

OFFICIAL DOCUMENTS U. 8255-YF

**The World Bank**  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 473-1000  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

NOVEMBER 27, 2013

H.E. Lazar Krstic  
Minister of Finance  
Ministry of Finance  
20 Kneza Milosa St.  
Belgrade 11000  
Serbia

**Re: IBRD Loan 8255-YF (Serbia Road Rehabilitation and Safety Project)**  
**Additional Instructions: Disbursement**

Excellency:

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the "Bank") and the Republic of Serbia (the "Borrower") for the above-referenced project, dated NOVEMBER 27, 2013. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8255-YF ("Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

**I. Disbursement Arrangements**

*(i) Disbursement Methods (section 2).* The following Disbursement Methods may be used under the Loan:

- Advance

*(ii) Disbursement Deadline Date (subsection 3.7).* The Disbursement Deadline Date is the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

*(iii) Disbursement Conditions (subsection 3.8).* Please refer to the Disbursement Condition(s) in the Loan Agreement.

**II. Withdrawal of Loan Proceeds**

*(i) Authorized Signatures (subsection 3.1).* An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

Public Disclosure Authorized

Public Disclosure Authorized

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
Attention: Ellen Goldstein, Country Director and  
Regional Coordinator for Southeast Europe

**(ii) Applications (subsections 3.2 - 3.3).** Please provide completed and signed applications for withdrawal, together with supporting documents to the address indicated below:

The World Bank  
Radnicka cesta 80, 9<sup>th</sup> floor  
Zagreb, HR – 10 000, Croatia.  
Attention: Disbursement Management Group

**(iii) Electronic Delivery (subsection 3.4)** The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank's Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

**(iv) Terms and Conditions of Use of Tokens to Process Applications.** By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of Tokens") provided in Attachment 4; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

**(v) Advances (sections 5 and 6).**

- **Type of Designated Account[s] (subsection 5.3):** Pooled – loan proceeds will be pooled with European Investment Bank resources.
- **Currency of Designated Account[s] (subsection 5.4):** Euro.
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** National Bank of Serbia.
- **Ceiling (subsection 6.1):** forecast for 2 semesters as provided in the semi-annual Interim Financial Report.

### **III. Reporting on Use of Loan Proceeds**

*(i) Supporting Documentation (section 4).* Supporting documentation should be provided with each application for withdrawal as set out below:

- ***For requests for reporting eligible expenditures paid from the Designated Account:***
  - Interim Financial Report in the form attached (Attachment 3), which include a list of all payments made against contracts that are subject to the Bank's prior review.
  - As applicable, formal notification by the Bank to the Borrower that it has accepted evidence of achievement of a specific DLI(s).

### **IV. Other Disbursement Instructions**

For the World Bank's share – as per the financing percentage stipulated in the Loan Agreement - of eligible expenditures reported for a given period/semester, the following procedures will apply:

- The project will disburse exclusively on the basis of semi-annual IFRs, in Euro.
- The first advance will be exclusively on the basis of a cash-flow forecast for first two semesters (reporting periods) of implementation.
- Semi-annual IFRs will be submitted to the World Bank 45 days after the end of the respective semester; advances may be made on the basis of any IFR and cash-flow forecasts.
- Conversion of advances into disbursements will be made only on an annual basis (*even number reporting periods; IFR reporting for Semesters 2, 4, 6...*), upon confirmation of performance against specific DLIs and documentation of eligible expenditures through IFRs.
- Confirmation of performance against specific DLIs will be attested by the Bank's Task Team, to the Borrower and will be submitted to the World Bank as part of the withdrawal application.
- For each reporting period where a conversion of advances into disbursements will be occur, the IFR will necessarily include an apportionment of eligible expenditures, for the period, to the World Bank, to the European Investment Bank and to the Borrower.
- There will be 3 DLIs, all linked to Disbursement Category 1 of the Loan Agreement: Disbursement Category 1 of the Loan Agreement includes Parts 1 and 2 of the project. DLI 1 – Road Rehabilitation and Safety which is linked to Part 1 of the Project; DLI 2 – Road Safety Actions which is linked to Part 2 of the Project and DLI 3 – Maintenance Management Reforms, is also linked to Part 2 of the Project.
- DLI 1, 2 and 3, which are linked to the same Disbursement Category 1, may, during the life of the project, cap disbursements from this category on the basis of performance against each of the three DLIs as follows: Euro 34.38M for DLI 1 related performance; Euro 17.19M for DLI 2 related performance; Euro 17.19M for DLI 3 related performance, as per the table below:

(Euro Millions)	Total
DLI #1	34.38
DLI #2	17.19
DLI #3	1719
Overall Cap	68.75

Monitoring of performance against the three DLIs will be undertaken by the Bank's Task Team.

These overall caps per DLI are consistent with the Loan Agreement's withdrawal table and the total coincides with the total amount allocated to Disbursement Category 1.

