ПРЕДЛОГ ЗАКОНА

О ПОТВРЂИВАЊУ СПОРАЗУМА О ЗАЈМУ (ПРОЈЕКАТ ЗА КОНКУРЕНТНУ ПОЉОПРИВРЕДУ) ИЗМЕЂУ РЕПУБЛИКЕ СРБИЈЕ И МЕЂУНАРОДНЕ БАНКЕ ЗА ОБНОВУ И РАЗВОЈ

Члан 1.

Потврђује се Споразум о зајму (Пројекат за конкурентну пољопривреду) између Републике Србије и Међународне банке за обнову и развој, који је потписан у Београду 9. децембра 2019. године, у оригиналу на енглеском језику.

Члан 2.

Текст Споразума о зајму (Пројекат за конкурентну пољопривреду) између Републике Србије и Међународне банке за обнову и развој, у оригиналу на енглеском језику и у преводу на српски језик гласи:

**LOAN NUMBER 9023-YF**

**Loan Agreement**

**(Competitive Agriculture Project)**

**between**

**REPUBLIC OF SERBIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION**

**AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date 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. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
  2. 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 the amount of forty-five million eight hundred thousand Euros, (EUR 45,800,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

* 1. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
  2. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
  3. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are May 15 and November 15 in each year.

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

**ARTICLE III — PROJECT**

* 1. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through MAFWM, with the assistance of DAP for Part 1.2 of

the Project, shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

4.01. The Effectiveness Deadline is the date one hundred and eighty (180) days after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Borrower’s Representative, who, *inter alia*, may agree to modification of the provisions of this Agreement on behalf of the Borrower through exchange of letters (unless otherwise determined by the Borrower and the Bank), is its Minister of Finance.

5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower’s address is:

Ministry of Finance

20 Kneza Milosa St.

11000 Belgrade

Republic of Serbia; and

(b) the Borrower’s Electronic Address is:

Facsimile: E-mail:

(381-11) 3618-961 [kabinet@mfin.gov.rs](mailto:kabinet@mfin.gov.rs)

5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

International Bank for Reconstruction and Development

1818 H Street, N.W.

Washington, D.C. 20433

United States of America; and

(b) the Bank’s Electronic Address is:

Telex: Facsimile: E-mail:

248423(MCI) or 1-202-477-6391 sndegwa@worldbank.org

64145(MCI)

AGREED and signed in English as of the Signature Date.

**REPUBLIC OF SERBIA**

**By**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Authorized Representative**

**Name: Siniša Mali**

**Title: Minister of Finance**

**Date: 9 December 2019**

**INTERNATIONAL BANK FOR**

**RECONSTRUCTION AND DEVELOPMENT**

**By**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Authorized Representative**

**Name: Stephen Ndegwa**

**Title:** **Country Manager**

**Date: 9 December 2019**

**SCHEDULE 1**

**Project Description**

The objective of the Project is to improve agri-food market linkages for Targeted Beneficiaries.

The Project consists of the following parts:

**Part 1**: **Improving the Value-Added of Agriculture**

Improve the economic performance on- and off-farm of Targeted Beneficiaries, through:

1.1 Strengthening the access to agricultural advisory and business development services, including, *inter alia*: (a) the provision of technical assistance to Targeted Beneficiaries for the formulation and implementation of productive investments; and (b) the design and implementation of a communication strategy for MAFWM aimed at raising awareness about the Project to stimulate broad-based participation of stakeholders.

1.2 Facilitating access to finance for productive investments, including, *inter alia*: (a) the provision of Matching Grants to Targeted Beneficiaries to finance capital investment, working capital, technical assistance and/or Training for improving their productive and entrepreneurial capacity and performance; and (b) the carrying out of a feasibility study to assess demand for a public guarantee fund for agricultural loans as a long-term de-risking option.

**Part 2**: **Improving the Capacity of MAFWM to Support Modern Agriculture**

Improve the capacity of MAFWM and other related public agencies to enable improved sector performance through evidence-based policy making and provision of public goods, such as information delivery systems and open data platforms, including:

2.1 The modernization of MAFWM information systems and the strengthening of MAFWM’s decision-making capacity, including, *inter alia*: (a) the provision of technical assistance to: (i) develop a MAFWM ICT strategy; (ii) improve the coordination within and across existing information systems relevant to agriculture; and (iii) enhance the delivery of information for decision making at different levels; and (b) the acquisition of hardware and software to improve the scope, functionality and compatibility of information systems and establish digital data collection and processing of current paper-based processes in agriculture.

