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CREDIT NUMBER 3538-1 BOS

# Financing Agreement

(Additional Financing for the Community Development Project)

between

BOSNIA AND HERZEGOVINA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 5, 2007

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## **CREDIT NUMBER 3538-1 BOS**

### **FINANCING AGREEMENT**

AGREEMENT dated June 5, 2007, entered into between BOSNIA AND HERZEGOVINA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

#### **ARTICLE I - GENERAL CONDITIONS; DEFINITIONS**

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

#### **ARTICLE II - FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to three million four hundred thousand Special Drawing Rights (SDR 3,400,000) (“Credit”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section VI of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are May 15<sup>th</sup> and November 15<sup>th</sup> in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Euro.

### **ARTICLE III - PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause: (a) Part A of the Project to be carried out by the Federation; and (b) Part B of the Project to be carried out by the Republika Srpska, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV - REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) either Entity shall have failed to perform any of its obligations under its respective Project Agreement or Subsidiary Agreement or the Operational Manual;
  - (b) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that either Entity shall be able to perform its obligations under its respective Project Agreement or Subsidiary Agreement; and
  - (c) either Operational Manual shall have been amended, abrogated, repealed or otherwise modified without the prior written agreement of the Association.
- 4.03. The Additional Event of Acceleration consists of the following: any event specified in paragraph (a) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

### **ARTICLE V - EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) a Project Agreement has been executed on behalf of the Association and an Entity, on terms and conditions satisfactory to the Association; and

- (b) for the Entity referred to in paragraph (a) of this Section 5.01:
  - (i) a Subsidiary Agreement has been executed on behalf of the Recipient and the Entity concerned, on terms and conditions satisfactory to the Association; and
  - (ii) the Operational Manual satisfactory to the Association has been adopted.

5.02. The Additional Legal Matters consist of the following:

- (a) the Project Agreement referred to in paragraph (a) of Section 5.01 has been duly authorized or ratified by the Entity concerned and is legally binding on said Entity in accordance with its terms; and
- (b) the Subsidiary Agreement referred to in paragraph (b) of Section 5.01 has been duly authorized or ratified by the Recipient and the Entity concerned and is legally binding upon the Recipient and said Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

#### **ARTICLE VI - REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is the Minister of Finance and Treasury of Bosnia and Herzegovina.

6.02. The Recipient's Address is:

Trg BiH 1  
71000 Sarajevo  
Bosnia and Herzegovina

Facsimile:

(387-33) 471-822

6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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

AGREED at Sarajevo, Bosnia and Herzegovina, as of the day and year first above written.

**BOSNIA AND HERZEGOVINA**

By /s/ Dragan Vrankic

Authorized Representative

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By /s/ Toby Linden

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to improve: (i) basic services and facilities for low income and poor communities in under-served municipalities; and (ii) the governance and capacity of local governments to deliver services to poor communities in partnership with the communities.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: The Federation

##### 1. Performance Grant Program

(a) Provision of services to conduct financial, social and operational assessment of local governments.

(b) Provision of services to develop financial and operational action plans to improve the performance of local governments.

(c) Provision of Performance Grants to Beneficiaries to implement the financial and operational action plans under subparagraph (b) of this paragraph, including the investment of non-revenue generating social infrastructure and services.

##### 2. Institutional Strengthening

Provision of services to strengthen the capacity of municipal governments, community associations and organizations to perform social analysis, project identification and monitoring and evaluation under the Project.

##### 3. Project Implementation

Provision of services, goods and incremental operating costs to the Federation PIU in the course of Project implementation and for purposes of audit of the Project accounts.

#### Part B: Republika Srpska

##### 1. Performance Grant Program

(a) Provision of services to conduct financial and operational assessment of local governments.

(b) Provision of services to develop financial and operational action plans to improve the performance of local governments.

(c) Provision of Performance Grants to Beneficiaries to implement the financial and operational action plans under subparagraph (b) of this paragraph, including the investment of non-generating social infrastructure and services.

2. Institutional Strengthening

Provision of services to strengthen the capacity of municipal government, community associations and organizations to perform social analysis, project identification and monitoring and evaluation under the Project.

