

INVESTMENT INCENTIVE AGREEMENT

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF THE REPUBLIC OF SERBIA

THE GOVERNMENT OF THE UNITED STATES OF AMERICA and THE GOVERNMENT OF THE REPUBLIC OF SERBIA (the "Parties");

AFFIRMING their common desire to encourage economic activities in the Republic of Serbia that promote the development of the economic resources and productive capacities of the Republic of Serbia;

ACKNOWLEDGING that private sector investment can contribute to the economic goals of the Republic of Serbia; and

RECOGNIZING that the United States International Development Finance Corporation, a development finance institution of the United States of America (the "DFC"), can be instrumental in achieving these objectives through debt and equity investments, investment guaranties, investment insurance, reinsurance and coinsurance, feasibility studies for potential projects, and special projects and programs in support of specific DFC transactions;

HAVE AGREED as follows:

ARTICLE 1

As used in this Agreement, the following terms have the meanings herein provided. The term "**Issuer**" refers to the DFC and any successor entity, and any agent of either. In connection with a project in the territory of the Republic of Serbia, the term "**Investment Support**" refers to any debt or equity investment, any investment guaranty, investment insurance, reinsurance or coinsurance, feasibility studies using the facilities of private investors for projects, and any project and program in support of specific DFC transactions, including but not limited to grants, which is provided by the Issuer (or, in the case of coinsurance, is provided by the Issuer and one or more commercial insurance companies (individually, "**Coinsurer**") under coinsurance arrangements under which the Issuer acts both for itself and for such Coinsurers). The term "**Taxes**" means all present and future taxes, levies, imposts, stamps, tariffs, duties, charges, property taxes, value-added taxes, and other taxes or fees, registration fees, or similar charges, whether direct or indirect, imposed in the Republic of Serbia and all liabilities with respect thereto.

ARTICLE 2

The Parties understand that the Issuer's activities are governmental in nature and therefore:

(a) The Issuer shall not be subject to regulation under the laws of the Republic of Serbia applicable to insurance organizations, financial organizations or private equity funds, but, in the provision of Investment Support, shall be afforded all rights and have access to all remedies of any such entity, whether domestic, foreign or multilateral. The Issuer shall not be subject to the jurisdiction of the Republic of Serbia with respect to any claim arising from the provision of Investment Support. The proceeds of the Issuer derived from Investment Support shall not be subject to attachment or seizure by any person or entity. Nothing in this Agreement waives any immunity of the United States, or its agencies or instrumentalities (including the DFC), under applicable law.

(b) The Issuer, all operations and activities undertaken by the Issuer in connection with any Investment Support, and all payments, whether of interest, principal, fees, dividends, premiums or the proceeds from the sale, liquidation or disposition of assets or of any other nature, that are made, received or guaranteed by the Issuer in connection with any Investment Support shall be exempt from Taxes, whether imposed directly on the Issuer or payable in the first instance by others. Neither projects receiving Investment Support nor investors in such projects shall be exempt from Taxes by operation of this Article, *provided, however*, that any Investment Support shall be accorded tax treatment no less favorable than that accorded to the investment support of any other national or multilateral development institution that operates in the Republic of Serbia. The Issuer shall not be subject to Taxes in connection with any transfer, succession or other acquisition which occurs pursuant to paragraph (c) of this Article or Article 3(a) hereof, but obligations for Taxes previously accrued and unpaid by persons or entities other than the Issuer, with respect to interests received by the Issuer, shall not be extinguished as a result of such transfer, succession or other acquisition.

(c) If the Issuer, alone or with a Coinsurer, makes a payment to any person or entity, including a payment in connection with a prior or contemporaneous purchase of securities, or exercises its rights as a creditor or subrogee, in connection with any Investment Support, The Republic of Serbia shall recognize the transfer to, or acquisition by, the Issuer and any Coinsurer of any cash, accounts, credits, instruments or other assets in connection with such payment or the exercise of such rights, as well as the succession of the Issuer and any Coinsurer to any right, title, claim, privilege or cause of action existing, or which may arise, in connection therewith.

(d) With respect to any interests transferred to the Issuer or a Coinsurer or any interests to which the Issuer or a Coinsurer succeeds under this Article, in its own right or otherwise, the Issuer shall assert no greater rights than those of the person or entity from whom such interests were received, provided that nothing in this Agreement shall limit the right of the United States to assert a claim under applicable law in its sovereign capacity, as distinct from any rights it may have as the Issuer pursuant to paragraph (c) of this Article.

