



## REPUBLIC OF KOSOVA

### Ministry of Economic Development (MED) Kosovo Digital Economy Project (KODE)

#### Call for Applications

**Application title: Call for Applications under the Matching grant scheme to finance Digital Connectivity.**

**Call for Applications reference number: 05/19**

Issued on **17.07.2019**.

The Government of Kosovo (GoK) has secured support from the International Development Association (IDA) (hereinafter ‘the Bank’) for a Kosovo Digital Economy (KODE) Project in the amount of 20,7 million EUR. The KODE Project aims to improve access to better quality and high speed broadband services in project areas and to online knowledge sources, services and labor markets among citizens, and public and academic institutions.

The KODE Project is structured along three main components: 1. Digital Inclusion, 2. Digital Work and Empowerment, and 3. Project Implementation Support. Ministry of Economic Development is implementing agency for the Project.<sup>1</sup>

This Call for Applications is announced by MED under the Grant Scheme financed by the KODE Project’s Subcomponent 1.1 (Financing of Digital Connectivity) of the Component 1.

MED invites eligible applicants to submit their applications under this Call for Applications.

This Call for Applications consists of:

1. Grant Operations Manual (GOM);
2. Guidelines for Call for Applications;
3. Annex A: Characteristics of Uncovered Areas (*part of this document*);

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<sup>1</sup> Detailed description of the project is publicly available at: <http://mzhe-ks.net/repository/docs/Kosovo-KODE-PAD-06132018.pdf>

4. Annex B: Draft Grant Agreement (*part of this document*);
5. Annex C: Related Templates for Applicants.

All information and documents are published in MED's website: [www.mzhe-ks.net](http://www.mzhe-ks.net) in English, Albanian and Serbian. In case of any discrepancy, the English version of documents will prevail.

The Objective of this Call for Application is to finance the sub-projects (Lots) to deploy broadband infrastructure of the defined quality, to support connection of the identified uncovered areas, incl. households and institutions.

On those grounds, Grant Scheme will award grants to the selected beneficiaries. Awarded grants are dedicated to cover the costs of the eligible expenditure, such as deployment of passive and active broadband infrastructure and civil works. Grant amount can cover up to 50% (fifty percent) of the eligible expenditures within the total project's budget. Remaining part of the project's budget shall be matched by the selected beneficiary. By accepting the grant, selected beneficiary will assume defined set of obligations. Terms and conditions of the awarded grant, incl. the obligations, will be defined by the Draft Grant Agreement (Annex B).

After the completion and acceptance by MED of the broadband infrastructure deployment, the GoK will not assume any role in ownership and operation of the subsidized networks. Direct beneficiaries of the Grant Scheme are eligible Internet Service Providers (ISPs).

Geographical coverage of this Call for Applications:

Sub-project 1 (LOT 1) **Bilincë – Llovcë - Sllubicë** (Grant amount up to: 80,000.00 EUR)

Sub-project 2 (LOT 2) **Hërticë – Turuçicë** (Grant amount up to: 80,000.00 EUR)

Sub-project 3 (LOT 3) **Dikancë** (Grant amount up to: 60,000.00 EUR)

Sub-project 4 (LOT 4) **Vragoc – Babiq – Pishtan – Rosulë – Millovancë - Kërstoc** (Grant amount up to: 160,000.00 EUR)

Sub-project 5 (LOT 5) **Zebincë – Manishincë - Strazhë** (Grant amount up to: 100,000.00 EUR)

Estimated total budget for this Call for Applications is: 480,000.00 **EUR**.

Deadline for the completion of each sub-project (Lot) is: **3 months** after signing the Grant Agreement.

Grants will be awarded on the basis of the open, transparent and non-discriminatory competitive selection process respecting the principle of technology neutrality.

Assessment of this Application will be done in accordance with the Grants Operations Manual (GOM) and Guidelines for Call for Applications available at [www.mzhe-ks.net](http://www.mzhe-ks.net).

An Applicant can apply for all sub-projects/lots but can only be the winner of one sub-project/lot as described in the Guidelines for Call for Applications.

An Applicant can apply with just one Grant Application for the same sub-project/lot.

The Grant Application shall comprise the following main items. Full list of the items is provided in the “Checklist of required documents” (available in MED’s website):

Nr.	Item of Grant Application	Comments / Additional information
1.	Grant Application Form	Template for Grant Application could be found in the Annex C “Related Templates for Applicants”.
2.	Documentary evidence substantiating eligibility of the beneficiary to participate in the Grant Scheme	List of required documentary evidences is provided in section 1.1 of Guidelines for Call for Applications document.
3.	Documentary evidence substantiating Technical objectives and requirements	List of required documentary evidences is provided in section 2.1 of Guidelines for Call for Applications document.
4.	Documentary evidence substantiating the Economical and Financial standing	List of required documentary evidences is provided in section 2.3 of Guidelines for Call for Applications document.
5.	Other documents required to comply with the Call for Applications	Other documents required are listed in Guidelines for Grant Application documented include, but are not limited to, documents listed in sub-sections 1.2; 1.3 and sub-section 1.6 Environmental Risk Assessment Questionnaire and / or Environmental Assessment of Guidelines for Call for Applications document.

Requested amount for grant (in the Grant Application Form - Annex C) shall exclude VAT.

Applicants shall submit a **Bill of Quantities** with estimated cost for completion of the project, including, among others, planning works, deployment works including civil works, passive infrastructure, active equipment, materials that will be used, cable installation length, quantities for different hardware types, if applicable, new poles and relevant cost. The bill of quantities shall be cumulative for the total project, with the explanation of the total Public (Grant) / Private ratio, taking into account the list of eligible expenditures. All prices specified in the documents shall be stated in EUR (€) and shall include all applicable taxes, duties and other charges.

Incomplete Grant application will not be considered for evaluation and will be disqualified.

Granting decisions will be made by the Evaluation Committee on a competitive basis. Grant Applications will be evaluated based on the following criteria and scores (total max score is 100):

**1. Economic criteria:** The price of the Grant Application Grant amount requested will be valued 70 % (seventy percent) of total number of points;

**2. Technical criteria:** Technical criteria will be valued 30 % (thirty percent) of the total number of points, taking into consideration relevant technical documentation depending on type of deployment (additionally please consult section 3.2 of the Guidelines for Grant Application).

Technical criteria will be evaluated differently for overhead and underground infrastructure deployments:

a. In case of **overhead** infrastructure deployment:

2.1a. Plan of the network construction - **15 points**;

2.2a. Sub-project plan (drawings of the network design from Point of Presence (PoP) to locations of the end users) submitted electronically in the Geographic Information System (GIS) format in accordance with MED's Electronic Broadband Atlas and the MED Regulation<sup>2</sup> - **10 points**;

2.3a Dynamic work plan, indicating the start and end time of the sub-project activities, as well as the total time of sub-project implementation. **5 points**;

b. In case of **underground** infrastructure deployment (sub-project/Lot 2)::

2.1b. Plan of the network construction - 10 points;

2.2b. Sub-project plan (drawings of the network design from PoP to locations of the end users) submitted electronically in the GIS format in accordance with MED's Electronic Broadband Atlas and the MED Regulation - 10 points;

2.3b. Technical Solution for trench digging and a Plan for Restoring Works to restore construction sites to the state prior to construction; - 5 points;

2.4b. Dynamic work plan, indicating the start and end time of the sub-project activities, as well as the total time for sub-project implementation - 5 points.

Detailed obligations and requirements for overhead and underground infrastructure deployments can be found in Guidelines for Call for Applications.

