

CONFORMED COPY

LOAN NUMBER 8031-YF

Project Agreement

**(South East Europe and Caucasus Catastrophe Risk Insurance
Facility Project)**

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

EUROPA REINSURANCE FACILITY LIMITED

Dated November 10, 2011

PROJECT AGREEMENT

Agreement dated November 10, 2011, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”) (collectively, the “World Bank”) and EUROPA REINSURANCE FACILITY LIMITED (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreements (“Loan Agreements”) of [same date] between [FYR MACEDONIA, and REPUBLIC OF SERBIA, (collectively, the “Borrowers”) and the Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreements) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreements or the General Conditions or the Appendix to this Agreement.

ARTICLE II - PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out Part 2 of the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III - EFFECTIVENESS

- 3.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 3.02. The Additional Legal Matter consists of the following, namely, that as part of the evidence to be furnished pursuant to Section 9.02 of the General Conditions, the Project Implementing Entity furnishes to the World Bank a legal opinion showing that the Project Implementing Entity has been properly registered and is established as a corporate entity.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is its Chairman of the Board/Vice-Chairman of the Board.

4.02. The World Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

4.03. The Project Implementing Entity's Address is:

Europa Reinsurance Facility Limited
c/o Reichlin & Hess
Hofstrasse 1A
6300 Zug
Switzerland

Cable:	Telex:	Facsimile:
		41 44 380 50 91

AGREED at the District of Columbia, United States of America and Zug, Switzerland, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Jane Armitage

Authorized Representative

EUROPA REINSURANCE FACILITY LIMITED

By /s/ Heinz C. Vollenweider

Authorized Representative

By /s/ Hansjürg Appenzeller

Authorized Representative

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall, upon completion of capitalization, engage, in accordance with terms of reference satisfactory to the World Bank, and maintain during the implementation of the Project, under terms and conditions satisfactory to the World Bank, a project implementation team, comprising specialists as may be required for the effective implementation of the Project Implementing Entity's Respective Part of the Project.
2. The Project Implementing Entity shall:
 - (a) comply with any applicable law, rule or regulation of the jurisdiction where it is incorporated, which is binding upon the Project Implementing Entity;
 - (b) not engage, without prior written consent of the World Bank, in any business unrelated to insurance and reinsurance of catastrophic and weather risk.

B. Operations Manual

1. The Project Implementing Entity shall carry out its operations in accordance with the Operations Manual and best industry practices.
2. Except as the Project Implementing Entity and the World Bank may otherwise agree in writing, the Project Implementing Entity shall not abrogate, suspend, waive or otherwise fail to enforce the Operations Manual or any provision thereof, and shall inform the Bank on any proposed substantive amendments to the Operations Manual and shall afford the Bank a reasonable opportunity to review and comment upon such amendments.
3. In case of any conflict between the terms of the Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation.

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the World Bank. Each such Project Report shall cover the period of one calendar year, and shall be furnished to the World Bank not later than two (2) months after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. Without limitation upon the provisions of Section 5.01 (b) of the General Conditions, and in order to facilitate the financial management of the Project, the Project Implementing Entity shall retain, in accordance with methodology and terms of reference acceptable to the World Bank, the services of a finance and accounting vendor (FAV), upon completion of capitalization, and at all times during the implementation of the Project, establish, and through the FAV, maintain, a financial management system and prepare not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports relating to the Project covering the quarter, in form and substance satisfactory to the World Bank. It shall also prepare annual consolidated financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.
2. The Project Implementing Entity shall have its annual consolidated financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these consolidated financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited consolidated financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

APPENDIX

Definitions

1. “Operations Manual” means the manual, adopted by the Project Implementation Entity in form and substance satisfactory to the World Bank, and required to be maintained by the Project Implementation Entity pursuant to the provisions of Section I.B of the Schedule to this Agreement, for the purpose of setting forth the policies and establishing practices according to which the Project Implementation Entity shall carry out the activities described in Part 2 of the Project.