CONFORMED COPY

LOAN NUMBER 7465-YF
GEF GRANT NUMBER TF090454

Loan Agreement

(Transitional Agriculture Reform Project)

between

REPUBLIC OF SERBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 27, 2007
LOAN AGREEMENT

Agreement dated July 27, 2007, between REPUBLIC OF SERBIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

The Borrower and the Bank 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 this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II - LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of twelve million five hundred thousand Euro (€12,500,000), as such amount may be converted from time to time through a currency conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent (3/4 of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.

2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread, subject to any
waiver of a portion of such interest as may be determined by the Bank from time to time; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions.

2.06. The Payment Dates are February 15 and August 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

   (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency;

   (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and

   (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.
ARTICLE III - PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project, through the MAFWM, in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following:

(a) Subject to subparagraph (b) of this paragraph, the right of the Borrower to withdraw the proceeds of the GEF Grant shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the GEF Grant Agreement.

(b) Subparagraph (a) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that:

(i) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under the GEF Grant Agreement; and

(ii) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under the GEF Grant Agreement.

4.02. The Co-financing Deadline for the effectiveness of the GEF Grant Agreement is November 30, 2007.

ARTICLE V - EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Borrower has adopted and submitted to the Bank the Project Operational Manual, including the Financial Management Manual, satisfactory to the Bank;

(b) The Borrower has acquired accounting software for the Project acceptable to the Bank; and
(c) The Borrower has established the Project Implementation Team in a manner, and with composition and terms of reference, satisfactory to the Bank.

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

ARTICLE VI - REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is the Minister of Finance.

6.02. The Borrower’s Address is:

Ministry of Finance  
Government of the Republic of Serbia  
Kneza Miloša 20  
11000 Belgrade  
Republic of Serbia

Facsimile:  
381-11-3618-961

6.03. The Bank’s Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address: INTBAFRAD  
Telex: 248423(MCI) or 64145(MCI)  
Facsimile: 1-202-477-6391
AGREED at Belgrade, Republic of Serbia, as of the day and year first above written.

REPUBLIC OF SERBIA

By /s/ Mirko Cvetkovic
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Simon Gray
Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to assist the Borrower in its efforts to enhance the competitiveness of its agricultural system and to conserve the globally important ecosystem in the Stara Planina mountainous area.

The Project consists of the following parts:

Part 1: Strengthening the Agriculture and Rural Development Support System

Enhancing the Payments and Programming System through strengthening the capacity of the Sector for Agrarian Operations and the Sector for Agriculture and Rural Development of the MAFWM for processing and administering Rural Development Grant programs, including, \textit{inter alia}, institutional strengthening, provision of information technology hardware and data processing software, and updating and dissemination of an IPA-RD compliant rural development plan.

Part 2: Building Knowledge and Capacity of Agricultural Producers and Processors

(a) Improving agricultural extension delivery, including:

(i) strengthening capacity of the MAFWM through the expansion of the DRDES, adoption of an Agricultural Extension Strategy and management of extension delivery by extension service providers; and

(ii) provision of incremental funding to support extension service contracts, including training of extension contractors, extension services to farmers and advisory support to Rural Development Grant applicants.

(b) Improving applied research delivery through the provision of incremental funding for applied research contracts to finance applied agricultural research to accredited research institutes and accredited researchers.

(c) Developing stakeholder representation in local extension and applied research management.

Part 3: Management of the Stara Planina Nature Park

(a) Provision of technical assistance, works, training and equipment to Srbijasume for the preparation of management and operational plans for the SPNP, public awareness raising, strengthening cooperation between local authorities and communities,
and trans-boundary cooperation, ecological restoration of priority sites and establishing an ecological monitoring system, development and certification of “SPNP-branded” products, provision of incentives to farmers and civil society for maintaining rare indigenous livestock breeds; and development of small scale infrastructure to support rural/eco-tourism.

(b) Provision of Rural Development Grants to support the introduction of sustainable farming and forestry practices in the SPNP area.

Part 4: Project Management and Coordination

Provision of technical assistance, training, and goods for Project implementation, including, procurement and financial management, monitoring and evaluation and reporting.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional and Other Arrangements

The Borrower shall ensure that the Project is carried out in accordance with the following institutional and other arrangements:

1. The MAFWM shall be responsible for overall implementation of the Project.

2. The SAO, within the MAFWM, shall be responsible for implementation of the technical aspects of the Payments System under Part 1 of the Project; and the SARD, within the MAFWM, shall be responsible for rural development planning under Part 1 of the Project.