Financing: Grant amount can cover up to 50 % (fifty percent) of the eligible expenditure within the total project's budget. Remaining part of the project's budget shall be matched by the selected beneficiary.

Grant Applications must be delivered to the Ministry of Economic Development at address: Str. Mother Theresa no. 36, 10000, Prishtina, Kosovo, First Floor, Room no. 107 before **14:00, on 15.08.2019**. Electronic bidding will not be permitted. Grant Applications submitted after the deadline established above will be rejected.

All timely submitted Grant Applications will be opened publicly on **15.08.2019** at **14:00** at the Ministry of Economic Development at Str. Mother Theresa no. 36, 10000, Prishtina, Kosovo, First

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<sup>2</sup> The regulation on data collection for electronic communication infrastructure <https://gzk.rks.gov.net/ActDetail.aspx?ActID=18318> and related link to access Broadband Atlas: <http://broadband.rks.gov.net/>

Floor, Room no. 107 in the presence of the duly authorized representatives of the Applicants who would choose to attend.

Interested applicants may obtain further information during application process in electronic form at [mzhe.tik@rks-gov.net](mailto:mzhe.tik@rks-gov.net) or physically at the Ministry of Economic Development at Str. Mother Theresa no. 36, 10000, Prishtina, Kosovo, First Floor, and Room no. 112 during office hours from 09:00-16:00. Applicants may use the form “Request for additional information” provided in MED’s website, not later than **08.08.2019**.

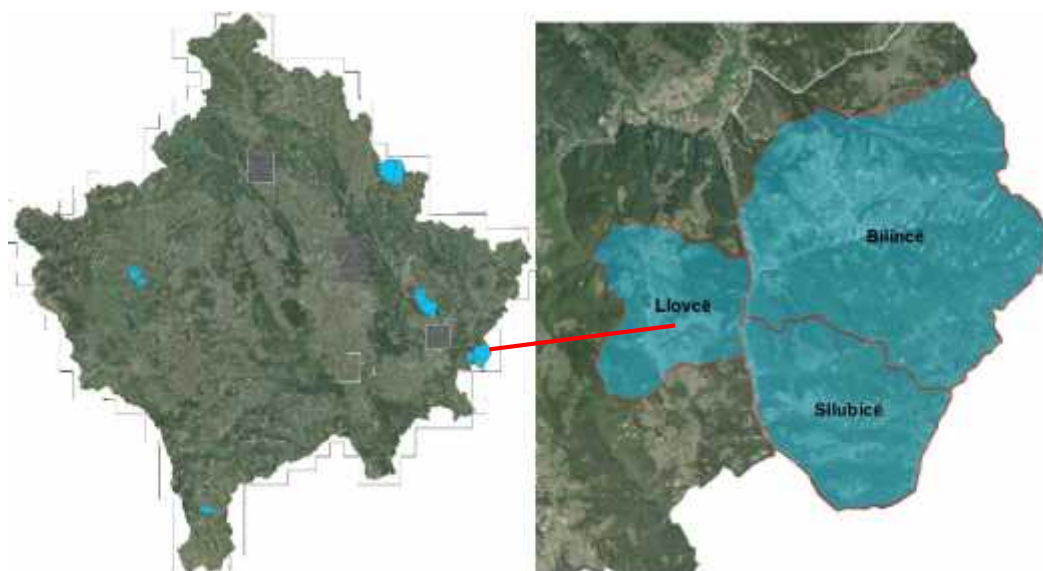
## **Annex A - Characteristics of the sub-projects - Lots**

**Sub-Project 1 (LOT 1) – Bilincë – Llovcë - Sllubicë** includes the villages of Bilincë, Llovcë and Sllubicë of the municipality of Gjilan. Based on the data from ASK, the village of Bilincë has a total of 314 inhabitants and according to the interviews conducted with the residents in this village live about 50 households which number during the summer increases to 80 households. In Bilincë village is functioning elementary school. Based on the data from ASK, the village of Llovcë has a total of 169 inhabitants and according to the interviews conducted with the residents in this village live about 20 households which number during the summer increases to 25 households. In Llovcë village is functioning elementary school (1<sup>st</sup> – 9<sup>th</sup> grade). And based on the data from ASK, the village of Sllubicë has a total of 73 inhabitants and according to the interviews conducted with the residents in this village live about 5 households which number during the summer increases to 10 households. This area is not covered by high-speed broadband infrastructure<sup>3</sup> by any of the operators authorized by the Regulatory Authority of Electronic and Postal Communications (ARKEP).

<b>Municipality</b>	<b>Village</b>	<b>Population, number *</b>	<b>Inhabited Households as reported by residents, number**</b>	<b>School, Yes/No**</b>	<b>Healthcare Center, Yes/No**</b>	<b>High-Speed Broadband, Yes/No**</b>
Gjilan	Bilincë	314	50	YES	NO	NO
Gjilan	Llovcë	169	20	YES	NO	NO
Gjilan	Sllubicë	73	5	NO	NO	NO
	Total	556	75	2	0	NO

<sup>3</sup> High-speed broadband infrastructure (or Next Generation Access networks) is defined as fixed-line infrastructure capable of delivering broadband connection with download connection speed of at least 30 Mbps

Source: \* ASK (most recent available data), \*\* MED (June, 2019) Number of households as reported by residents should be taken by the Applicant as a number of potential clients.



Map: Bilincë, Llovçë, Sllubicë (Gjilan)

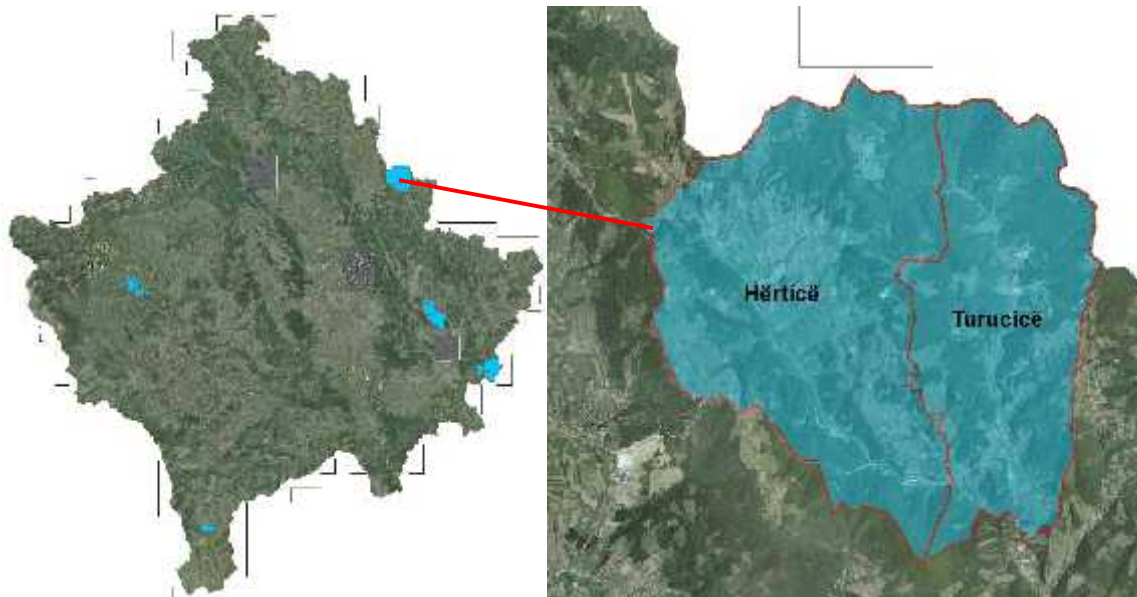
**Sub-Project 2 (LOT 2) – Hërticë – Turuçicë** includes the villages of Hërticë and Turuçicë of the municipality of Podujeva. Based on the data from ASK the village of Hërticë has a total of 741 inhabitants and according to the interviews conducted with the residents, in this village are 65 houses inhabited. In Hërticë village is functioning a school (1st to 9th grade) and a Healthcare center.

