5. Dates

The provisions of Article 3 are subject to the Modified Following Business Day Convention. Modified Following Business Day Convention means a convention whereby if a specified date would fall on a day which is not a Business Day ("Business Day" means a day on which the TARGET System (Trans-European Automated Real-Time Gross Settlement Express Transfer System) is operating¹), 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.

Article 4. Monitoring the loan and the Project

4.1.1 Period

The instalments must be paid by the Borrower to the beneficiaries within 12 months after each disbursement.

If an instalment disbursed by the CEB is not paid out to the final beneficiaries or is only partially paid out to them within the period mentioned in the first paragraph above, this would constitute an event triggering application of Article 13-h of the Loan Regulations of the CEB.

4.1.2 Implementation of the Project

The Borrower shall apply all care and diligence, and shall exercise all typically used means, in particular financial, technical, social, and managerial means and those concerning environmental protection, which shall be necessary for the proper implementation of the Project.

In particular, it shall ensure — before the Project is implemented — that all the financing, land and real property rights which are necessary therefor are available and that all assets and plants are permanently insured and maintained.

¹ For currencies other than EURO : « Business Day means a business day in the country of the currency »

Should the costs of the Project, as described in Appendix 1 attached hereto, increase or be revised for whatever reason, the Borrower shall ensure that the additional financial resources for the completion of the Project are available.

The Borrower shall undertake, moreover, that:

- the Project complies with the relevant Council of Europe conventions;
- the Project respects the environment, on the basis of relevant international conventions;
- partial financing by the CEB does not exceed 50 % of the total cost of the Project, excluding interest and financial charges, such as defined in Appendix 1;
- procurement will be carried out in accordance with the national bidding procedures (Act No. 263/1999 Coll. of 14 September 1999 on Public Procurement and on amendment of some acts). In case the above Procurement Procedures do not apply, the CEB will recommend to the promoter of private sector projects, whenever appropriate, the use of competitive bidding procedures, especially for major contracts.

In any case the responsibility for the implementation of the Project, and therefore for the award and administration of contracts under the Project, remains with the Borrower.

For all contracts signed after this Agreement, the Borrower will submit to the CEB the final certified copy(ies) of the signed contract(s) as soon as it (they) is (are) available, and in any case prior to the first and subsequent disbursements. The Borrower will also transmit to the CEB the report containing the evaluation of the tenders and recommendation for award and thereafter any proposed extension or modification made to the original contract and the reason therefor.

4.2. Borrower's Reports

4.2.1. Project progress reports

At least twice a year, from the disbursement of the loan up until the completion of the entire Project, the Borrower shall send to the CEB a report substantially in the form as set out in Appendix 4 detailing:

- the state of use of the loan;
- the progress of the Project's financing plan;
- the progress of the Project itself;
- Project management details.

4.2.2. Project completion report

At the completion of the entire Project, the Borrower shall present a final report, containing an appraisal of the Project's economic, financial, social and environmental effects.

4.3. Information provision to the CEB

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

The Borrower undertakes to favourably receive any information missions carried out by employees of the CEB or outside consultants hired by the CEB, at the latter's expense, and to provide all the necessary co-operation for their information mission, by facilitating any possible visits to the site of the Project. In particular, the CEB may have an on-site audit of the Project's

accounting carried out by one or more consultants of its choice at the Borrower's expense in the case of default by the Borrower in respect of any of its obligations under the present loan.

The Borrower undertakes to respond within a reasonable period to any request for information from the CEB and to provide it with any documentation that the CEB should consider necessary and may reasonably request for the proper implementation of the Agreement, particularly as concerns the monitoring of the Project and the use of the loan.

The Borrower shall inform the CEB immediately of any legislative or regulatory change in the economic sector relevant to the Project, and, in a general sense, of any event which may have an influence on the execution of their obligations under the Agreement. Any legislative or regulatory change in the economic sector relevant to the Project, would constitute an event as listed in Article 13-h of Chapter 3 of the Loan Regulations of the CEB and may give rise to the suspension, cancellation or immediate repayment of the loan.

Article 5. Discharge of the Borrower's obligations

The payment of the due amount stipulated in the Declaration releases the Borrower from its obligations as defined in section 3.1 above.

After the full amount of the principal of this loan, and all interest and other expenses resulting therefrom, in particular those sums under Articles 6 and 7 below, have been duly paid, the Borrower shall be fully released from its obligations towards the CEB, with the exception of those set out in Article 4 above.