2.2 Improving the access to information to all sector stakeholders through the establishment of an open, public information system to pull together all relevant

data, including the upgraded and reengineered applications developed under

Part 2.1 of the Project.

**Part 3**: **Project Management, Monitoring and Evaluation**

Support the operation of the PMT and the carrying out of Project monitoring activities, including, *inter alia*, the carrying out of: (a) a comprehensive baseline study; (b) a mid‑term review report; and (c) a final impact assessment of Project investments.

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

1. **Institutional Arrangements**
2. Without limitation to the provisions of Article V of the General Conditions and except as the Bank shall otherwise agree, the Borrower shall:
3. establish and maintain throughout Project implementation, with composition, resources, terms of reference, and functions acceptable to the Bank a Project management team within DAP (PMT), to be responsible for: (i) the overall coordination of all Project implementation activities; (ii) ensuring that the requirements, criteria, policies, procedures, and organizational arrangements set forth in the Project Operational Manual (POM) are applied in carrying out the Project; (iii) preparation of all Project implementation documents, including Project progress reports; and (iv) monitoring and evaluation of the Project; and
4. maintain throughout Project implementation, with composition, resources, terms of reference, and functions acceptable to the Bank a Central Fiduciary Unit (CFU), within MoF, to be responsible for the procurement and financial management of the Project, as detailed in the POM.
5. Not later than six months after the Effective Date, the Borrower, through MAFWM, shall establish and thereafter maintain throughout Project implementation a steering committee (Steering Committee) with terms of reference and functions acceptable to the Bank.

**B. Project Operational Manual**

1. The Borrower, through the PMT and CFU, shall carry out the Project in accordance with the provisions of a manual (POM), in a manner and with contents acceptable to the Bank, including *inter alia*: (a) the indicators to be used in the monitoring and evaluation of the Project; (b) the procedures for Project monitoring, supervision and evaluation, including the format and content of the Project Reports; (c) the procurement and financial management procedures; and (d) the Grants Operational Manual (GOM), which shall include, *inter alia*: (i) the eligibility criteria and selection procedures to select Targeted Beneficiaries and Sub-projects, including the list of activities not eligible for financing under the Loan; (ii) the rules of operation for the provision of Matching Grants, including, *inter alia*, the amounts of the Matching Grants and the Targeted Beneficiary’s

contribution for the respective Sub-project, including the required percentage of

financing from commercial banks; and (iii) any rule books to be issued by MAFWM, to describe in detail the implementation of Matching Grants.

1. The Borrower, through MAFWM, shall ensure that the provisions of each rule book, referred in paragraph 1 (d)(iii) above, shall be consistent with the provisions of the GOM. In case of any conflict between the terms of the GOM and those of a relevant rule book, the terms of the GOM shall prevail.

3. Except as the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive, or otherwise fail to enforce the POM or any provision thereof.

4. In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

1. **Matching Grants**

1. The Borrower, through MAFWM and DAP, shall make Matching Grants to Targeted Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Bank and as set forth in the POM and GOM.

2. The Borrower, through MAFWM and DAP, shall make each Matching Grant under a Grant Agreement with the respective Targeted Beneficiary on terms and conditions approved by the Bank, which shall include the following:

The Borrower, through MAFWM and DAP, shall obtain rights adequate to protect its interests and those of the Bank, including the right to: (i) suspend or terminate the right of the Targeted Beneficiary to use the proceeds of the Matching Grant or obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the Targeted Beneficiary’s failure to perform any of its obligations under the Grant Agreement; and (ii) require each Targeted Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Matching Grant in accordance with the provisions of this   
Agreement; (D) maintain policies and procedures adequate   
to enable it to monitor and evaluate in accordance with   
indicators acceptable to the Bank, the progress of the Sub-project   
and the achievement of its objectives; (E) (1) 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, resources and expenditures related to the Sub-project; and (2) at the Bank’s or the Borrower’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; (F) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

3. The Borrower, through MAFWM and DAP, shall exercise its rights under each Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower, through MAFWM, shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

**D. Environmental and Social Standards**

1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

2. Without limitation upon paragraph 1 above, the Borrower shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall ensure that:

1. the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
2. sufficient funds are available to cover the costs of implementing the ESCP;
3. policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
4. the ESCP or any provision thereof, is not amended, revised or waived, except as the Bank shall otherwise agree in writing and the Borrower has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