Based on the data from ASK the village Turuçicë has a total of 109 inhabitants and according to interviews conducted with the residents 9 houses are inhabited and during the summer this number increase to 14 households.

This area is not covered by high-speed broadband infrastructure by any of the operators authorized by ARKEP.

Municipality	Village	Population, number *	Inhabited Households as reported by residents, number**	School, Yes/No**	Healthcare Center, Yes/No**	High-Speed Broadband, Yes/No**
Podujevë	Hërticë	741	65	YES	YES	NO
Podujevë	Turuçicë	109	9	NO	NO	NO
	Total	850	74	1	1	NO

Source: \* ASK (most recent available data), \*\* MED (June, 2019) Number of households as reported by residents should be taken by the Applicant as a number of potential clients.



*Map: Hërticë, Turucicë (Podujevë)*

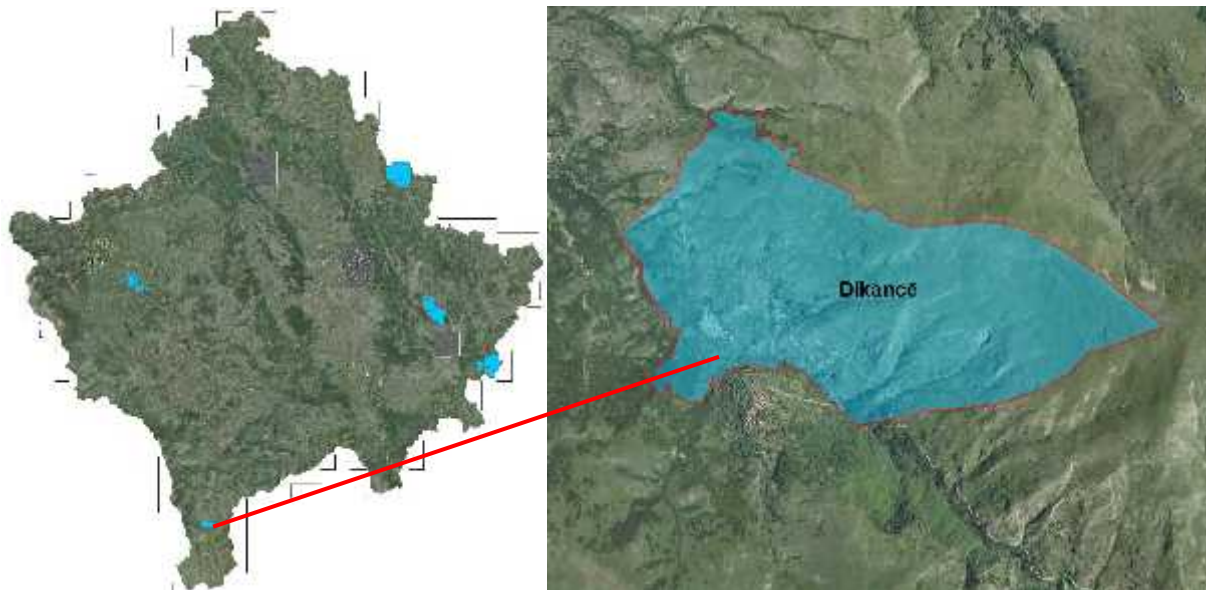
**Sub-Project 3 (LOT 3) – Dikancë** include the village of Dikancë of the municipality of Dragash.

Based on the data from ASK, the village of Dikancë has a total of 124 inhabitants and according to the interviews conducted with the residents in this village live about 35 households which number during the summer increase to 50 households. In Dikancë village is functioning elementary school (1<sup>st</sup> – 4<sup>th</sup> grade).

This area is not covered by high-speed broadband infrastructure by any of the operators authorized by ARKEP.

Municipality	Village	Population, number *	Inhabited Households as reported by residents, number**	School, Yes/No**	Healthcare Center, Yes/No**	High-Speed Broadband, Yes/No**
Dragash	Dikancë	124	35	YES	NO	NO
	Total	124	35	1	0	NO

*Source: \*ASK (most recent available data), \*\* MED (June, 2019) Number of households as reported by residents should be taken by the Applicant as a number of potential clients.*



*Map: Dikancë (Dragash)*

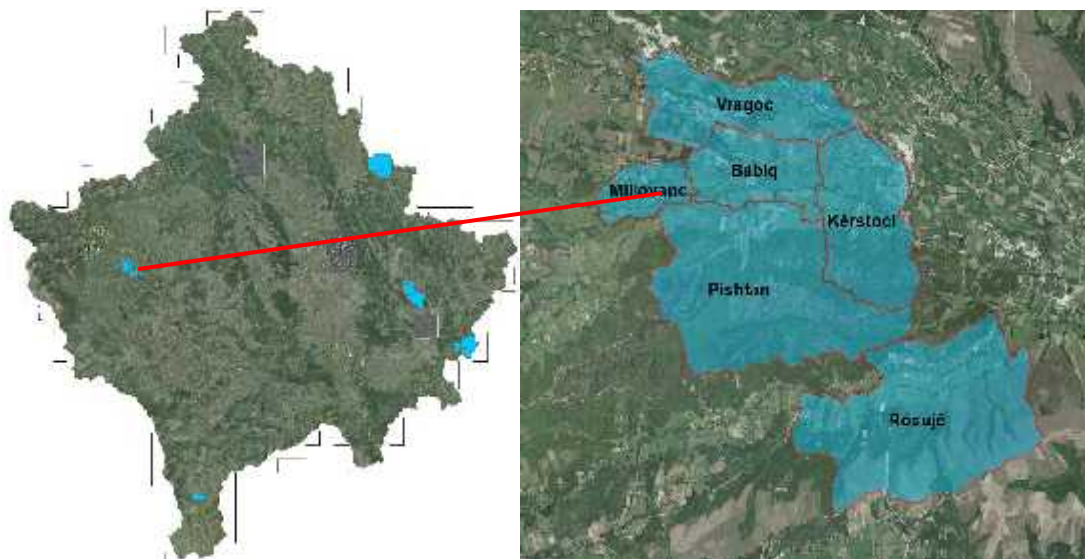
**Sub-Project 4 (LOT 4) – Vragoc – Babiq – Pishtan – Rosulë – Millovancë - Kërstoc** includes villages of Vragoc, Babiq, Pishtan, Rosulë, Millovancë and Kërstoc of the municipality of Peja. Based on the data from ASK, the village of Vragoc has a total of 141 inhabitants and according to the interviews conducted with the residents in this village live about 15 households. While based on the data from ASK the village of Babiq has a total of 96 inhabitants and according to the interviews conducted with the residents in this village about 18 houses are inhabited. Pishtan, based on ASK data, has a total of 84 inhabitants and according to the interviews conducted with the residents in this village about 16 houses are inhabited. Rosulë, based on ASK data, has a total of 17 inhabitants and according to the interviews conducted with the residents in this village about 40 houses are inhabited. In this village is functioning elementary school. Millovancë, based on ASK data, has a total of 279 inhabitants and according to the interviews conducted with the residents in this village about 30 houses are inhabited. Kërstoc, based on ASK data, has a total of 213 inhabitants and according to the interviews conducted with the residents in this village about 30 houses are inhabited. This area is not covered by high-speed broadband infrastructure by any of the operators authorized by ARKEP.

