Mr. Marko Blagojevic  
Acting Director  
Public Investment Management Office  
Nemajina 11  
1111000 Belgrade  
Republic of Serbia  

Re: GFDDR Grant NoQA7621  
(Serbia National Disaster Risk Management Program  
Scaling Up Resilient Infrastructure Project)  

Dear Mr. Blagojevic:

In response to the request for financial assistance made on behalf of Republic of Serbia (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association (“World Bank”), acting as administrator of grant funds provided by Japan (“Donor”) under the Multi Donor Trust Fund for Mainstreaming Disaster and Climate Risk Management in Developing Countries, proposes to extend to the Recipient a grant in an amount not to exceed one million two hundred thousand United States Dollars (USD1,200,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

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.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Stephen Ndegwa
Country Manager for the Republic of Serbia
Europe and Central Asia Region

AGREED:
REPUBLIC OF SERBIA

By

Authorized Representative
Name: Marko Blagojevic
Title: Acting Director
Date: 28/10/2018

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with the “Disbursement Guidelines for Investment Project Financing”, dated February 2017
(3) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016
(4) World Bank Procurement Regulations for Borrowers under Investment Project Financing, dated July 1, 2016
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions"), 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) "Incremental Operating Costs" means reasonable expenses incurred by the Recipient that are directly associated with the implementation of the Project (but excluding Recipient’s public servants or permanent employees), as well as any other reasonable expenditures agreed to by World Bank;

(b) "NDRM Program" means the Recipient’s National Disaster Risk Management Program;

(c) "PIMO" means the Recipient’s Public Investment Management Office, established in December 2015, and the Project Implementing Unit (formerly known as Flood Affected Areas Assistance and Rehabilitation Office), or its legal successor(s) thereto;

(d) "Training and Workshops" means expenditures incurred by PIMO to conduct training, including, travel and subsistence costs for training and workshop, study tours, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services); and

(e) "Tokyo Hub" means the World Bank Disaster Risk Management (DRM) Hub located in Tokyo, Japan established in 2014 through the Japan-World Bank Program for Mainstreaming DRM in Developing Countries – a partnership between Japan’s Ministry of Finance and the World Bank that provides technical assistance grants and connects Japanese and global DRM expertise and solutions with World Bank teams and government officials.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the Recipient in developing a system to incorporate risk information in sector investment planning with focus on at risk infrastructures. The Project consists of the following parts:
Component 1: Institutional Building and Capacity strengthening

Provision of technical assistance support, including consulting services, non-consulting services, and training to build the capacity of PIMO and other NDRMP implementing agencies in analytical foundation for risk-informed decision-making, including: (i) the development of a system that will incorporate risk considerations directly into sector investments and generating actionable risk information to guide risk-informed socio-economic development planning; and (ii) mainstreaming resilience standards to enhance land use planning and capacity enhancement through identification of key elements for technical development of disaster risk information system, data management protocols, database overhaul, equipment specifications, design of data exchange and visualization tools.

Component 2: Developing Risk-Informed Investment Planning Platform

Provision of technical assistance, non-consulting services, goods, and training to: (a) support the facilitation, design and development of a national risk information platform and carrying out high-level risk assessment for at risk sectors in vulnerable areas; (b) streamline output information needs for the risk information system; (c) carrying out technical studies and design for resilience standards in infrastructure investments; and (d) facilitating several sector-wide studies to provide preliminary options and scenario-based recommendations for PIMO so as to support other line agencies through ensuring adequate risk information directly integrated into sector investment frameworks.

Component 3: Piloting Risk-informed Planning Platform

Provision of technical assistance, including consulting services, non-consulting services, goods, works and training to: (a) identify potential planning interventions and stress-test the disaster risk data platform; (b) generate knowledge exchange and learning opportunities for key sectors and highlight the lessons learned through peer learning and knowledge exchange events in collaboration with Tokyo Hub; and (c) capture the DRM experience and provision of feedbacks on the system functionality and contents in the Recipient’s territory through dissemination of the lessons learned.

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 through PIMO (“Project Implementing Entity”) 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 and revised in January 2011 and as of July 1, 2016, (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements: (a) The Recipient shall maintain the PIMO throughout the period of implementation of the Project, with functions, staffing and sufficient resources, satisfactory to the World Bank, including, inter alia: (i) coordination, implementation, monitoring and evaluation of the Project; (ii) processing of documentation required for disbursement of the Grant proceeds and for procurement activities under the Project; and (iii) preparation and maintenance of the records, accounts and financial statements referred to in Sections 2.05 and 2.06 of this Annex.

The Recipient through PIMO shall coordinate with all relevant sectors participating in the NDRMP and other government agencies both at national, sub-national and municipal levels to ensure that the implementation of activities under the Project is satisfactory to the World Bank following its review thereof.
2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donor(s) to visit any part of the Recipient's territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall through PIMO 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 the indicators. Each Project Report shall cover the period of six months, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(c) The Recipient shall through PIMO 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 six months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall through PIMO 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 through PIMO 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 six month covering the six monthly period, in form and substance satisfactory to the World Bank.

(c) The Recipient shall through PIMO have its Financial Statements audited annually in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement**

All goods, non-consulting services and consulting 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 the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated April 24, 2017 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.
Article III
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing”, dated February 2017, 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Non-Consulting services, Consultants’ services, Training and Workshops, Incremental Operating Costs and audits of the Project</td>
<td>1,080,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,080,000</td>
<td></td>
</tr>
</tbody>
</table>

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 this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is twenty-four months from the date of effectiveness.

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 Director of the Public Investment Management Office.

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

Public Investment Management Office
Nemanjina 11
11000 Belgrade
Republic of Serbia
Telephone: +381 11 3617-737
Facsimile: +381 11 3617-737
4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391