3. Project Implementation

Provision of services, goods and incremental operating costs to the Republika Srpska PIU in the course of Project implementation and for purposes of audit of the Project accounts.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional Arrangements**

The Recipient shall, and shall cause the Entities to, carry out the Project in accordance with the following institutional and other arrangements:

1. Part A of the Project shall be carried out by the Federation, through the Federation PIU, and Part B of the Project shall be carried out by the Republika Srpska, through the Republika Srpska PIU.
2. The Federation PIU and the Republika Srpska PIU shall be responsible for the overall management and implementation of the Entities' respective parts of the Project, including the procurement, the financial management, the environmental management, and monitoring and evaluation, in accordance with the Operational Manual, including the Guidelines, and satisfactory to the Association.

#### **Section II. Implementation Covenants**

1. The Recipient shall cause the Federation to maintain the Federation PIU at all times during Project implementation, and the Recipient shall cause Republika Srpska to maintain the Republika Srpska PIU during the same period, in each case with such staff and resources as shall be required for the Federation PIU and the Republika Srpska PIU, as the case may be, to perform its duties in respect of the overall management and implementation of Part A and Part B, as the case may be, of the Project in accordance with the Operational Manual, including the Guidelines, and satisfactory to the Association.
2. The Recipient shall cause the Entities to carry out the Project in accordance the Operational Manual, including the Guidelines, and maintain the Operational Manual until the completion of the Project, and unless the Association may otherwise agree, not to amend, repeal or waive, or permit to be amended, repealed or waived, the Operational Manual, including the Guidelines, or any provision of either one thereof.

#### **Section III. Subsidiary Agreements**

1. To facilitate the carrying out of Part A of the Project, the Recipient shall make part of the proceeds of the Credit available to the Federation under a subsidiary agreement between the Recipient and the Federation ("Federation Subsidiary Agreement"), under terms and conditions approved by the Association, which shall include the following:



- (i) the Recipient shall relend to the Federation an amount in Euro equivalent to the amount of the Credit allocated from time to time to Categories A.(1), (2), (3) and (4) set forth in the table in paragraph 2 of Part A of Section VI of Schedule 2 to this Agreement;
- (ii) the term of the Subsidiary Credit shall be 20 years, including a 10-year grace period;
- (iii) the Recipient shall charge the Federation a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;
- (iv) the Recipient shall charge the Federation a service charge on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement; and
- (v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in SDRs (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Financing Account on account of expenditures for the Project.

2. To facilitate the carrying out of Part B of the Project, the Recipient shall make part of the proceeds of the Credit available to the Republika Srpska under a subsidiary agreement between the Recipient and the RS ("RS Subsidiary Agreement"), under terms and conditions approved by the Association, which shall include the following:

- (i) the Recipient shall relend to the RS an amount in Euro equivalent to the amount of the Credit allocated from time to time to Categories B.(5), (6), (7) and (8) set forth in the table in paragraph 2 of Part A of Section VI of Schedule 2 to this Agreement;
- (ii) the term of the Subsidiary Credit shall be 20 years, including a 10 -year grace period;
- (iii) the Recipient shall charge the RS a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;

- (iv) the Recipient shall charge the RS service charge on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement; and
- (v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in SDRs (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Financing Account on account of expenditures for the Project.

3. The Recipient shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive either of the Subsidiary Agreements or any of their respective provisions.

#### **Section IV. Project Monitoring, Reporting, Evaluation**

##### **A. Project Reports**

1. (a) The Recipient, through the Federation PIU for purposes of Part A of the Project, and through the Republika Srpska PIU for purposes of Part B of the Project, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than twenty one (21) days after the end of the period covered by such report.

(b) The Recipient, through the Federation PIU for purposes of Part A of the Project, and through the Republika Srpska PIU for purposes of Part B of the Project, respectively, shall:

- (i) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about September 30, 2008, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the respective Entity's part of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the respective Entity's part of the Project and the achievement of the objectives thereof during the period following such date; and

- (ii) review with the Association, by October 31, 2008, or such later date as the Association shall request, the report referred to in sub-paragraph (b)(i) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

## **B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain and cause the Entities, through the Federation PIU and the Republika Srpska PIU, respectively, to maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section IV, the Recipient shall cause each of the Entities, through the Federation PIU and the Republika Srpska PIU, respectively, to prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim un-audited financial reports for Part A and Part B, respectively, of the Project covering such quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient or such other period as agreed by the Association. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