Municipality	Village	Population, number *	Inhabited Households as reported by residents, number**	School, Yes/No**	Healthcare Center, Yes/No**	High-Speed Broadband, Yes/No**
Pejë	Vragoc	141	15	NO	NO	NO
Pejë	Babiq	96	18	NO	NO	NO



Pejë	Pishtan	84	16	NO	NO	NO
Pejë	Rosulë	17	40	YES	NO	NO
Pejë	Millovancë	279	30	NO	NO	NO
Pejë	Kërstoc	213	30	NO	NO	NO
	Total	830	149	1	0	NO

Source: \* ASK (most recent available data), \*\* MED (June, 2019) Number of households as reported by residents should be taken by the Applicant as a number of potential clients.



Map: Vragoc, Babiq, Millovancë, Pishtan, Kërstoci, Rosujë (Pejë)

**Sub-Project 5 (LOT 5) – Zebincë – Manishincë - Strazhë** includes the villages of Zebincë, Manishincë and Strazhë of the municipality of Novobërdë. Based on the data from ASK, the village of Zebincë has a total number of 165 inhabitants and according to the interviews conducted with the residents, in this village are about 40 households. In the village of Zebincë is functioning elementary school (1<sup>st</sup> – 4<sup>th</sup> grade) and a Healthcare center.

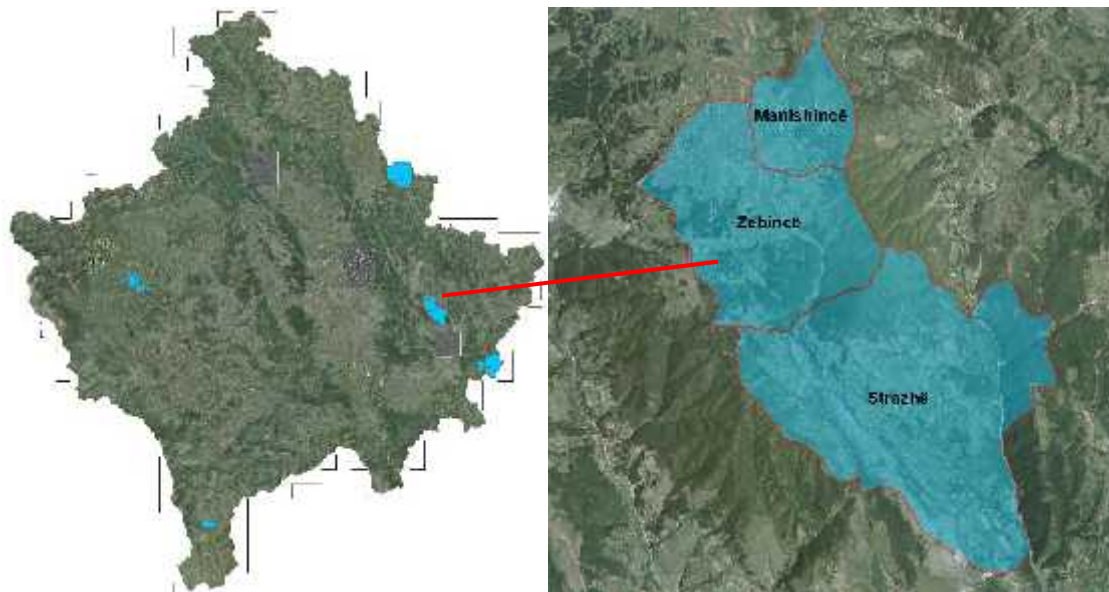
Based on the data from ASK, the village of Manishincë has a total of 67 inhabitants whereas according to the interviews conducted with the residents, in this village there are about 15 houses inhabited.

And based on the data from ASK, the village of Strazhë has a total of 191 inhabitants whereas according to the interviews conducted with the residents, in this village there are about 80 houses inhabited. In the village of Strazhë is functioning elementary school and a Healthcare center.

This area is not covered by high-speed broadband infrastructure by any of the operators authorized by ARKEP.

Municipality	Village	Population, number *	Inhabited Households as reported by residents, number**	School, Yes/No**	Healthcare Center, Yes/No**	High-Speed Broadband, Yes/No**
Novobërdë	Zebincë	165	40	YES	YES	NO
Novobërdë	Manishincë	67	15	NO	NO	NO
Novobërdë	Strazhë	191	80	YES	YES	NO
	Total	423	135	2	2	NO

Source: \* ASK (most recent available data), \*\* MED (June, 2019) Number of households as reported by residents should be taken by the Applicant as a number of potential clients.



*Map: Strazhë, Zebincë, Manishincë (Novobërdë)*

## **Annex B - Draft Grant Agreement<sup>4</sup>**

### **SECTION I. GRANT AGREEMENT FORM**

Kosovo Digital Economy (KODE) Project (hereinafter KODE Project) on behalf of the Ministry of Economic Development of the Republic of Kosovo (MED), (hereinafter called "the Contracting Authority"), of the one part; and

*[Insert name of Service Provider]*, (hereinafter called "Service Provider"), of the other part, have agreed to conclude a Grant Agreement (hereinafter Contract) for the:

#### **Matching grant to Finance Digital Connectivity**

With Identification number **05/19**.

#### **Article 1. Subject**

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<sup>4</sup> Before signing the Contract "this Draft Grant Agreement" should be modified by the Contracting Authority (MED) according to the conditions of the specific activity

1.1 The subject of the Contract shall be the provision of the following Services by the Service Provider:

*[Insert general description of the services], in <insert number> lot(s)*

*[Sub-project no 1, general description of the services]*

*[Sub-project no 2, general description of the services], [sub-project no ...].*

## **Article 2. Price**

2.1 The Contract Price of the Services shall be: *[insert price of services in figures] € [insert price of services in words] Euro.*

2.2 The Contract Price referred to in Article 2.1 above shall be the sole remuneration owed by the Contracting Authority to the Service Provider under this Contract. The Contract Price shown in the price Schedule shall be firm and shall not be subject to revision.

2.3 Payments shall be made in accordance with the General and/or Special Conditions of the Contract.

## **Article 3. Order of precedence of Contract documents**

3.1 The Contract is made up of the following documents:

- (a) This Contract Agreement;
- (b) Special Conditions of the Contract;
- (c) General Conditions of the Contract;
- (d) The Service Provider's Grant Application including Technical Specifications;
- (e) The financial offer (Price Description);
- (f) *[Insert any other provisions of the call for applications].*

3.2 The various documents making up this Contract shall be deemed to be mutually explanatory; in cases of ambiguity or divergence, they should be read in the order in which they appear above.

## **Article 4. Communications**

4.1 Any written communication relating to this Contract between the Contracting Authority, on the one hand, and the Service Provider on the other must state the Contract title and identification number and must be done in writing. Communications shall be sent by mail or by e-mail.

4.2 If the sender of a communication requires an acknowledgement of the receipt, this shall be indicated in the communication. Whenever there is a deadline for the receipt of a written communication, the sender should ask for an acknowledgement of the receipt of his/her communication. In any event, the sender shall take all necessary measures to ensure the receipt of his/her communication. Recipient of communication shall acknowledge the receipt of the communication if requested by the sender.

4.3 Wherever the Contract provides for the giving or issue of any notice, consent, approval, certificate or decision, unless otherwise specified such notice, consent, approval, certificate or decision shall be in writing and the words "notify", "certify", "approve" or "decide" shall be construed accordingly. Any such consent, approval, certificate or decision shall not unreasonably be withheld or delayed.

