

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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**CONFORMED COPY**

July 16, 2010

Mr. Vladimir Baltic, MD, PhD  
Head of the Immunobiology Department  
Faculty of Medicine, University of Novi Sad  
Instituski put br. 4  
Sremska Kamenica  
Serbia 21204

Re: "2009 Global Development Marketplace on Climate Change Adaptation"  
Development Marketplace Global Environmental Facility (GEF) Number  
TF097029 "Daphnia Grazing to Stem Global Warming-Linked Bacterial  
Toxins in Fish Ponds" Project

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Dear Mr. Baltic:

In response to the request for financial assistance made on behalf of the Oncology Institute at the University of Novi Sad ("Recipient"), I am pleased to inform you that the "2009 Global Development Marketplace on Climate Change Adaptation" ("DM2009") jury on November 13, 2009 selected your proposal for support from DM2009.

I am writing on behalf of the International Bank for Reconstruction and Development and the International Development Association (collectively the "World Bank") to indicate its agreement as administrator of grant funds provided under the Global Environment Facility which supports DM2009, to extend to the Recipient a grant in an amount not to exceed one hundred ninety nine thousand United States Dollars (US\$199,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement, which includes the attached Annex ("Agreement"), to assist in the financing of the "Daphnia Grazing to Stem Global Warming-Linked Bacterial Toxins in Fish Ponds" project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jane Armitage  
Country Director and Regional Coordinator  
for Southeast Europe  
Europe and Central Asia Region

AGREED:

ONCOLOGY INSTITUTE, UNIVERSITY OF NOVI SAD

By /s/ Mr. Vladimir Baltic, MD, PhD

Name: Vladimir Baltic, MD, PhD

Title: Head of the Immunobiology Department

Date: August 3, 2010

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008

(2) Disbursement Letter dated July 16, 2010 together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

## Article I

### Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 1, 2008 (“Standard Conditions”), with the modifications set forth in Section I of the Appendix to this Agreement constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

- a. “ELISA” means enzyme-linked immunosorbent assay.
- b. “SZTR Sunce” means a private company registered (Register ID#52402786) and operates in the Republic of Serbia that owns and operates a fish farm in the central part of Vojvodina near Tisa River that will be used for the Project.

## Article II

### Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to mitigate and diminish the negative impacts of cyanobacterial toxins on the quality of commercial fish meat. The Project consists of the following activities:

Provision of goods, works and services to carry out the following:

- a. Adapting two existing fishponds currently used for storage of fish stock for growing *daphnia inoculums* that will be used in the control and experimental ponds;
- b. Carrying out the bio-manipulation experiment to diminish the negative impacts of cyanobacterial toxins on the quality of commercial fish meat by introducing *daphnia inoculums* in experimental fishponds. This experiment shall include the following main steps:
  - (i) Monitoring the fish ponds where *daphnia inoculums* is introduced and not introduced in order to perform a visual screening of cyanobacterial growth; and
  - (ii) Performing laboratory tests in order to monitor the cyanobacterial growth, determine the *Daphnia* population density, detect algal biomass by using standard spectrophotometry, and measure the level of cyanotoxins in water, in *Daphnia* cells and in fish meat, by using standard ELISA tests and inhibition tests of the Phosphatase A activity.

- c. Assessing, based on the said bio-manipulation experiment, the economic feasibility of using *daphnia inoculation* in improving the quality of fish meat, i.e. reducing the level of cyanotoxins, and increasing the fish yield.
- d. Carry out awareness raising activities among relevant stakeholders such as fish production enterprises, relevant governmental bodies, research institutions and media in Serbia regarding the results of the Project.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project jointly with SZTR Sunce in accordance with the provisions of (a) Article II of the Standard Conditions, (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in Section II of the Appendix to this Agreement, and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** The Recipient shall implement the Project in accordance with applicable environmental standards and regulations of the Republic of Serbia. The Recipient agrees that the *daphnia inoculum*s introduced water that was used for the bio-experiment under the Project shall be left to dry in the same ponds and must not be dumped into the Tisa river nor to any other areas outside the ponds.

2.04. ***Project Monitoring, Reporting and Evaluation.***

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester of Project implementation and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than one month after the Closing Date.

(c) Thereafter, but in any event not later than eighteen months after the Closing Date, the Recipient shall exchange views with the World Bank in order to assess the results achieved under the Project, lessons learnt, and factors contributing to the eventual success or failure of the Project.

2.05. ***Financial Management.***

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each Project Report period, covering that same period, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, upon the World Bank’s request, have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard

Conditions. Such audit of the Financial Statements shall cover the period indicated in the World Bank's request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the date of the World Bank's request.

## 2.06. *Procurement*

(a) General. All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

- (i) Section I (excluding paragraph 1.16) of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines"), in the case of goods and works;
- (ii) Sections I (excluding paragraph 1.24) and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Consultant Guidelines") in the case of consultants' services; and
- (iii) the provisions of this Section.

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works

The following methods shall be used for procurement of goods and works for those contracts which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Shopping; or (B) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

The following methods shall be used for the procurement of consultants' services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection based on Consultants' Qualifications; (B) Single-source Selection; (C) Selection of Individual Consultants; and (D) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. All contracts shall be subject to Post Review by the World Bank.

2.07. *Use of Name and Logo*. The Recipient may not use the name and/or logo of the World Bank and the Development Marketplace or DM2009 program in any manner without first obtaining written permission from the World Bank.

**Article III**  
**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** (a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (i) Article III of the Standard Conditions, (ii) this Section, and (iii) such additional instructions as the World 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Goods, works, consultants’ services, and travel and salaries for Project staff	196,800	100%
(2) Operating Costs	2,200	100%
<b>TOTAL AMOUNT</b>	<b>\$199,000</b>	

(b) For the purposes of this Section, the terms (a) “operating costs” means incremental expenditures directly related to the Project management, implementation and monitoring (which expenditures would not have been incurred absent the Project), including costs of energy and communication, and (b) “travel and salaries of Project staff” means travel and salaries for incumbent personnel of the Recipient and SZTR Sunce working exclusively for the Project, but excluding salaries of consultants and civil servants.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2012.

**Article IV**  
**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Head of the Immunology Department.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Oncology Institute of Vojvodina  
Instituski put br. 4  
Sremska Kamenica  
Serbia 21204

Telephone: +381 21 4805594  
Facsimile: +381 21 6613741

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

World Bank  
c/o "2009 Global Development Marketplace on Climate Change Adaptation"  
Development Marketplace Portfolio Manager (PM)  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Telephone: +1 202 458 8393  
Facsimile: +1 202-522-2593

With a copy to:

"2009 Global Development Marketplace on Climate Change Adaptation" Development  
Marketplace Project Supervisor (PS):

Olivera Jordanovic  
ojordanovic@worldbank.org  
Telephone: 5265+725 / 381-64-232-5026

## APPENDIX

### Modifications to the Anti-Corruption Guidelines

**Section I.** The Standard Conditions are modified as follows:

1. The provisions of Section 4.02 (j) of the Standard Conditions are modified to read as follows:

... (j) *Ineligibility.* IBRD or IDA has declared the Recipient (other than the Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

**Section II.** The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in



connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”