

OFFICIAL DOCUMENTS



THE WORLD BANK
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NOVEMBER 2, 2017

H.E. Mr. Dušan Vujović
Minister
Ministry of Finance
Government of the Republic of Serbia
Kneza Miloša 20
11000 Belgrade
Republic of Serbia

Re: IBRD Loan No. 8792 Serbia
Enhancing Infrastructure Efficiency and Sustainability Program
Additional Instructions: Disbursement and Financial Information Letter (DFIL)

Excellency:

I refer to the Loan Agreement (“Agreement”) between the International Bank for Reconstruction and Development (“World Bank”), and the Republic of Serbia (the “Borrower”) for the above-referenced program, dated NOV 2, 2017. The General Conditions, as defined in the Loan Agreement, provide that the Borrower may from time to time request withdrawals of Loan Amounts from the Loan Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the World Bank may specify from time to time by notice to the Borrower. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”), and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Loan Funds, and Reporting of Uses of Loan Funds

(i) Schedule 1. The table in Schedule 1 sets out the disbursement methods which may be used by the Borrower, conditions, information on registration of authorized signatures, processing of withdrawal applications (including processing of advances), instructions on documentation, and reporting of advances and prior results.

(ii) Withdrawal Applications. Applications for withdrawal from the Loan Account (“Withdrawal Applications”) of amounts of the Loan allocated to individual Disbursement Linked Results (“DLR”) may, pursuant to the provisions of Section IV of Schedule 2 of the Loan Agreement, be sent to the World Bank at any time after the World Bank has notified the Borrower in writing that it has accepted evidence of achievement of the specific DLR.

(iii) Withdrawal Amount. The Withdrawal Application may be for an amount not to exceed the amount of the Loan confirmed by the World Bank for the specific DLR in respect of which the withdrawal is requested, as specified in the World Bank’s notice to the Borrower.

(iv) Prior Results. The World Bank confirms that it has received evidence satisfactory to it that the DLRs 4 and 7.1, referred to in categories 4 and 7 of the Table in the Loan Agreement have been achieved. Consequently, the Borrower may withdraw the amount of the Loan allocated to said categories in the amount after the Loan Agreement has been declared effective.

(v) **Advances and Recovery of Advances.** The Borrower may, in accordance with provisions of the Loan Agreement, request advances of amounts of the Loan allocated to DLRs 1, 2.3 and 3.1, referred to in categories 1, 2 and 3 of the Table in the Loan Agreement that have not yet been achieved using the Form attached (Attachment 2). The aggregated amount of all such advances made in respect of amounts allocated to DLRs may not exceed the equivalent of Euros 25,000,000.

The World Bank records an amount of the advance as disbursed for an achieved DLR (“recovered”) after it has notified the Borrower of its acceptance of the evidence of achievement of the DLR for which the advance was provided. The amount so reclassified becomes available for further advances in accordance with the preceding paragraph.

(vi) **Electronic Delivery.** Refer to section 10.01 (c) of the General Conditions.

The Bank may permit the Borrower to electronically deliver applications (with supporting documents) through the Bank’s web-based portal (<https://clientconnection.worldbank.org>) “Client Connection”. This option may be effected if the officials designated in writing by the Borrower who are authorized to sign and deliver Applications have registered as users of “Client Connection”. The designated officials may deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Borrower confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. 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. By designating officials to use SIDC 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 Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, available in the Bank's public website at <https://worldbank.org> and “Client Connection”; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits

(i) **Financial Reports.** The Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFR”) for the Program covering the quarter.

(ii) **Audits.** The Borrower shall have the Program's Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit shall cover the period of one fiscal year of the Borrower. For each such period, the audited Financial Statements for the Program shall be (a) furnished to the Bank not later than six (6) months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

In addition, the Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each such audit shall cover the period of one fiscal year. For each such period, the audited Financial Statements shall be (a) furnished to the Borrower and the Bank not later than nine (9) months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

III. Other Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank's public website and "Client Connection". The Bank recommends that you register as a user of "Client Connection". 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. For more information about the website and registration arrangements, please contact the Bank by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact Luis Schwarz Senior Finance Officer at lschwarz@worldbank.org, with copy to Darjan Dragicevic, Finance Analyst at ddragevic@worldbank.org using the above reference.