4.4 This Contract is concluded in one of the languages [[English] [Albanian] [Serbian]<sup>5</sup>] in three originals, two originals being for the Contracting Authority and one original being for the Service Provider.

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<sup>5</sup> The language shall be the language used by the applicant in the call for application.

For the Contracting Authority

Name:	
Position:	KODE Project Director or Project Coordinator
Address:	
Signature:	
e-mail:	
Date:	

For the Service Provider

Name:	
Position:	
Address:	
Signature:	
e-mail:	
Date:	
Stamp:	

## SECTION II. GENERAL CONDITIONS

### Article 1. Definitions

1.1 "**Contract**" means the Grant Agreement concluded between the Contracting Authority and the Service Provider, as recorded in the Contract Form signed by the Parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

1.2 "**Services**" means the services to be provided by the Service Provider pursuant to the Specifications and the Price Description included in the Service Provider's Grant Application (Proposal).

1.3 "**Service Provider**" is the Economic Operator or group of the Economic Operators, appointed in the Contract form, which is party to the contract and obligated to provide the services according to the Contract, and which for the provided Services shall obtain the amount agreed in the Contract form.

1.4 "**Personnel**" means persons engaged by the Service Provider or by any Sub-contractor as employees and assigned to the provision of the Services or any part thereof.

1.5 "**Contract Price**" means established by the Contract price representing the total amount payable for the provision of the Services by Contracting Agency to Service Provider.

1.6 "**Sub-contractor**" means any natural person, private or government entity, or a combination of the

above, including its legal successors or permitted assigns, to whom any part of the Services to be provided or execution of any part of the Services is sub-contracted by the Service Provider.

1.7 **“Party”** means the Contracting Authority or the Service Provider, as the case may be, and **“Parties”** means both of them.

1.8 **“Contracting Authority”** means the authority purchasing the Services, as specified in the Contract. In case of the Contract it is Ministry of Economic Development of the Republic of Kosovo.

1.9 **“GCC”** means General Conditions of Contract.

1.10 **“SCC”** means Special Conditions of Contract.

1.11 **“Project Manager”** means person nominated by the Contracting Authority and indicated in the SCC, who is responsible for the supervision of the implementation of the Contract at all the times and for reporting to the Contracting Authority.

1.12 **“Defect”** incompliance of the Service with the condition(s) of the Contract.

## **Article 2. Law applicable and language**

2.1 The SCC shall specify the law governing all matters not covered by the contract.

2.2 The contract and all written communications between the parties will be drafted in the language specified in the SCC.

## **Article 3. Assignment**

3.1 An assignment shall be valid only, if it is a written agreement by which the Service Provider transfers this Contract or part thereof to a third party.

3.2 The Service Provider may not, without the prior written consent of the Contracting Authority, assign the Contract or any part thereof, or any benefit or interest there under, except in the following cases:

(a) a charge, in favor of the Service Provider’s bankers, of any amount due or to become due under the Contract; or

(b) The assignment to the Service Provider’s insurers of the Service Provider’s right to obtain relief against any other person liable in cases where the insurers have discharged the Service Provider’s loss or liability.

3.3 For the purpose of Article 3.2 of this Contract, the approval of an assignment by the Contracting Authority shall not relieve the Service Provider of his/her obligations for the part of the Contract already performed or the part not assigned.

3.4 Assignees must satisfy the eligibility criteria applicable for the award of the Contract except in cases where assignments are done to a bank or an insurance company or other financing institution.

## **Article 4. Sub-contracting**

4.1 A sub-contract shall be valid only if it is a written agreement by which the Service Provider entrusts performance of a part of this Contract to a third party.

4.2 The elements of the Contract to be sub-contracted and the Sub-contractors shall be notified to the Contracting Authority in the Grant Application. In case the change of Sub-contractors is required during the implementation of the Contract, the Service Provider shall request in writing the permission from the Contracting Authority for such change. In its request Service Provider shall list proposed new sub-contractors in the manner and level of details as required in Grant Application. All the proposed sub-

contractors must meet established by the Guidelines for Call for Applications eligibility requirements. The Contracting Authority within 30 (thirty) days counted from the date of receiving relevant request from the Service Provider shall inform the Service Provider of its decision stating its reasons if permission is withheld. The Service Provider shall not sub-contract without the written permission of the Contracting Authority.

4.3 The Contracting Authority recognizes no contractual link between itself and the Sub-contractors; however, it may vouch, where deemed necessary, for direct payments to Sub-contractors.

4.4 The Service Provider shall be responsible for the acts, defaults and negligence of his/her Sub-contractors and their agents or employees, as if they were the acts, defaults or negligence of the Service Provider, its agents or employees. The approval by the Contracting Authority of the sub-contracting of any part of the Contract or of the sub-contractors shall not relieve the Service Provider, of any of its obligations under the Contract.

#### **Article 5. Taxes and Duties**

5.1 The Service Provider is responsible for all taxes and customs duties in compliance with the Law of Republic of Kosovo.

5.2 The Service Provider, Sub-contractors, and their Personnel shall pay such taxes, duties, fees, and other impositions as may be levied under the Applicable Law, the amount of which is deemed to have been included in the Contract Price.

#### **Article 6. Commencement and Completion of Services**

6.1 This Contract shall come into effect on the date the Contract is signed by both Parties or other date if stated in the SCC. The Rural Broadband Grant Manual including all its amendments is recognized as integral part of this Contract by all Parties.

6.2 Before commencement of the Services, the Service Provider shall submit to the Contracting Authority for approval a program within 5 (five) working days, showing the general methods, arrangements, order and timing for all activities. The Project manager will approve the program within the 5 (five) working days. The Services shall be carried out in accordance with the approved program as updated.

6.3 The Service provider shall commence the Services as soon as is reasonably possible after the receipt of the order with due expedition and without delay.

6.4 The Service Provider shall complete the Services by the Intended Completion Date, as is specified in the SCC. If the Service Provider does not complete the Services by the Intended Completion Date, it shall be liable to pay liquidated damage. In this case, the Completion Date will be the date of completion of all activities.

6.5 The place of the performance of the Services is specified in the SCC.

6.6 Unless the Parties agree otherwise, implementation of the Contract shall begin after issuing the commencement order by Project Manager and no later than 30 (thirty) days after the Contract award notification publication date on the MED website. After that date the Service Provider shall be entitled not to implement the Contract and to obtain its termination or compensation for the damage he/she has suffered. The Service Provider shall forfeit this right unless he/she exercises it within 30 (thirty) days of the expiry of the 30 (thirty) days period mentioned in this paragraph.

#### **Article 7. Extension of period of the Contract completion**

7.1 The Service Provider may request an extension of the period of execution the Contract when its

implementation may be delayed for any of the following reasons:

- (a) failure of the Contracting Authority to fulfil its obligations under the Contract;
- (b) *force majeure* as defined in Article 8 of this Contract.

7.2 As soon as it becomes known to the Service Provider, but no later than 15 (fifteen) days prior to the date when a potential delay in Contract implementation may occur, the Service Provider shall notify the Contracting Authority of his/her intention to request Contract extension and indicate the justified time period for which such extension will be requested. As soon as possible, but no later than within 15 (fifteen) days, the Service Provider shall provide the Contracting Authority with formal request to extend the duration of the Contract. Such request shall include comprehensive explanation of the grounds for the requested Contract extension and its duration.