- For DLIs for which the determination of achievement takes a binary form (yes/no) (e.g., DLI 2A.1; DLI 3.1; DLI 3.2), the full financial value of the prior advances related to the DLIs for a given year will be converted into disbursements upon the Bank's review and the confirmation of the eligibility of these expenditures. If these DLIs are not met in the year, the Bank will not recognize the prior advances as eligible expenditures or convert them into amounts disbursed for that year; these amounts will be carried forward as outstanding advances. The Bank may also reduce the amount of subsequent advances requested from the Borrower.
- For DLIs that are scalable (downward/upward scalability – including DLI 1; DLI 2A.2, DLI 2A.3; DLI 2A.4; and DLI 2A.5), in the event that targets have not been fully met (downward scalability), the Bank will only proportionally recognize and convert prior advances into disbursements upon the Bank's review and the confirmation of the eligibility of these expenditures. (Proportionally means using the same percentage of achievement of the DLI relative to the baseline target as presented in Schedule 4 of the Financing Agreement). The amount of the prior advances that are not recognized and converted into disbursed amounts will carry forward as outstanding advances. The Bank may also reduce the amount of subsequent advances requested from the Borrower.
- If targets of scalable DLIs are exceeded (upward scalability) relative to the baseline targets (see Schedule 4 of the Financing Agreement), the Bank will recognize that the baseline has been met and will recognize the marginal amount of the target that has been exceeded. This will be counted against the future year targets – see Schedule 4 of the Financing Agreement) the Bank will recognize and convert the full amount of prior advances into disbursements upon the Bank's review and the confirmation of the eligibility of these expenditures. The Bank will also recognize, proportionally and relative to the marginal difference that the baseline target had been exceeded, an additional amount of disbursement that will be made upon the Bank's review and the confirmation of the eligibility of these expenditures. Regardless the level of performance against DLIs, the Bank will not recognize eligible expenditures in excess of the amounts reported through IFRs.
- At the end of each second semester reporting period when DLIs have been submitted to the Bank for review, the Borrower will submit an updated table in the form of Schedule 4 of the Loan Agreement, reflecting updated DLI targets (figures and amounts) for review and no objection by the Bank.

**V. Other Important Information**

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Bank by email at <[clientconnection@worldbank.org](mailto:clientconnection@worldbank.org)>.

If you have any queries in relation to the above, please contact Jose Janeiro, Senior Finance Officer at [jjaneiro@worldbank.org](mailto:jjaneiro@worldbank.org) using the above reference.

Yours sincerely,

By 

Aleksandar Crnomarkovic  
Acting Country Manager for the Republic of Serbia  
Europe and Central Asia Region

Attachments

- NIAT
1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
  2. Form for Authorized Signatures
  3. Form of "Interim Financial Report"
  4. *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated January 20, 2010

Jose Janeiro, CTRLA

Cleared with and cc: Ignacio Jauregui, Country Lawyer  
Moustafa Baher El-Hefnawy, Task Team Leader

Cc with copies: Public Enterprise Roads of Serbia  
Bulevar kralja Aleksandra 282  
11000 Belgrade, Republic of Serbia  
[office@putevi-srbije.rs](mailto:office@putevi-srbije.rs)

Tel: +381 11 30 40 700  
Fax: +381 11 30 40 699

Form of Authorized Signatory Letter  
[Letterhead]  
Ministry of Finance  
[Street address]

[DATE]

The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Attention: Ellen Goldstein, Country Director

Re: Loan No. 8255-YF (Serbia Road Rehabilitation and Safety Project)

Dear Ms. Goldstein:

I refer to the Loan Agreement (“Agreement”) between the International Bank for Reconstruction and Development (the “Bank”) and the Republic of Serbia (the “Borrower”), dated \_\_\_\_\_, providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any <sup>1</sup>[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

For the purpose of delivering Applications to the Bank, <sup>2</sup>[each] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower, acting <sup>3</sup>[individually] <sup>4</sup>[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

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<sup>1</sup> Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the Bank.*

<sup>2</sup> Instruction to the Borrower: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the Bank.*

<sup>3</sup> Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Bank.*

<sup>4</sup> Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Bank.*

<sup>5</sup>[This confirms that the Borrower is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of Tokens"), the Borrower represents and warrants to the Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position]            Specimen Signature: \_\_\_\_\_  
[Name], [position]            Specimen Signature: \_\_\_\_\_  
[Name], [position]            Specimen Signature: \_\_\_\_\_

Yours truly,

/ signed /

\_\_\_\_\_  
Minister of Finance

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<sup>5</sup> Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the Bank.*

**Project Name**  
**Cash receipts and payments**

For the period ending xx/xx/20xx

In EUR

	Actual			Budget			Current period
	Current period	Year To	Cumulative to Date	Current period	Year To	Cumulative to Date	