Yours sincerely,



Stephen Ndegwa
Country Manager
Serbia Country Office

Attachments

1. Form of Authorized Signatory Letter
2. Interim unaudited Financial Report (IFR)

Cc with copies: [Project Implementing Entity 1]
[street address]
[city], [country]
[email address]

Schedule 1 : Disbursement Arrangements

Loan Number	Country	Serbia
	Borrower	Ministry of Finance
	Name of the Project	Enhancing Infrastructure Efficiency and Sustainability Program
Disbursement Methods		
	Methods Available	Supporting Documentation
<i>Section 2</i>		<i>Subsections 4.3 and 4.4</i>
Direct Payment	No	None
Reimbursement	Yes	Interim unaudited Financial Report
Dedicated Account:	Yes	Interim unaudited Financial Report
Special Commitments	No	None
Type	No need to open a Designated Account since this is a PforR. There will be dedicated bank accounts for transfer of funds for Advances, Prior Results, and final DLR payments	None
Financial Institution - Name	National Bank of Serbia Single Treasury Account for PIMO Commercial Bank Account acceptable to the World Bank for PERS	EUR
Frequency of Reporting, Subsection 6.3	Same as IFRs: Quarterly or when results are achieved during the FY	Amount Not Applicable
The Minimum Value of Applications for Reimbursement is EUR 100,000.		
<p>The World Bank Radnicka cesta 80/IX 10000 Zagreb, Croatia Attention: Loan Department</p> <p><i>Notice that all information will be sent to the same address, and to the regional TL.</i></p> <p><i>Each entity, PIMO and PERS would present separate IFRs for purpose of FM and disbursements</i></p> <p>The advance applies only to DLRs 1, 2.3, and 3.1 to be met by PERS, and to be applied one time only.</p> <p>Disbursements for results met between the period of May 3, 2017, and the Signature Date of the Loan Agreement are for DLI 4 (adoption of the POM) and for DLI 7.1 (renovation of the first 39 buildings).</p> <p>As per the formulations reflected in the Loan Agreement, scalability is applied for DLRs 1, 2.3, 3.1, 7.1, and 7.2.</p> <p>Payments towards the DLRs achieved are conditioned on the verification reports issued by the Independent Verification Entities contracted each PIMO and PERS that are satisfactory to the Bank.</p>		

[Attachment 1 – Form of Authorized Signatory Letter]

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

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

Attention: *Country Director*

Re: Loan No. _____ - ____ (*[Name of the program]*)

I refer to the Loan Agreement (“Agreement”) between the International Bank for Reconstruction and Development (the “Bank”) and [*name of borrower*] (the “Borrower”), dated _____, providing the above Loan. For the purposes of Section 2.02 of the General Conditions as defined in the Agreement, any ¹[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, including by electronic means, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting ³[individually] ⁴[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

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

¹ 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.*

² 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.*

³ 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.*

⁴ 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.*

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

Sample Form for Advances

[Ministry/Implementing Agency Letterhead]

[Date]

Loan Department – [name of Regional Center]
The World Bank
[address of regional center]
Attention: [name of regional center team lead]

Subject: Re: IBRD Loan ____ - ____ [name of Program/Operation] -Request for Advance

Dear Sir/Madam,

We refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “World Bank”) and [insert the name of the Borrower] (the “Borrower”) dated [insert date] providing for the above Loan.

In accordance with the provisions of the Disbursement Letter and Schedule ____, Section _____ of the Loan Agreement, to support the implementation of the above Program and to facilitate the achievement of the planned results, we request an Advance in the amount of [insert amount] [1].

[We request that the Advance be disbursed in [currency requested for disbursement] equivalent to the Total Advance Requested above.]^[2] We acknowledge that the amount disbursed will be charged to the Loan Account in the currency of the Financing at the rate of exchange in effect at the time of disbursement.

Sincerely,

[insert Name, and Position]^[3]

^[1] The Proposed Advance should be in the currency of the DLI/DLR as set out in the disbursement table in the Loan Agreement, and in accordance with provisions in the Disbursement and Financial Information Letter. Normally, this is the currency of commitment of the loan.

^[2] Use this text to designate the currency of the Advance if it should be different from the currency set out in the disbursement table in the Loan Agreement.

^[3] To be signed by a representative of the implementing/coordinating agency of the Borrower, OR by the person(s) authorized on behalf of the Borrower to sign applications for withdrawal under the loan as set out in the applicable Authorized Signatory Letter.