3. The DRDES shall be responsible for implementation of Part 2 of the Project; and the ISAA shall be contracted to administer the contracts for applied research and extension support under Part 2 of the Project.

4. The DGR, within the MAFWM, shall be responsible for implementation of the agro-biodiversity and Rural Development Grants under Part 3 of the Project.

5. Project Implementation Team

   (a) The PIT, within the MAFWM, shall be responsible for day-to-day implementation of the Project, including procurement, preparation of Project reports, staff management and Project monitoring and evaluation.

   (b) The PIT shall be assisted by the GEF Program Implementation Team to be based in the Stara Planina region, which shall be responsible for day-to-day implementation of the technical aspects under Part 3 of the Project.

B. Implementation Covenants

1. The Borrower shall, throughout Project implementation, maintain the MAFWM, including the DRDES, SARD, DGR and SAO, with sufficient human, technical and financial resources.

2. The Borrower shall ensure that, by no later than March 31, 2008, the MAFWM has contracted the ISAA to administer contracts for applied research and extension support under terms and conditions satisfactory to the Bank.
3. The MAFWM shall, throughout Project implementation, establish and maintain the PIT within its structure, including the GEF Program Implementation Team, with composition, terms of reference and resources satisfactory to the Bank. To this end, the PIT shall be headed by a Project coordinator, and staffed with, *inter alia*, a Project administrator, a senior finance specialist and a procurement specialist, all with qualifications, experience and terms of reference satisfactory to the Bank.

4. The Borrower shall implement the Project in accordance with the criteria, policies and procedures set forth in the Project Operational Manual, and shall not amend, or waive, or permit to be amended or waived, any provision of the Project Operation Manual, except with prior written approval of the Bank.

5. The Borrower shall: (a) take all measures necessary to carry out the measures identified under the Environmental Management Plan at all times in a timely manner, ensuring that adequate information on the implementation of said measures is suitably included in the Project reports to be prepared pursuant to the provisions of Section II.A of this Schedule; and (b) ensure that the EMP or any of its provisions, shall not be amended, suspended, abrogated, terminated or waived or permitted to be amended, suspended, abrogated, terminated or waived, except with the prior written approval of the Bank.

**Section II. Project Monitoring Reporting and Evaluation**

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. 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 for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.
Section III. Procurement

A. General

1. Goods, Works and Services (other than Consultants’ Services). All goods, works and services (other than consultants’ services) required for the Project and to be financed out of the proceeds of the Loan 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 Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan 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 Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank 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, Works and Services (other than Consultants’ Services)

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and services (other than consultants’ services) shall be procured under contracts awarded on the basis of International Competitive Bidding subject to the following additional procedures:

2. Other Methods of Procurement of Goods, Works and Services (other than Consultants’ Services). The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and services (other than consultants’ services). The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to modifications set out in the Annex to this Schedule.</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Commercial Practice</td>
</tr>
</tbody>
</table>
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 the 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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Least Cost Selection</td>
</tr>
<tr>
<td>(b) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultants’</td>
</tr>
<tr>
<td>Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
</tbody>
</table>

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank 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 Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in EURO)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, and consultants’ services for Parts 1, 2(a)(i), 2(c) and 4 of the Project</td>
<td>6,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services for Parts 2(a)(ii) and (b) of the Project</td>
<td>5,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.04 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Premia for Interest Rate Caps and Interest Rate Collar</td>
<td>0</td>
<td>Amount payable pursuant to Section 208 (c) of this Agreement in accordance with Section 4.04 of the General Conditions.</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>12,500,000</td>
<td></td>
</tr>
</tbody>
</table>

**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, except that withdrawals up to an aggregate amount not to exceed €1,600,000 equivalent may be made for payments made prior to this date but on or after May 25, 2007, for Eligible Expenditures under Category (1); and

   (b) under Category (2) unless the Borrower has adopted an Agricultural Extension Strategy satisfactory to the Bank.

2. The Closing Date is December 31, 2011.
ANNEX

National Competitive Bidding: Additional Provisions

For purposes of using National Competitive Bidding Procedures, the following shall apply:

(a) Registration

(i) Bidding shall not be restricted to pre-registered firms;
(ii) Where registration is required, bidders: (1) shall be allowed a reasonable amount of 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; and
(iii) Foreign bidders not from the territory of the Borrower 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.

(b) Advertising

Invitations to bid in Serbian shall be advertised in at least one widely circulated local daily newspaper available over the territory of the Borrower allowing a minimum of 30 days for the preparation and submission of bids.

(c) Participation by Publicly-owned enterprises

Publicly-owned enterprises 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.