**Cash Receipts**

Government of Serbia  
World Bank  
EIB  
EBRD  
Interests Earned  
**Total**

**Foreign Exchange Difference**

Exchange gains  
Exchange losses  
**Total cash receipts**

**Less:**

**Cash Payments**

**Financed by GoS, WB, EIB**

Component 1  
Component 2  
Component 3  
**Sub-total financed by the GoS, WB, EIB**

**Financed by EBRD**

Component 1  
Component 2  
Component 3  
**Sub-total financed by the EBRD**

**Total Cash Payments**

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**Net increase/(Decrease) in cash flow**

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**Bank Balances beginning of period**

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**Bank Balances end of period**

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*Interim un-audited financial reports (IFR)*

**Project Name**  
**Uses of Funds by Project Activity**

For the period ending xx/xx/20xx

In EUR

	Actual			Planned			Variance		
	Current period	Year To	Cumulative to Date	Current period	Year To	Cumulative to Date	Current period	Year To	Cumulative to Date

**Component 1**

- Contract 1
- Contract 2
- Contract 3
- contract 4
- contract 5
- contract 6
- Payments without contract

Sub-total

**Component 2**

- Contract 1
- Contract 2
- Contract 3
- contract 4
- contract 5
- contract 6
- Payments without contract

Sub-total

**Component 3**

- Contract 1
- Contract 2
- Contract 3
- contract 4
- contract 5
- contract 6
- Payments without contract

Sub-total

**Total Project Expenditure**

**Interim un-audited financial reports (IFR)**

**Project Name**  
**Designated Account in EUR statement**

For the period ending xx/xx/20xx

In Euro

**Opening Balance on DA**

Plus: Replenishment during the period  
Interest earned and retained on account

Less: Amount of eligible expenditures paid during the period/transfers to RSD account  
Refund from DA

**Closing Balance as of the end of period**

**Balance per Designated Account Bank Statement Euro**

Discrepancy in closing balance  
Explanation

		0
		0
		0
		0

**Interim un-audited financial reports (IFR)**

**Project Name**  
**RSD Account statement**

For the period ending xx/xx/20xx

In Euro

**Opening Balance**

[REDACTED]

Plus: Inflows during the period  
Interest earned and retained on account

[REDACTED]

0

Less: Amount of eligible expenditures paid during the period  
Refund from the account

[REDACTED]

0

**Closing Balance**

0

**Closing Balance per Treasury Account Statement**

[REDACTED]

Discrepancy in closing balance  
Explanation

0



Project Name		Start Date	End Date	Duration	Project Manager	Status
177	DL1 - Cleanup - Road Rehabilitation and Safety					
178	DL2 - Cleanup - Road Safety Actions					
179	DL3 - Cleanup - Maintenance Management Review					

Project Name  
For the period ending 30/06/2024  
in Euro

**Project Name**  
**Project Cash Forecast (Part II)**  
**For the period ending xx/xx/20xx**  
**[in Euro]**

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Projected cash forecast for nine months ending quarter b+1 in the Cash Forecast I	.....
Less Amount to be paid through Direct Payment or Special Commitment	.....
Less DA closing balance on report end date	.....
<b>Requested amount to be advanced to DA</b>	<b>.....</b>

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Accounting policies and explanatory notes

Present information about the basis of preparation of the financial statements and the specific accounting policies :

Provide additional information which is not presented on the face of the financial statements but is necessary for a

Provide information about percentages of financing from different sources, as well as absolute amounts to be trans

selected and applied or significant transactions and other events

fair presentation of the entity's cash receipts, cash payments and cash balances

ferred from each financier based on the cash forecast



**Terms and Conditions of Use of Secure Identification Devices  
in connection with Use of Electronic Means  
to Process Applications  
and Supporting Documentation**

January 20, 2010

The World Bank (Bank)<sup>1</sup> will provide secure identification devices (Tokens) to permit the Borrower<sup>2</sup> to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

**A. Identification of Users.**

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

**B. Distribution, Initialization and Return of Tokens.**

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.
2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.
3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

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<sup>1</sup> "Bank" includes IBRD and IDA.

<sup>2</sup> "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a "Token User". The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.
5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.
6. Tokens shall be promptly returned to the Bank upon request of the Bank.

**C. Management of Tokens.**

1. Tokens will remain the property of the Bank.
2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.
3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.
4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

***Security***

- 4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
- 4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.
- 4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
- 4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify [clientconnection@worldbank.org](mailto:clientconnection@worldbank.org).

4.5. The Borrower shall immediately notify the Bank at [clientconnection@worldbank.org](mailto:clientconnection@worldbank.org) of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

***Care of Tokens***

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7 Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at <http://www.rsa.com>.

5. ***Replacement***

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User's Account

6. ***Reservation of Right to disable Token***

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User's Account or both.