7.3 Within 15 (fifteen) days of the receipt of the request referred to in Article 7 paragraph 7.2 of this Contract, the Contracting Authority shall by written notice to the Service Provider either grant the extension of the Contract prospectively or retrospectively of the requested duration or different duly justified duration, or inform the Service Provider that he/she is not entitled to Contract extension.

### **Article 8. Force Majeure**

8.1. Neither Party shall be considered to be in breach of its obligations under the Contract if the performance of such obligations is prevented by any circumstances of *force majeure* which arise after the date of notification of the award or the date when the Contract becomes effective.

8.2. The term "*force majeure*", as used herein shall mean acts of God, strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars, whether declared or not, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosions, and any other similar unforeseeable events, beyond the control of either Party and which by the exercise of due diligence neither Party is able to overcome.

8.3. A Party affected by an event of force majeure shall take all reasonable measures to remove such Party's inability to fulfill its obligations hereunder with a minimum of delay.

8.4. The Service Provider shall not be liable for liquidated damages or termination for default if its delay in performance or other failure to perform its obligations under the Contract is the result of an event of *force majeure*. The Contracting Authority shall similarly not be liable to payment of interest on delayed payments, for non-performance or for termination for default if the Contracting Authority's delay or other failure to perform its obligations is the result of *force majeure*.

8.5. If either Party considers that any circumstances of *force majeure* have occurred which may affect performance of its obligations it shall notify the other Party immediately giving details of the nature, the probable duration and likely effect of the circumstances. Unless otherwise directed by the Project Manager in writing, the Service Provider shall continue to perform its obligations under the contract as far as is reasonably practicable and shall seek all reasonable alternative means for performance of its obligations which are not prevented by the *force majeure* event. The Service Provider shall not put into effect such alternative means unless directed so to do by the Project Manager.

### **Article 9. Termination of the Contract by the Contracting Authority**

9.1 The Contracting Authority may, after giving the Service Provider 15 (fifteen) business days' notice, terminate the contract in any of the following cases:

- (a) the Service Provider fails to comply within a reasonable time with the notice given by the Contracting Authority requiring it to make good the neglect or failure to perform its obligations under the Contract which seriously affects the proper and timely provision of the Services;
- (b) the Service Provider refuses or neglects to carry out administrative orders given by the Contracting Authority;
- (c) the Service Provider assigns the Contract or Sub-contracts without the authorization of the Contracting Authority;
- (d) the Service Provider becomes bankrupt or is being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (e) the Service Provider has been convicted of an offence concerning its professional conduct by a judgment which has the force of *res judicata*;
- (f) the Service Provider has been guilty of grave professional misconduct proven by any means which the Contracting Authority can justify;
- (g) the Service Provider has been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organization;
- (h) any organizational modification occurs involving a change in the legal personality, nature or control of the Service Provider, unless such modification is recorded in an addendum to the Contract;
- (i) any other legal disability hindering performance of the Contract occurs;
- (j) the Service Provider fails to provide the required guarantees or insurance, or the person providing the underlying guarantee or insurance is not able to abide by its commitments.

9.2 Termination shall be without prejudice to any other rights or powers of the Contracting Authority and the Service Provider under the Contract. The Contracting Authority may, thereafter, conclude any other contract with a third party on behalf of the Service Provider.

9.3 The Contracting Authority shall, upon the issue of the notice of termination of the Contract, instruct the Service Provider to take immediate steps to bring the Services to a close in a prompt and orderly manner and in such a way as to keep costs to a minimum.

9.4 In the event of termination, the Contracting Authority shall, as soon as possible and in the presence of the Service Provider or his representatives or having duly summoned them, draw up a report on the Services performed. A statement shall also be drawn up of monies due to the Service Provider and of monies owed by the Service Provider to the Contracting Authority as at the date of termination of the Contract.

9.5 The Contracting Authority shall not be obliged to make any further payments to the Service Provider until the services are completed, whereupon the Contracting Authority shall be entitled to recover from the Service Provider the extra costs, if any, of providing the service provider or shall pay any balance due to the Service Provider prior to the termination of the Contract.

9.6 If the Contracting Authority terminates the Contract it shall be entitled to recover from the Service Provider any loss it has suffered under the Contractual conditions.

## **Article 10. Termination of the Contract by the Service Provider**



10.1 The Service Provider may, after giving 15 (fifteen) business days' notice to the Contracting Authority, terminate the contract if the Contracting Authority;

(a) fails to pay the Service Provider the amounts due under the Contract;

(b) fails to meet its other obligations under the Contract after Service Provider has contacted Contracting Authority in writing with the request to comply with the Contract condition(s). Such communication shall include explanation of the matter and specify provision(s) of the Contract in question. Contracting Authority shall be allowed 15(fifteen) business days' period from receiving relevant communication to reply to Service Provider in writing if there is no failure with regards to its obligation(s) under the Contract or to meet its obligation(s) in question;

(c) if, as the result of *force majeure*, the Service Provider is unable to perform a material portion of the Services for a period of not less than 30 (thirty) days.

10.2 Termination shall be without prejudice to any other rights or powers under the Contract of the Contracting Authority and the Service Provider.

10.3 In the event of termination in accordance with (a) and (b) under Article 10.1 of this Contract, the Contracting Authority shall compensate the Service Provider for any loss the Service Provider may have suffered due to failure of Contracting Authority to comply with the provision(s) of the Contract.

#### **Article 11. Service Provider's obligations**

11.1 The Provider shall provide the Services under the Contract under its own responsibility with due care, efficiency and diligence, in accordance with best professional practices.

11.2 The Service Provider shall comply with administrative orders given by the Contracting Authority. Where the Service provider considers that the requirement of an administrative order goes beyond the scope of the Contract, he/she shall, on pain of breach of Contract, notify the Contracting Authority thereof, giving his/her reasons, within the 30 (thirty) days of receipt of the order. Execution of the administrative order shall not be suspended because of this notice.

11.3 The Service Provider shall respect and abide by all laws and regulations in force in the Republic of Kosovo and shall ensure that his/her personnel, their dependents, and his local employees also respect and abide by all such laws and regulations.

11.4 The Service Provider shall treat all documents and information received in connection with the Contract as private and confidential. He/she shall not, save in so far as may be necessary for the purposes of the Contract's execution, publish or disclose any details of the Contract without the prior consent in writing of the Contracting Authority.

11.5 If the Service Provider is a consortium of two or more persons or corporations, all such persons or corporations shall be jointly and severally bound to fulfil the terms of the Contract. The person designated by the consortium to act on its behalf for the purposes of this Contract shall have the authority to bind the consortium. The composition of the consortium shall not be altered without the prior consent in writing of the Contracting Authority.

11.6 The Service Provider shall employ the key personnel identified in his/her Grant Application to carry out the functions stated in his/her Grant Application. Moreover, during the implementation of the Contract, and on the basis of a written and justified request, the Contracting Authority can ask for any replacement if it finds that a member of staff is inefficient or does not perform its duties under the Contract. The Contracting Authority shall approve any proposed replacement of staff only if their relevant qualifications are equal to or exceeds qualifications of the personnel listed in the Grant Application.

## **Article 12. Contracting Authority's obligations**

12.1 The Contracting Authority shall supply the Service Provider promptly with any information and/or documentation at its disposal which may be relevant to the performance of the Contract. Such documents shall be returned to the Contracting Authority at the end of the period of implementation of the Contract.

12.2 The Contracting Authority shall as far as possible co-operate with the Service Provider to provide information that the latter may reasonably request in order to perform the Contract.

12.3 The Contracting Authority shall nominate a *Project Manager* and indicated his/her name and contact details in the SCC.