1. The Borrower shall:
2. take all measures necessary on its part to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
3. promptly notify the Bank of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.
4. The Borrower shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

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

The Borrower shall furnish to the Bank each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of Loan Proceeds**

**A. General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay the Front-end Fee; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

|  |  |  |
| --- | --- | --- |
| **Category** | **Amount of the Loan**  **Allocated**  **(expressed in EUR)** | **Percentage of Expenditures to be financed** |
| 1. Goods, works, non-consulting services for the Project. | 7,500,000 | 100% (inclusive of Taxes other than Value Added Tax and Customs Duties) |
| 1. Consulting services, Training and Operational Costs for the Project | 7,885,500 | 100% (inclusive of Taxes) |
| 1. Matching Grants | 30,300,000 | 100% of the amounts disbursed under Matching Grants (inclusive of Taxes) |
| 1. Front-end Fee | 114,500 | Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions |
| TOTAL AMOUNT | 45,800,000 |  |

For the purpose of this table, the custom duties and value added tax for the importation and supply of goods, works and non-consulting services, within the Borrower’s territory and for the purpose of the implementation of the Project, shall not be financed out of Loan proceeds. The Borrower confirms that the importation and supply of goods, works and non-consulting services, within the Borrower’s territory and for the purpose of the implementation of the Project, shall be exempted from customs duties and value added tax.

**B. Withdrawal Conditions; Withdrawal Period**

1.Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2.The Closing Date is December 31, 2024.

**SCHEDULE 3**

**Commitment-Linked Amortization Repayment Schedule**

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”).

**Level Principal Repayments**

|  |  |
| --- | --- |
| **Principal Payment Date** | **Installment Share** |
| On each May 15 and November 15              Beginning May 15, 2023              through May 15, 2031 | 5.56% |
| On November 15, 2031 | 5.48% |

**APPENDIX**

**Definitions**

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “DAP” means the Directorate for Agrarian Payments within MAFWM, established pursuant to the Borrower’s Law on Agriculture and Rural Development (Official Gazette RS No. 41/2009, 10/2013 and 101/2016), or its successor thereto.
4. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Borrower’s environmental and social commitment plan, acceptable to the Bank, dated October 29, 2019, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Bank, and such term includes any annexes or schedules to such plan.
5. “Environmental and Social Standards” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.
7. “Grant Agreement” means MAFWM’s funding decision (*Resenje*), referred to in Section I.C.2 of Schedule 2 to the Loan Agreement.
8. “Grant Operational Manual” or “GOM” means the manual referred to in Section I.B.1(d) of Schedule 2 to the Loan Agreement.
9. “MAFWM” means the Borrower’s Ministry of Agriculture, Forestry and Water Management, or any successor thereto.
10. “Matching Grant” means a grant to be awarded to a Targeted Beneficiary for the partial financing of a Sub-project.
11. “Operating Costs” means the reasonable and incremental expenditures incurred by MAFWM, DAP and CFU, on account of the Project implementation, including, *inter alia,* expenditures for office supplies and other consumables, utilities, communication tools, advertisement fees, translation and interpretation services, car rental and fuel costs, office rental and maintenance, moving expenses, equipment insurance, maintenance and repair, printing and publications, salaries, travel per diem allowances and accommodation costs for MAFWM, DAP and CFU staff, including taxes and social contributions but excluding salaries for the Borrower's civil servants.
12. “PMT” means the Project management team referred to in Section I.A.1(a) of Schedule 2 to the Loan Agreement.
13. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
14. “Producer Groups” means cooperative and farmer associations, legally constituted in accordance to the Borrower’s applicable legal framework.
15. “Project Operational Manual” or “POM” means the manual referred to in Section I.B.1 of Schedule 2 to the Loan Agreement.
16. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
17. “SMEs” means small and medium enterprises.
18. “Steering Committee” means the committee referred to in Section I.A.2 of Schedule 2 to the Loan Agreement.
19. “Sub-project” means any of the productive investments referred to in Part 1.2 (a) of the Project.
20. “Targeted Beneficiary” means the Borrower’s small and medium size agricultural producers, Producer Groups and SMEs, which meet the eligibility criteria set forth in the POM and GOM to receive support under the Project; and “Targeted Beneficiaries” means more than one Targeted Beneficiary.
21. “Training” means the reasonable costs, as shall have been approved by the Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, 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).