Project Agreement
(Serbia Road Rehabilitation and Safety Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

PUBLIC ENTERPRISE FOR STATE ROADS MANAGEMENT

Dated DECEMBER 3, 2013
PROJECT AGREEMENT

Agreement dated 3 December 2013, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and PUBLIC ENTERPRISE FOR STATE ROADS MANAGEMENT (PERS) ("Project Implementing Entity") in connection with the Loan Agreement ("Loan Agreement") of same date between Republic Of Serbia ("Borrower") and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan 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 Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its General Director.

3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
3.03. The Project Implementing Entity's Address is:

Bulevar Kralja Aleksandra 282
11000 Belgrade
Serbia

Facsimile:
+381 11 30 40 614

AGREED at Belgrade, Republic of Serbia, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: ANTONIUS VERHEIJEN
Title: COUNTRY MANAGER

PUBLIC ENTERPRISE FOR STATE ROADS MANAGEMENT

By

Authorized Representative

Name: ZORAN DROBNAJK
Title: ACTING DIRECTOR
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall carry out the Project in accordance with the Project Operational Manual, and shall not amend or waive any provision thereto without the Bank’s prior written approval. In case of any conflict between the terms of the Operational Manual and the Agreement, the Agreement shall prevail.

2. The Project Implementing Entity will coordinate the meetings of the Steering Committee, to take place at least quarterly, with the other members of the Steering Committee, namely the representatives of the Ministry of Transport, Ministry of Finance, Ministry of Interior, Ministry of Regional Development and Local Self-Governance.

3. The Project Implementing Entity shall maintain the Project Implementation Team, in charge of the day to day implementation of the Project, including financial management, procurement, environmental, and social and technical aspects of the Project. The Project Implementation Team shall be headed by the Project Implementing Entity’s Director for Investments, reporting to the Deputy Director of the Project Implementing Entity, and shall have the following functions: (a) Project direction; (b) Project coordination; (c) Project procurement; (d) Project financial management; (e) Environmental and Social Safeguards; (f) National Road safety; and (g) National Road rehabilitation. The Project Implementation Team shall also be comprised of members of the National Road Traffic Safety Coordination Body (NRTSC) from the following working groups: (a) enforcement by traffic police, and (b) safety of school children, as well as representatives from the Ministry of Transport and the Road Safety Agency.

4. The Project Implementing Entity shall collaborate with the National Road Traffic Safety Coordination Body (NRTSC) and assist in the coordination activities for National Road safety interventions, in a manner agreed upon between the Project Implementing Entity and the Bank, pursuant to criteria established in the Project Operations Manual.

B. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
C. Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the EMF, EMPs, RPF, and RAPs. The Project Implementing Entity shall not assign, amend, abrogate, or waive the EMF, EMPs, RPF, or RAPs, or any provision thereof, without prior approval of the Bank.

2. For purposes of Part I of the Project, the Project Implementing Entity shall: (a) prior to the issuance of the bidding documents for the works contract for each segment of road, prepare and submit to the Bank for its approval: (i) the proposed design and site for said works, and the related site-specific EMP in form and substance satisfactory to the Bank; and (ii) the draft contract for said works, ensuring that the provisions of the site-specific EMP are adequately included in said contract; (b) prior to the signing of the contract for said works, prepare and submit to the Bank for its approval the site-specific land acquisition and/or RAP(s) in form and substance satisfactory to the Bank; and (c) prior to the commencement of the works, ensure that the owners and users of land where said works are to be implemented are fully compensated in accordance with the provisions of the RAP(s).

3. The Project Implementing Entity shall: (a) ensure that all activities undertaken for purposes of carrying out the Project comply with environmental standards and guidelines satisfactory to the Bank; (b) ensure that the selection of any road section under Part I of the Project is done in accordance with the EMF; (c) ensure the complete implementation of the EMP(s) in a manner satisfactory to the Bank, including all necessary measures to minimize and to mitigate any adverse environmental impacts caused by the implementation of the Project; and (d) maintain an Environmental and Social Safeguards Specialist within its Project Implementation Team, with such responsibilities and functions acceptable to the Bank as shall enable the Project Implementing Entity to manage, coordinate, and monitor the implementation of the EMPs.

4. The Project Implementing Entity shall: (a) ensure that any RAPs are prepared according to the RPF; and (b) maintain and publicize the availability of grievance procedures to hear and determine fairly and in good faith, in accordance with the RPF, all complaints raised in relation with the implementation of the RAPs by those being resettled (the such term shall be defined in the RAP) or by those host communities who are adversely affected by the implementation of the RPF, and take all measures necessary to implement the determinations made under such grievance procedures.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

1.  The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than thirty days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.

2.  Without limitation to the provisions of paragraph A.1 of this Section, the Project Implementing Entity shall include in each Project Report, a reference to the Borrower’s level of compliance with the DLIs.

3.  The Project Implementing Entity shall provide to the Borrower not later than three months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B.  Financial Management, Financial Reports and Audits

1.  The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2.  The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III.  Procurement

All goods, works, non-consulting services, and consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.