## **Article 13. Liquidated damages**

13.1 The Service Provider shall pay liquidated damages to the Contracting Authority at the rate per day stated in the SCC for each day that the Completion Date is later than the Required Completion Date. The total amount of liquidated damages shall not exceed the amount defined in the SCC. The Contracting Authority may deduct liquidated damages from any payments due to the Service Provider. Payment of liquidated damages shall not affect the Service Provider's liabilities.

13.2 If the Completion Date is extended after liquidated damages have been paid, the Contracting Authority shall correct any overpayment of liquidated damages by the Service Provider by adjusting the next payment certificate.

## **Article 14. Performance Security**

14.1 The Service Provider shall, not later than the day of signing the Contract, furnish the Contracting Authority with a guarantee for the full and proper performance of the Contract. The amount of the performance security is specified in the SCC. The performance guarantee shall be held against payment to the Contracting Authority for any loss resulting from the Service Provider's failure to perform his/her contractual obligations fully and properly.

14.2 The guarantee shall continue to remain valid for 30 (thirty) days after the issue of the Certificate of Completion by the Contracting Authority.

14.3 The performance guarantee of the Contract shall comply with the format specified in Section IV of this Contract.

## **Article 15. General principles of payments**

15.1 Payments shall be made in Euro. Payments shall be made to the Service Provider according to the payment schedule established in the SCC.

15.2 Payment is due per Payment Request (template is provided at Annex C of Grant Application) issued by the Service Provider and shall be made to the bank account identified by the Service Provider in Financial Identification form included in the Section V of this Contract. In case change of the bank account is required, the Service Provider shall use the same from to notify Contracting Authority about such change.

15.3 Payments due shall be paid within 30 (thirty) days from the date on which a Payment Request is registered by the Contracting Authority. The date of payment shall be the date on which the Contracting Authority's account is debited. Contracting Authority shall not process incomplete and (or) inaccurate Payment Request.

15.4 Contracting Authority may suspend the 30 (thirty) days period and notify Service Provider accordingly when it establishes that eligibility of the expenditure fully or partially is not justified to substantiate the payment or there is a reasonable doubt regarding fully or partially eligibility of the expenditure. In the latter case, Contracting Authority may undertake an inspection on the spot or otherwise for further checks and clarifications. The Service Provider shall cooperate fully with the relevant representatives of the Contracting Authority including, but not limited to, provision of the clarifications, modifications and (or) further information as early as possible, but no later than within 15 (fifteen) days of the relevant request made by the Contracting Authority. The countdown of the payment period shall be restored from the date when a properly drawn-up Payment Request is registered.

15.5 Once the deadline laid down in Article 15.3 of this Contract has expired, the Service Provider may, within 2 (two) months of late payment, claim late-payment interest at the discount rate applied by the Central Bank of Kosovo on the first day of the month in which the deadline expired, plus seven percentage points. The late-payment interest shall apply to the time which elapses between the date of the payment deadline (exclusive) and the date on which the Contracting Authority's account is debited (inclusive).

15.6 Any default in payment for more than 90 (ninety) days from the expiry of the period laid down in Article 15.3 of this Contract shall entitle the Service Provider either not to perform the Contract or to terminate the Contract with 30 (thirty) days' prior notice to the Contracting Authority.

15.7. The Service Provider shall keep accurate and regular accounts of the implementation of the Contract using an appropriate accounting system. This system may either be an integrated part of the Service Provider's regular system or an adjunct to that system. This system shall be run in accordance with the accounting and bookkeeping policies and rules that apply in the country concerned. Accounts and expenditure relating to the Contract must be easily identifiable and verifiable. This can be done by using separate accounts for the Contract or by ensuring that expenditure for the Contract can be easily identified and traced to and within the Service Provider's accounting and bookkeeping systems. Accounts must provide details of interest accruing on funds paid by the Contracting Authority.

15.8. The Service Provider shall ensure that the financial report be properly and easily reconciled to the Service Providers accounting and bookkeeping system and to the underlying accounting and other relevant records. For this purpose, the Service Provider shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.

## **Article 16. Monitoring, Inspection and Quality Control**

16.1 The Service Provider must provide the Contracting Authority with all and complete information about the implementation of the Contract. To that end, the Service Provider shall draw up reports. These reports shall consist of a narrative section and a financial section. Reports shall cover the entire implementation of the sub-project. Each report must provide a full and detailed account of the sub-project's implementation for the period covered.

16.2. The Contracting Authority may request Service Provider to provide additional information about the sub-project implementation at any time. The Service Provider shall provide requested information within 30 (thirty) days from the date of the request.

16.3. The reports shall be drafted in the language of the Contract and submitted to the Contracting Authority.

16.4. The inspection of the Services shall be carried out per general principles and modalities set forth in the SCC. The Contracting Authority shall inspect the Service Provider's performance under the Contract and

notify him/her of any Defects that are found. Process of inspection shall not affect the Service Provider's responsibilities under the Contract. The Contracting Authority may request the Service Provider to identify, localize any and (or) all of the Defects and test any and (or) all of the Service(s) for compliance with the Contract. Defect Liability Period is defined in the SCC.

#### **Article 17. Correction of Defects**

17.1 The Contracting Authority shall notify Service Provider about any Defect(s) before the end of the Contract. In such notice Contracting Authority shall establish a time period to correct the Defect. The Service Provider shall correct the Defect within the established time frame. The Defect Liability Period shall be extended until Defect(s) is corrected and this is confirmed by the Contracting Authority.

17.2 If the Service Provider has not corrected a Defect within the time period specified by the Contracting Authority, the Contracting Authority shall estimate the costs of Defect(s) correction and oblige the Service Provider to cover the estimated costs and in addition a Penalty for Lack of Performance under the Contract calculated in accordance with the provisions of the Article 13.1 of this Contract.

#### **Article 18. Liability and Consequences of Breach of the Contract**

18.1 The Service Provider shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the Services is being carried out or as a consequence of the Contract. The Service Provider shall discharge the Contracting Authority of all liability arising from any claim or action brought as a result of an infringement by the Service Provider or the Service Provider employees or individuals for whom those employees are responsible of rules or regulations, or as a result of violation of a third party's rights.

18.2. A Party shall be in a breach of Contract if it fails to discharge any of its obligations under the Contract as described in Article 9 and Article 10 of this Contract.

18.3 Where a breach of Contract occurs, the injured Party shall be entitled to the following remedies:

- (a) Claw back returns that MED may recover from a Service Provider and Service Provider has obligation to pay any payments received from Grant Payment;
- (b) Damages; and (or)
- (c) Termination of the Contract.

18.4 In addition to the above-mentioned measures, damages may be awarded. They may be either:

- (a) General damages; or
- (b) Liquidated damages.

18.5 Recovery of damages, disbursements or expenses resulting from the application of measures provided for in this Article shall be affected by deduction from the sums due to the Service Provider, from the deposit, or by payment under the guarantee.

#### **Article 19. Amicable dispute settlement**

19.1 The Parties shall make every effort to settle amicably any dispute which may arise between them. Once a dispute has arisen, the Parties shall notify each other in writing of their positions on the dispute and any solution which they consider acceptable. If either Party deems it useful, the Parties shall meet and try to settle the dispute. A Party shall respond to a request for amicable settlement within 15 (fifteen) days of such

a request. The maximum period laid down for reaching such a settlement shall be 30 (thirty) days from the commencement of the procedure. Should the attempt to reach an amicable settlement fail or a Party fail to respond in time to requests for a settlement, either Party shall be free to proceed to the next stage of the dispute-settlement procedure by notifying the other in writing.