## **Section V. Procurement**

### **A. General**

1. **Goods and Works.** All goods, works and services (other than consultants' services) required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular

contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, contracts shall be awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>	
(a)	National Competitive Bidding, subject to the following additional provisions:
(1)	Registration
(i)	Bidding shall not be restricted to pre-registered firms.
(ii)	Where registration is required, bidders (1) shall be allowed a reasonable time to complete the registration process, and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
(iii)	Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.
(2)	Advertising
	Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of twenty one (21) days for the preparation and submission of bids.
(3)	Pre-qualification
	When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one widely circulated national daily newspaper a minimum of

**Procurement Method**

30 days prior to the deadline for the submission of pre-qualification applications. Minimum experience, and technical and financial requirements, shall be explicitly stated in the pre-qualification documents.

(4) Participation by Government-owned enterprises

Government-owned enterprises in Bosnia and Herzegovina, including those in the Federation and Republika Srpska, shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(5) Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods, works or services, acceptable to the Association.

(6) Bid Opening and Bid Evaluation

- (i) Bids shall be opened in public, immediately after the deadline for submission of bids.
- (ii) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents.
- (iii) Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.

(7) Price Adjustment

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

(8) Rejection of Bids

- (i) All bids shall not be rejected and new bids solicited

<b>Procurement Method</b>
without the Association’s prior concurrence.
(ii) When the number of bids received is less than three, re-bidding shall not be carried out without the Association’s prior concurrence.
ECA Regional Sample Bidding Documents, modified as acceptable to the Association, shall be used.
(b) Shopping

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Least Cost Selection
(b) Selection based on Consultants’ Qualifications
(c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants

**D. Review by the Association of Procurement Decisions**

All contracts shall be subject to the Association’s Prior Review.

**Section VI. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
<b><u>A. Part A of the Project</u></b>		
(1) Works	1,550,000	100%
(2) Goods	202,500	100%
(3) Consultants’ services for the Project	202,500	100%
(4) Operating Costs	85,000	100%
<b><u>B. Part B of the Project</u></b>		
(5) Works	1,030,000	100%
(6) Goods	132,500	100%
(7) Consultants’ services for the Project	132,500	100%
(8) Operating Costs	<u>65,000</u>	100%
<b>TOTAL AMOUNT</b>	<u><b>3,400,000</b></u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement; or
  - (b) Under Categories allocated to Part A or Part B of the Project unless:
    - (i) A Project Agreement between the Association and the Entity responsible for implementing Part A or Part B of the Project, as the case may be, has been executed, on terms and conditions satisfactory to the Association;
    - (ii) A Subsidiary Agreement between the Recipient and such Entity has been executed, on terms and conditions satisfactory to the Association;
    - (iii) An opinion has been furnished to the Association stating that such Project Agreement and Subsidiary Agreement have been duly authorized or ratified by the parties thereto and are legally binding upon them in accordance with their respective terms; and
    - (iv) The Operational Manual satisfactory to the Association has been adopted by such Entity.
2. The Closing Date is August 31, 2008.



**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each May 15th and November 15th commencing May 15, 2017 to and including November 15, 2026:	5%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## **APPENDIX**

### **Definitions**

1. “Beneficiary” means for the purposes of Part A of the Project, an Eligible Municipality (as hereafter defined) among the municipalities agreed between the Federation (as hereafter defined) and the Association, and, for the purposes of Part B of the Project, an Eligible Municipality (as hereafter defined) among the municipalities agreed between Republika Srpska (as hereafter defined) and the Association.
2. “Category” means a category set forth in the table in Section VI of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
4. “Eligible Municipality” means for the purposes of Part A of the Project, a Municipality (as hereafter defined) of the Federation, which meets the eligibility criteria set forth in the Guidelines (as hereafter defined) among the Municipalities agreed between the Federation and the Association, and, for the purposes of Part B of the Project, a Municipality of Republika Srpska, which meets the eligibility criteria set forth in the Guidelines among the Municipalities agreed between Republika Srpska and the Association.
5. “Entity” means the Federation or Republika Srpska (as these expressions are hereafter defined), as the case may be, and “Entities” refers to the Federation and Republika Srpska collectively.
6. “Federation” means the Federation of Bosnia and Herzegovina, a political subdivision of the Recipient, and includes any successor or successors thereto.
7. “Federation PIU” means the Project implementation unit, a legal entity established pursuant to Government Decree 14/1996, dated August 16, 1996, which has become a division of the Foundation for Sustainable Development, an established legal entity, as referred to in paragraphs 1 and 2 of Section I of Schedule 2 of this Agreement, and such term includes any successor or successors thereto satisfactory to the Association.
8. “Federation Project Agreement” means the agreement between the Association and the Federation of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Federation Project Agreement.