No Coinsurer shall be entitled to the benefits of this Agreement unless it is acting through, or its interests have been assigned to, the Issuer.

ARTICLE 3

(a) Amounts in the currency of the Republic of Serbia, including cash, accounts, credits, instruments or otherwise, acquired by the Issuer (or by the Issuer and any Coinsurer) upon making a payment, upon the sale, liquidation or disposition of securities, or upon the exercise of its rights as a creditor, in connection with any Investment Support for a project in the Republic of Serbia, shall be accorded treatment in the territory of the Republic of Serbia no less favorable as to use and conversion than the treatment to which such funds would have been entitled in the hands of the person or entity from which such amounts were acquired.

(b) Such currency and credits may be transferred to any person or entity and upon such transfer shall be freely available for use by such person or entity in the territory of the Republic of Serbia in accordance with its laws.

ARTICLE 4

(a) Any dispute between the Parties regarding the interpretation or application of this Agreement or regarding a claim, in connection with any project or activity for which Investment Support has been provided, for loss to the Issuer resulting from a violation of international law or wrongful act by the Republic of Serbia, or for loss to the Republic of Serbia resulting from a violation of international law or wrongful act by the Issuer should be resolved, insofar as possible, through negotiations between the Parties. If at any time either Party considers that the dispute cannot be resolved through negotiations, it may, upon 90 days' notice and without any requirement to exhaust other remedies, submit the dispute to arbitration for a binding decision or award by a tribunal established and functioning in accordance with paragraph (b) of this Article. A dispute under this paragraph does not include assertion of diplomatic protection on behalf of a national of a Party, other than a claim transferred to the Issuer or to which the Issuer has succeeded in accordance with Article 2(c).

(b) The tribunal referred to in paragraph (a) of this Article shall be established and shall function as follows:

(i) Unless the Parties agree otherwise, the tribunal shall comprise three arbitrators, one arbitrator appointed by each Party and the third, who shall be a citizen of a third state and the presiding arbitrator, appointed by agreement of the Parties. The Party-appointed arbitrators shall be appointed within three months, and the presiding arbitrator within six months, of the date the dispute is submitted to arbitration. If the appointments are not made within the foregoing time limits, either Party may, in the absence of any other

agreement, request the Secretary-General of the International Centre for Settlement of Investment Disputes to make the necessary appointment or appointments.

(ii) In the absence of an agreement by the Parties to the contrary, the UNCITRAL Arbitration Rules that are in effect on the date that claim or claims were submitted to arbitration shall govern the arbitration, except as modified by the Parties or this Agreement.

(iii) The tribunal shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.

(iv) The decision or award of the tribunal shall be made by at least two of its members, be in writing, and state the reasons on which it is based.

(v) The decision or award made by the tribunal shall have no binding force except between the Parties and in respect of the particular dispute. Each Party shall abide by and comply with the terms of the decision or award without delay.

(vi) Expenses incurred by the arbitrators and the president, and other costs of the proceedings, shall be paid for equally by the Parties. In its decision or award, the tribunal may, in its discretion, reallocate expenses and costs between the Parties, including directing that a higher proportion of the costs be paid by one of the Parties.

ARTICLE 5

(a) This Agreement shall enter into force on the date on which the Government of the Republic of Serbia notifies the Government of the United States of America that all legal requirements for entry into force of this Agreement have been fulfilled.

(b) Upon entry into force, this Agreement shall supersede the Investment Incentive Agreement between the Government of the United States of America and the Federal Government of the Federal Republic of Yugoslavia, signed at Belgrade on July 21, 2001. Any matter relating to support by the DFC of projects in the territory of The Republic of Serbia prior to the entry into force of this Agreement shall be resolved under the terms of this Agreement.

(c) Either Party may terminate this Agreement at any time by providing six months written notice to the other Party. Termination shall take effect six months from the date of receipt of such notification. In such event, the provisions of this Agreement shall, with respect to Investment Support provided prior to or while this Agreement was in force, continue to apply so long as such Investment Support remains outstanding, but in no case longer than twenty-five years after the termination of this Agreement.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed this Agreement.

DONE at Belgrade, in duplicate, this 21st day of January, 2021, in the English language. A text of this Agreement shall be prepared in the Serbian language, which shall be considered equally authentic upon an exchange of diplomatic notes between the Parties confirming its conformity with the English language text.

**FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:**



**Anthony F. Godfrey, U.S. Ambassador to
the Republic of Serbia**

**FOR THE GOVERNMENT OF
THE REPUBLIC OF SERBIA:**



**Siniša Mali, Minister of Finance of
the Republic of Serbia**