Article 6. Interest for delay

Notwithstanding any other recourse available to the CEB under the present agreement and the Loan Regulations, or otherwise, if the Borrower does not pay all interest or any other amount payable under the Agreement at the latest on the due date specified, the Borrower must pay additional interest on the amount due and not fully paid, at the one-month EURIBOR² rate for the currency of the late payment as of the due date (if not a TARGET Business Day, the first following working day) at 11 a.m. (local time in Brussels), plus 2.5% per annum, as of the due date of this amount until the date of actual payment.

The applicable one-month EURIBOR rate³ shall be updated every 30 days.

Article 7. Associated costs

All duties and taxes of all kinds, due and paid, and all expenses resulting either from the conclusion, execution, liquidation, cancellation or suspension of this Agreement, in all or in part, or from the guarantee or refinancing of the loan granted, together with all judicial or extra-judicial deeds having this loan as their origin, shall be borne by the Borrower.

However, the provisions of Article 25 of Chapter 4 of the Loan Regulations of the CEB shall apply regarding the costs of the arbitration procedure mentioned in said Chapter 4.

Article 8. Securities

The Borrower declares that no other commitment has been made or will be made in the future, which might give a third party a preferential rank, a preferential right of payment, a collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties (hereinafter a **Security**).

² If the currency is different from EURO « at the one-month LIBOR rate for the currency of the late payment as of the due date (if Saturday, Sunday or a bank holiday, the first following working day) at 11 a.m. (local time in London).

³ If the currency is different from EURO : « the applicable one-month LIBOR rate »

If such a Security were nevertheless granted to a third party, the Borrower agrees to form or supply an identical Security in favour of the CEB or, where it is hindered in doing so, an equivalent Security, and to stipulate the formation of such a Security in favour of the CEB.

Failure to comply with these provisions would represent a case of default as laid down in Article 13-h of Chapter 3 of the Loan Regulations of the CEB and may give rise to the suspension, cancellation or immediate repayment of the loan.

Article 9. Representations and Warranties

The Borrower represents and warrants:

- that its competent managerial bodies have authorised it to make 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;
- that the drawing up and execution of the Agreement does not contravene the laws, decrees, regulations, articles of association, and other texts applicable to it and that all the permits, licenses, and authorisations necessary therefor have been obtained and shall remain valid for the entire loan period.

Any change in relation to the above representations and warranties must, for the entire loan period, be notified to the CEB immediately, and any supporting documents provided.

Article 10. Relations with 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 challenge, and in particular all legal or court costs, shall be at the expense of the Borrower.

Article 11. Interpretation of the Agreement

The Borrower states that it has taken note of the Loan Regulations of the CEB, and has received a copy thereof.

Where there is a contradiction between any provision whatsoever of the Loan Regulations of the CEB and any provision whatsoever of the Agreement, the provision of the Agreement shall prevail.

The headings of the paragraphs, sections, and chapters of the Agreement shall not serve for its interpretation.

In no case shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

Article 12. Applicable law

The Agreement and the negotiable securities relating thereto 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.

Disputes between the parties to the Agreement shall be subject to arbitration under the

conditions laid down in Chapter 4 of the Loan Regulations of the CEB.

Article 13. Execution of an arbitration award

The contracting 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 in the conditions laid down in Chapter 4 of the Loan Regulations of the CEB.

Article 14. Notices

Any notice or other communication to be given or made under this Agreement to CEB or the Borrower shall be in writing and shall be deemed to have been duly given or made when it is delivered by hand, airmail or facsimile by one party to the other at such party's address specified below.

For the Borrower: Ministry of Finance
Stefanovicova 5
81782 Bratislava15, Slovak Republic
Attention: Minister of Finance
Fax: 00.421.2.52.49.35.31

004202 5249 3531.

For the CEB: Council of Europe Development Bank
55 Avenue Kléber, 75116 Paris, France
Attention: the Governor
Fax: + 33.1.47.55.03.38

All communications to be given or made shall be in the English or French language or, if in another language, shall be accompanied by an English or French translation thereof.

Article 15. Entry into force

This Agreement shall enter into force upon signature by the CEB and the Borrower.

Article 16. Copies of Agreement

The Agreement is drawn up in two (2) copies, each of which is equally valid.

One original is kept by each of the contracting parties.