9. “Federation Subsidiary Agreement” means the agreement to be entered into between the Recipient and the Federation, referred to in paragraph 1 of Section III of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Federation Subsidiary Agreement.
10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
11. “Guidelines” means the guidelines, which form an integral part of the Operational Manual (as hereafter defined), referred to in Sections I and II of the Schedule to the Project Agreements (as hereafter defined), setting out the operational and administrative procedures for the preparation, approval processing, financing, implementation and supervision of the Performance Grants (as hereafter defined), as such Guidelines may be amended from time to time with the prior written agreement of the Association.
12. “Municipality” means an administrative subdivision of the Federation or Republika Srpska, as the case may be, and “Municipalities” means, collectively, more than one such Municipality.
13. “Operating Costs” means reasonable and necessary incremental expenditures related to the operation of the Federation PIU and the Republika Srpska PIU, respectively, including on account of Project management, implementation, and monitoring and evaluation, as approved by Association on the basis of budgets acceptable to the Association, which would not have been incurred absent the Project and include the costs of salaries for the Federation PIU and the Republika Srpska PIU (except salaries of civil servants), travel costs, office rent, audits, office and vehicle maintenance, utilities and office supplies, and other miscellaneous costs as may be agreed with the Association from time to time.
14. “Operational Manual” means the manual, including the Guidelines, satisfactory to the Association, to be adopted by the Federation PIU and the Republika Srpska PIU (as hereafter defined), referred to in Sections I and II of Schedule 2 of this Agreement and Sections I and II of the Schedule to the Project Agreements, setting out the operational and administrative procedures for the implementation of the Project, and as the same may be amended from time to time with the prior written agreement of the Association.
15. “Original Financing Agreement” means the development credit agreement for a Community Development Project between the Recipient and the Association, dated October 19, 2001 (Credit No. 3538 BOS).
16. “Original Project” means the Project described in the Original Financing Agreement.

17. “Performance Grants” means a grant made or proposed to be made out of the proceeds of the Credit to a Beneficiary for the financing of one or more Sub-projects (as hereafter defined) as set out in the Guidelines.
18. “Performance Grant Agreement” means an agreement between the Federation PIU and a Beneficiary, or the Republika Srpska PIU and a Beneficiary, as the case may be, and referred to in paragraphs 3 and 4 (b) of the Schedule to the Project Agreements.
19. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
20. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 20, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
21. “Project Agreement” means either the Federation Project Agreement or the Republika Srpska Project Agreement, as the case may be, and “Project Agreements” means said project agreements, collectively.
22. “Project Implementing Entity” or “Entity” means either the Federation or RS (as hereafter defined), as the case may be, and “Project Implementing Entities” or “Entities” means the Federation and RS, collectively.
23. “Republika Srpska” or “RS” means Republika Srpska, a political subdivision of the Recipient, and includes any successor or successors thereto.
24. “Republika Srpska PIU” means the Project implementation unit, located in the Development and Employment Foundation of the Republika Srpska created pursuant to Government Decision No. 02/1-020-861/00, dated September 5, 2000, as referred to in paragraphs 1 and 2 of Section I of Schedule 2 of this Agreement, and such term includes any successor or successors thereto satisfactory to the Association.
25. “RS Project Agreement” means the agreement between the Association and RS of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the RS Project Agreement.
26. “RS Subsidiary Agreement” means the agreement to be entered into between the Recipient and the RS, referred to in paragraph 2 of Section III of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term

includes all schedules and agreements supplemental to each Subsidiary Agreement.

27. “Sub-project” means an activity referred to under Parts A.1.(c) and B.1.(c) of the Project, and in respect of which a Performance Grant is provided, or proposed to be provided, for the benefit of a Beneficiary.
28. “Subsidiary Agreement” means the Federation Subsidiary Agreement and the RS Subsidiary Agreement, as the case may be, and the term “Subsidiary Agreements” means said agreements collectively.
29. “Subsidiary Financing” means the financing to be made out of the proceeds of the Financing provided to each Entity under a Subsidiary Agreement.