19.2 If the amicable dispute-settlement procedure fails, the Parties may agree to try conciliation through the institution specified in SCC. If no settlement is reached within 30 (thirty) days of the start of the conciliation procedure, each Party shall be entitled to move on to the next state of the dispute-settlement procedure.

#### **Article 20. Dispute settlement by litigation**

20.1 If no settlement is reached within 30 (thirty) days of the start of the amicable dispute-settlement procedure, each Party may seek either:

- (a) a ruling from a court; or
- (b) where the parties agree, an arbitration ruling in accordance with the SCC.

20.2 Dispute settlement model, i.e. either courts or arbitration, shall be decided by the parties before contract signature.

#### **Article 21. Indemnity**

21.1 The Service Provider will defend and indemnify the Contracting Authority and its present and former officers, directors, employees, and agents and hold it and them harmless from and against any costs, losses, damages, and fees incurred by the Contracting Authority including but not limited to attorneys fee and expenses in connections with any: negligence or willful misconduct by the Service Provider, breach or alleged breach of the Service Providers representations, claim by a third party that provision of this Services by the Service Provider or the use by or on behalf of the Contracting Authority or of any assets used or provided by the Service Provider in connection with the performance of the services infringes Intellectual Property Rights of that third party.

#### **Article 22. Transfer of right and obligations under the Contract**

22.1 All rights and obligations of the KODE Project under this Contract shall be transferred to MED if KODE Project ceases to exist.

### SECTION III. SPECIAL CONTRACT CONDITIONS

The following SCC shall supplement and / or amend the GCC. Whenever there is a conflict, the SCC provisions herein shall prevail over the GCC provisions.

<b>General Conditions of Contract</b>		<b>Amendment / Modification of relevant Article in the GCC</b>
<b>Article</b>	<b>Art. No.</b>	
<b>Law applicable and language</b>	<b>2.1</b>	Grant matching scheme is Commercial Practices (CP), as per paragraph 6.46 in the Procurement Regulations for IPF Borrowers: Goods, Works, Non Consulting Services and Consulting Services dated July 1, 2016, the grant scheme documentation will be following the Procurement Regulations for IPF Borrowers and the New Procurement Policy Framework of the World Bank.  The law that applies to the Grant Agreement is the legislation of Republic of Kosovo.
	<b>2.2</b>	The language used shall be [ <i>insert language of the procedure</i> ].
<b>Commencement and Completion of services</b>	<b>6.1</b>	The Starting Date for the commencement of Services is: <i>after issuing the commencement order by Project Manager</i> .
	<b>6.4</b>	The Completion Date is <i>3 months</i> .
	<b>6.5</b>	The place if the performance of the services is [ <i>insert place</i> ]
<b>Contracting Authority's obligations</b>	<b>12.3</b>	The Project Manager is [ <i>insert name, address of the Project manager</i> ].
<b>Liquidated damages</b>	<b>13.1</b>	The liquidated damages rate is 0.10 % <i>of the Contract Price</i> per day. The maximum amount of liquidated damages for the whole contract is 10% of the final Contract Price.
<b>Performance Security</b>	<b>14.1</b>	The Performance Security amount is 10% of the Contract Price. In Addition to this clause: After completion of the Grant Agreement and before the final payment is made, Service Provider, shall submit to the Contracting Authority a guarantee from the bank or from an insurance company in the amount of 2% of Contract Price in order to provide broadband Internet services of defined quality free of charge for a period of at least 5 (five) years, after completion of the Sub-project, to the public institutions in the relevant uncovered area or areas.
<b>General principles of payment</b>	<b>15.1</b>	The payment schedule shall be: 100% of the Contract Price will be paid after issuing of the Acceptance Certificate by Contracting Authority.

<b>Monitoring, Inspection and Quality Control</b>	<b>16.4</b>	<p>The principle and modalities of inspection of the Services by the Contracting Authority are as follows:</p> <p>For each Sub-project shall be planned at least 3 (three) field inspections: 1) before the publication of Call for Applications; 2) before the acceptance of the completion of sub-project; and 3) during the ex-post monitoring period (up to 7 years after the implementation of the Sub-project). Field inspection will be conducted by Project Manager / Commission for Technical Acceptance. During the execution of the contract, Contracting Authority will conduct field inspections and other verifications whenever needed.</p> <p>The Defects Liability Period is: <i>None</i>.</p>
<b>Amicable dispute settlement</b>	<b>19.2</b>	<i>Arbitration Committee – Ministry of Justice of Republic of Kosova, str. Pashko Vasa Prishtine Kosova.</i>
<b>Dispute settlement by litigation</b>	<b>20.1</b>	<p>a) Any dispute between the Parties that may arise during the performance of this contract and that it has not been possible to settle otherwise between the Parties shall be submitted to Competent Court in accordance with the Kosovo law.</p> <p>or</p> <p>b) where the parties expressly agree, any dispute between the Parties that may arise during the performance of this contract and that it has not been possible to settle otherwise between the Parties shall be submitted to the arbitration of in accordance with <i>laws of Kosovo</i>.</p>

**SECTION IV. MODEL PERFORMANCE GUARANTEE**

*[On the headed notepaper of the financial institution providing the guarantee]*

**To:** Ministry of Economic Development – KODE Project (Hereinafter “the Contracting Authority”).

**On behalf of:** [name and address of applicant] (Hereinafter “Service Provider”)

**Call for Applications:** \_\_\_\_\_

**On First Demand Guarantee**

WHEREAS the Service Provider has undertaken to post a performance security referring to the Call for Application, with the abovementioned Call for Application number dispatched by the Contracting Authority;

AND WHEREAS the Service Provider wants to post a guarantee for the sum specified in the Call for Applications;

AND WHEREAS we have agreed to give the Applicant such a guarantee:

THEREFORE, WE hereby affirm that we are Guarantors and responsible to you, on behalf of the Service Provider, up to a total of <amount of the guarantee in words and figures>, and we undertake to pay you, upon your first written demand declaring the Service Provider to be in default because:

- The Contracting Authority based on the objectively verified evidences stated that Service Provider has failed to complete its obligations under the Contract and this has caused to the Contracting Authority substantial loss and/or substantial expenses in obtaining the completion of such Contract; and
- The Service Provider has failed to perform signed Contract, which leaves unpaid workers, Sub-contractors, and/or material suppliers.

Payment in the limited amount of <amount of guarantee> as aforesaid shall be made without disagreement or complaint, as soon as possible after the registration of your demand with the confirmation of “acceptance”.

**This guarantee is valid until <date and time>**

Signature and seal of the Guarantors

\_\_\_\_\_

Name of financial institution

\_\_\_\_\_

Address

\_\_\_\_\_

Date



**SECTION V. FINANCIAL IDENTIFICATION**

<b>ACCOUNT HOLDER</b>	
<b>Name</b>	
<b>Address</b>	
<b>City</b>	
<b>Post Code</b>	
<b>Contact</b>	
<b>Telephone</b>	
<b>Fax</b>	
<b>E-mail</b>	
<b>VAT number</b>	

<b>BANK</b>	
<b>Name</b>	
<b>Address</b>	
<b>City</b>	
<b>Post Code</b>	
<b>Country</b>	
<b>Bank Account</b>	
<b>IBAN (optional)</b>	
<b>BIC (Optional)</b>	

**REMARKS:**

<p><b><u>BANK STAMP + SIGNATURE of BANK REPRESENTATIVE (Both obligatory)</u></b></p>
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<p><b><u>DATE + SIGNATURE of ACCOUNT HOLDER: (Obligatory)</u></b></p>
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