Bratislava, on _____
For the Slovak Republic
NAME: _____
TITLE: _____

Paris, on _____
For the Council of Europe Development Bank
NAME: _____
TITLE: _____

Project description

I.	F/P:	1458 (2003)												
	Borrower:	Slovak Republic												
	Beneficiary:	Through the contracting authorities in the form of the state administration regional authorities (<i>Krajsky Urad</i> , or "KU") and the upper-tier territorial units (<i>Vyssia Uzemne celky</i> , or "VUC"), the "receiving beneficiaries" are the care centres and the "final beneficiaries" are the vulnerable groups that use their services and care facilities.												
	Approval by the Executive Committee:	July 9, 2003												
	Amount approved:	SKK 200 136 600												
II.	Intervention areas:	Pilot project under the <i>National Programme for Improving the Living Conditions of People with Disabilities</i> . The three main objectives are : (1) de-institutionalisation of patients/users/residents, (2) rationalisation of the geographical distribution of the centres throughout the country, (3) improved quality of services and/or care provided												
	Planned works:	Construction/rehabilitation of buildings, infrastructure and facilities in some 25 care centres for vulnerable groups and/or people with disabilities in around 8 regions in Slovakia.												
	Location:	The 25 centres selected for funding under the Project are located within the territory of the following state administration regional authorities (KUs) and/or upper-tier territorial units (VUCs): Bratislava, Košice, Prešov, Nitra, Žilina, Trnava, Trenčín, Banská Bystrica.												
	Estimated total cost of the Project:	SKK 400 259 400 (total eligible cost, net of VAT)												
	Estimated finance schedule:	<table border="1"> <thead> <tr> <th></th> <th>Amount</th> <th>(SKK)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>KUs/VUCs (State budget) :</td> <td>200 122 800</td> <td></td> <td>50</td> </tr> <tr> <td>CEB loan :</td> <td>200 136 600</td> <td></td> <td>50</td> </tr> </tbody> </table>		Amount	(SKK)	%	KUs/VUCs (State budget) :	200 122 800		50	CEB loan :	200 136 600		50
	Amount	(SKK)	%											
KUs/VUCs (State budget) :	200 122 800		50											
CEB loan :	200 136 600		50											
	Progress of the Project at time of loan request:	0%												
	Schedule of works:	2003-2006												
III.	Estimated social effects:	<ul style="list-style-type: none"> • Improvement of living conditions, health care, education and opportunities for integration/reintegration of vulnerable groups now institutionalised in unsuitable conditions. • Improvement in the quality of welfare services in order to reduce social exclusion resulting from mental/motor disabilities or social vulnerability and foster the reintegration of the individuals concerned into society. • Provision of appropriate support in the form of accommodation, medical and therapeutic care and suitable socio-educational activities. • Favourable economic impact of the proposed measures in terms of costs of institutionalisation. 												

SUPPLEMENTARY AGREEMENT
F/P 1458 (2003) – [n°] instalment

To the Framework Loan Agreement dated [DATE]

Between

THE COUNCIL OF EUROPE DEVELOPMENT BANK
 (Hereinafter called the « CEB »), and

THE SLOVAK REPUBLIC (Hereinafter called the « Borrower »)

The present Supplementary Agreement and the Framework Loan Agreement signed between the CEB, and the Borrower on [DATE] determine the terms and conditions agreed upon for the [n°] instalment in reference to Article 3 of the said Framework Loan Agreement.

Borrower	Slovak Republic	
CEB reference	F/P 1458 (2003)	
Currency	[to be determined]	
Amount	[amount in figures]	
Interest rate	For fixed rate : [-- %]	For floating rate : LIBOR/EURIBOR + margin
Interest payment	Semi-annually (for fixed rate)	Quarterly (for floating rate)
Day-count fraction	30/360, unadjusted, Modified Following Business Day Convention (for fixed rate)	Actual/360, Modified Following Business Day Convention (for floating rate)
Tenor	[duration, grace period]	
Principal repayment	[frequency of repayment of capital]	
Date of offer	[DATE]	
Acceptance of offer	[DATE]	
Value date	[DATE]	
Business day	Modified Following Business Day Convention / Target Business Days	
Correspondent bank	[Name, address, account number and SWIFT Code]	
Borrower's bank	[Name, address, account number and SWIFT Code]	

Example of text referring to the above-mentioned loan conditions for fixed interest rate :

The interest will be payable semi-annually following the repayment schedule herewith (Appendix 2 bis). The reimbursement of the principal will be made following the repayment schedule herewith (Appendix 2 bis).

These provisions are subject to the agreement "Modified Following Business Day", the definition of which is to be found in Article 3.5 of the Framework Loan Agreement, signed between the CEB and the Borrower on [DATE]. For disbursements in EUR, "Business Day" means the day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is operating.

In order to mobilise this loan instalment, the Borrower shall, in due time, send to the CEB a Declaration corresponding to this instalment [Appendices 3A/3B].