(d) Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of works or services, acceptable to the Bank.
(e) **Bid Opening and Bid Evaluation**

(i) Bids shall be submitted in a single envelope containing the bidder’s qualification information, technical and price bids, which shall be opened simultaneously at the public bid opening.

(ii) Bids shall be opened in public, immediately after the deadline for submission of bids. The name of the bidder, the total amount of each bid and any discounts offered shall be read aloud and recorded in the minutes of the public bid opening.

(iii) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents. No merit point system will be used.

(iv) Extensions of bid validity will be allowed once only for not more than thirty (30) days. No further extensions shall be requested without the prior approval of the Bank.

(v) Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.

(f) **Price Adjustment**

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

(g) **Rejection of Bids**

(i) All bids shall not be rejected and new bids solicited without the Bank’s prior concurrence.

(ii) When the number of bids received is less than three, re-bidding shall not be carried out without the Bank’s prior concurrence.

(i) **Securities**

Bid security shall not exceed 3 percent of the estimated cost of the contract and performance security not more than 10% of this cost. No advance payment at the amount of more than 10% of the contract price shall be made to contractors without a suitable advance payment security. These securities shall be included in the bidding documents in a text and format acceptable to the Bank.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15</td>
<td>4.17%</td>
</tr>
<tr>
<td>Beginning August 15, 2012 through August 15, 2023</td>
<td></td>
</tr>
<tr>
<td>On February 15, 2024</td>
<td>4.09%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the
second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
APPENDIX

Definitions

1. “Agricultural Extension Strategy” means the extension strategy regulating contracts for extension services under Part 2 of the Project.

2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “DGR” means the Division for Genetic Resources within the MAFWM, or any successor thereto.

5. “DRDES” means the Department of Rural Development and Extension Services within the MAFWM, or any successor thereto.

6. “Environmental Management Plan” or “EMP” means the plan, satisfactory to the Bank, dated April 27, 2007, describing the environmental mitigation, monitoring and institutional measures under the Project.

7. “Financial Management Manual” means the manual to be adopted by the Borrower, and satisfactory to the Bank, setting out the policies and procedures relating to Project financial management, financial reporting and internal controls.

8. “GEF Grant” means the amount of four million five hundred thousand Dollars ($4,5000,000) to be provided by the Bank, acting as implementing agency of the Global Environment Facility to assist in financing the Project.

9. “GEF Grant Agreement” means the agreement to be entered into between the Borrower and the Bank, acting as implementing agency of the Global Environment Facility, providing for the GEF Grant.

10. “GEF Program Implementation Team” means the Global Environment Facility implementation team referred to in paragraphs A.5(b) and B.3 of Section I of Schedule 2 to this Agreement.


12. “IPA-RD” means the Instrument for Pre-accession Assistance for Rural Development, the financial instrument of the European Community for pre-
accession assistance within the framework of the European partnerships of the potential candidate countries and the ascension partnerships of the candidate country.

13. “ISAA” means the Institute for Science Application in Agriculture, the Borrower’s institution responsible for coordinating extension services, or any successor thereto.

14. “MAFWM” means the Borrower’s Ministry of Agriculture, Forestry and Water Management, or any successor thereto.

15. “Payments and Programming System” means, as the case may be, the harmonized and EU-compatible programming, administration and fiduciary system for agriculture and rural development payments to be prepared by the MAFWM.


17. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 25, 2007 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.

18. “Project Implementing Team” or “PIT” means the team to be established by the Borrower with responsibility for implementing the day to day activities of the Project.

19. “Project Operational Manual” means the manual to be adopted by the Borrower and satisfactory to the Bank, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project, including the Financial Management and Stara Planina Rural and Biodiversity Conservation Grant Manuals, as the same may be amended and supplemented from time to time with the Bank’s prior written approval.

20. “Rural Development Department” means the department within the MAFWM responsible for rural development, or any successor thereto.

21. “Rural Development Grant” means a grant to develop agricultural competitiveness and rural productivity, made or proposed to be made under Part 3 of the Project; and “Rural Development Grants” means more than one such grant.

22. “SAO” means the Sector for Agrarian Operations within the MAFWM, or any successor thereto.
23. “SARD” means the Sector for Agriculture and Rural Development within the MAFWM, or any successor thereto.


25. “Srbijasume” means the management authority operating in the SPNP, or any successor thereto.

26. “Stara Planina Rural and Biodiversity Conservation Grant Manual” means the manual to be adopted by the Borrower and satisfactory to the Bank, setting forth the processes, procedures and internal controls for the administration of the competitive grant mechanism under Part 3 of the Project.