Example of text referring to the above-mentioned loan conditions for floating interest rate :

The interest rate will be calculated for each 3-month period, starting from the date of disbursement. The interest rate will be fixed two working days (in London/Brussels) prior to the beginning of each interest period, according to the LIBOR/EURIBOR rate published by the British Bankers' Association/European Banking Federation (ReutersEuribor01). The CEB shall inform the Borrower on the interest payable every 3 months. Interest payments will take place on [DATE] and [DATE] and [DATE] and [DATE] of every year, and for the first time on [DATE]. The capital will be reimbursed on [DATE] and [DATE] of every year, and for the first time on [DATE]. These provisions regarding payments are subject to the agreement "Modified Following Business Day", the definition of which is to be found in Article 3.5 of the Framework Loan Agreement signed between the CEB and the Borrower on [DATE]. For disbursements in EUR, "Business Day" means the day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is operating.

In order to mobilise this loan instalment, the Borrower shall, in due course, send to the CEB a Declaration corresponding to this instalment (Appendices 3A/3B).

Bratislava, on [DATE]
For the Slovak Republic (Borrower)
[NAME and TITLE of signatory]

Paris, on [DATE]
For the Council of Europe Development Bank
[NAME and TITLE of signatory]

SCHEDULE OF REPAYMENTS
(for fixed interest rate instalments)

(10.0 / Ed)

Borrower: SLOVAK REPUBLIC				
Currency:		Amount:		
Interest Rate:		Issue price:		
Value date:		Duration: months		
Due dates	Capital remaining payable	Capital to be repaid	Interest to be paid	Sum on due date
TOTAL :				

MODEL DECLARATION ON RECOGNITION OF COMMITMENT

=====

[CURRENCY] [AMOUNT]

[DATE]

FOR VALUE RECEIVED, the undersigned:

SLOVAK REPUBLIC,

by this Declaration promises to pay to the Council of Europe Development Bank or other, the principal sum of :

[AMOUNT in letters] [CURRENCY in letters],

in instalments on the dates hereinafter specified, and the interests as specified every 6 months.

On the dates hereinafter specified, payment shall be made as provided for hereinafter of a total sum comprising the reimbursement due on the principal and the interest on the unpaid balance of the principal.

[DATE]

[CURRENCY] [AMOUNT]

Above payments shall be made at the :

[CEB's CORRESPONDENT BANK AND ACCOUNT REFERENCES],

in favour of the Council of Europe Development Bank, without deduction for or on account of any present or future taxes, duties or any other charges imposed or levied against this Declaration or the proceeds thereof by or within the

SLOVAK REPUBLIC or any political or taxing subdivision thereof.

This Declaration constitutes a relation to a loan granted by the Council of Europe Development Bank to the

SLOVAK REPUBLIC dated **[DATE of DISBURSEMENT]**

Upon default in the prompt and full payment of any sums due under this Declaration the entire principal and interest thereon to the date of payment shall immediately become due and be paid at the option and upon demand of the holder thereof.

The failure of the holder thereof to exercise any rights hereunder in any case shall not constitute a waiver of any of its rights in that or any other instance.

Bratislava, on [DATE]

For the Slovak Republic [Borrower]

[NAME and TITLE of signatory]

MODEL DECLARATION ON RECOGNITION OF COMMITMENT

=====

[CURRENCY] [AMOUNT]

[DATE]

FOR VALUE RECEIVED, the undersigned:

SLOVAK REPUBLIC,

by this Declaration promises to pay to the Council of Europe Development Bank or other, the principal sum of :

[AMOUNT in letters] [CURRENCY in letters],

in instalments as specified hereunder :

[DATE] : [CURRENCY] [AMOUNT]

[DATE] : [CURRENCY] [AMOUNT]

[DATE] : [CURRENCY] [AMOUNT]

[DATE] : [CURRENCY] [AMOUNT]

.../...

and with interest as specified in Article 3.1 of the Framework Loan Agreement signed between the CEB and the **SLOVAK REPUBLIC** on [DATE].

Above payments shall be made at the :

[CEB's CORRESPONDENT BANK AND ACCOUNT REFERENCES],

in favour of the Council of Europe Development Bank, without deduction for or on account of any present or future taxes, duties or any other charges imposed or levied against this Declaration or the proceeds thereof by or within the

SLOVAK REPUBLIC

or any political or taxing subdivision thereof.

This Declaration constitutes a relation to a loan granted by the Council of Europe Development Bank to the

SLOVAK REPUBLIC dated [DATE of DISBURSEMENT]

Upon default in the prompt and full payment of any sums due under this Declaration the entire principal and interest thereon to the date of payment shall immediately become due and be paid at the option and upon demand of the holder thereof.

The failure of the holder thereof to exercise any rights hereunder in any case shall not constitute a waiver of any of its rights in that or any other instance.

Bratislava, on [DATE]

For the Slovak Republic [Borrower]

[NAME and TITLE of signatory]