Loan Agreement
(Additional Financing for Corridor X Highway Project)

between

REPUBLIC OF SERBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 14, 2016
LOAN AGREEMENT

Agreement dated November 14, 2016, between REPUBLIC OF SERBIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for the project described in Schedule 1 to this Agreement ("Project"). 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 thirty five million Euros (€35,000,000), 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.

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 Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; 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. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower
shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are June 1 and December 1 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: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference 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.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

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, namely that the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — TERMINATION

5.01. The Effectiveness Deadline is the date one hundred eighty (180) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. For the purposes of section 10.02 of the General Conditions, the Borrower’s Representative, who, inter alia, may agree to modification of the provisions of this Agreement on behalf of the Borrower through an exchange of letter (unless otherwise determined by the Borrower and the Bank), is its Minister of Finance.

6.02. The Borrower’s Address is:

Ministry of Finance
20 Kneza Milosa St.
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

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

[Signature]

Authorized Representative

Name: JUŠAN VUJOVIĆ
Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: Tony Verheugen
Title: Country Manager
SCHEDULE 1

Project Description

The objectives of the Project are to increase transport efficiency and improve traffic safety on three sections of Corridor X, between Niš and Dimitrovgrad and Leskovac (Grabovnica) and Donji Neradovac respectively, and to improve road management and road safety in the Borrower’s territory.

The Project consists of the Original Project as modified below:

Part A. Motorway construction on E-75 and E-80

Carrying out a program of works and equipment provision for the construction of sections of motorway totaling about: (i) 38 kilometers between Leskovac (Grabovnica) and Grdelica, and between Caricina Dolina and Donji Neradovac (Corridor Xd) on the E-75 highway axis; and (ii) 9 kilometers of motorway on a section of the corridor to the north of Dimitrovgrad on the E-80 highway axis, including construction of new alignment and upgrading of the existing road, and consisting of:

1. the relevant electrical and mechanical facilities, annex areas, toll plazas and buildings, interchanges and some interconnecting roads to improve integration with the local road network;

2. a full profile motorway with four 3.75 meters traffic lanes and design speed of 120km/h for all sections (100km/h design speed in tunnels); and

3. the procurement of a consulting firm to provide engineering services for said program and additional sections of Corridor X as agreed with the Bank.

Part B. Road Safety

Provision of goods, equipment, technical assistance and training for:

1. road safety capacity building, including support for the establishment of a national road safety council;

2. the creation of a road safety performance framework;

3. the development and launching of a national road safety strategy;

4. the preparation and piloting of two multi-sector road safety pilots; and
5. the procurement and establishment of a road safety database and other road safety equipment.

Part C. Implementation Assistance and Institutional Support

Support to the Project Implementing Entity through the provision of goods, equipment (including vehicles), technical assistance and training and the financing of Incremental Operating Costs for:

1. the carrying out of separate, independent supervision of environmental and social aspects of activities under Part A of the Project and additional sections of Corridor X as agreed with the Bank;

2. Project management and implementation, including procurement and other experts;

3. the carrying out of an independent technical audit, including engineering aspects, design, quality review and supervision of works to be carried under, respectively, Part A of the Project and additional sections of Corridor X as agreed with the Bank; and

4. the development and implementation of a reform action plan for the institutional strengthening of PEPS.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall be responsible for the overall implementation of the Project, under the guidance and supervision of the Steering Committee. The Project Implementing Entity shall be responsible for handling the day-to-day management of the Project including procurement, financial management, Project monitoring and evaluation, and reporting arrangements, as well as management of environmental and social issues under the Project.

2. The Borrower shall, at all times throughout the duration of the Project, maintain, adequately fund and cause the Project Implementing Entity to comprise qualified staff, including procurement and financial management specialists and an environmental safeguards expert, in adequate number and with terms of reference satisfactory to the Bank.

3. To facilitate the carrying out of the Project and to accomplish the purposes of the Loan, the Borrower shall make the appropriate arrangements to make the proceeds of the Loan available to the Project Implementing Entity.

4. The Borrower shall, and shall cause the Project Implementing Entity to: (i) ensure that the Project is carried out in accordance with the Financial Manual; and (ii) prior to the carrying out of any activities to be financed with the proceeds of the Loan, update the Financial Manual for purposes of this Loan and in a manner satisfactory to the Bank.

B. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Borrower shall, and shall cause PEPS and the Project Implementing Entity to ensure that:

   (a) the Project is carried out in accordance with the respective terms of the Environmental Impact Assessments and the Resettlement Policy Framework, and the policies, procedures and arrangements therein set forth are applied and implemented; and

   (b) the Environmental Impact Assessments and the Resettlement Policy Framework, or any provision thereof, 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.

2. Prior to the commencement of works for each proposed road section, the Borrower shall cause PEPS and the Project Implementing Entity to: (a) submit to the Bank for its approval: (i) the related section specific Resettlement Action Plan, including the relevant social assessment, in form and substance satisfactory to the Bank; and (ii) the related section specific Environmental Management Plan and Checklist, in form and substance satisfactory to the Bank; (b) ensure that the provisions of said Resettlement Action Plan and Environmental Management Plan and Checklist are adequately included in the proposed contract(s) for said works; and (c) ensure that said Resettlement Action Plan is disclosed and, unless the Bank shall otherwise agree, all related, adequate compensation amounts are paid in full, all in accordance with the related section specific Resettlement Action Plan and Environmental Management Plan and Checklist, the Resettlement Policy Framework and the Environmental Impact Assessments.

D. Other Covenants

During the implementation of each contract for works under the Project, the Borrower shall take the necessary measures to submit to the Bank evidence, satisfactory to the Bank, confirming the availability of appropriate compensation amounts for purposes of expropriation.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through the Project Implementing Entity, 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 monitoring and evaluation indicators agreed with the Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Bank not later than one (1) month after the end of the period covered by such report. In addition, semi-annual reviews shall be conducted jointly by the Borrower, the Project Implementing Entity and the Bank to review progress in Project implementation.

2. The Borrower, through the Project Implementing Entity, shall ensure that the Project Reports referred to in the preceding paragraph 1 report on the monitoring and implementation of the requirements set forth in the Environmental Impact Assessments and the Resettlement Policy Framework.

3. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished by the Borrower, through the Project Implementing Entity, to the Bank not later than six (6) months after the Closing Date.
B. Financial Management, Financial Reports and Audits

1. The Borrower shall cause the Project Implementing Entity to maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower, through the Project Implementing Entity, 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 (1) Fiscal Year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods and Works. All goods and works 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 and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which
may be used for goods and works. 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>National Competitive Bidding, subject to the requirements set forth in the Annex to this Schedule 2</td>
</tr>
<tr>
<td>Direct Contracting</td>
</tr>
<tr>
<td>Shopping</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) Individual Consultants</td>
</tr>
<tr>
<td>(b) Least-Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Selection under a Fixed-Budget</td>
</tr>
<tr>
<td>(e) Quality-Based Selection</td>
</tr>
<tr>
<td>(f) 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 Euros)</th>
<th>Percentage of Expenditures to be financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, consultants’ services and Incremental Operating Costs under the Project</td>
<td>34,912,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>87,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>35,000,000</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 from the Loan Account for payments made prior to the date of this Agreement.

2. The Closing Date is June 30, 2018.
ANNEX

National Competitive Bidding: Additional Provisions

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

1. Registration

(a) Bidding shall not be restricted to pre-registered firms.

(b) Where registration is required, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) 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.

(c) 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.

2. 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 thirty (30) days for the preparation and submission of bids.

3. 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.

4. Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of works or services, acceptable to the Bank.

5. Bid Opening and Bid Evaluation

(a) 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.
(b) 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.

(c) 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.

(d) 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.

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

6. Price Adjustment

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

7. Rejection of Bids

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

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

8. Securities

Bid security shall not exceed three percent (3%) of the estimated cost of the contract and performance security not more than ten percent (10%) of this cost. No advance payment at the amount of more than ten percent (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.

(a) Bid security and performance security should follow the generally accepted practice used in the local market.

(b) Alternative methods such as bid securing declaration may be acceptable, in which case the Borrower may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract
or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for bidding in any contract with the implementing unit.

9. **Right to inspect and audit**

Each contract financed from the proceeds of the Loan shall provide that the suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

10. **Fraud & Corruption**

The Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank Group.
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 June 1 and December 1 Beginning December 1, 2021 through June 1, 2031</td>
<td>5%</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.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


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


4. “Corridor X” means one of the most important pan-European transport corridors that run through Serbia and connects Austria, Hungary, Slovenia, Croatia, Serbia, Bulgaria, Macedonia and Greece. The main branch of Corridor X is Salzburg (A) - Ljubljana (SLO) – Zagreb (CRO) – Belgrade (SRB) – Niš (SRB) – Skopje (MK) – Veles (MK) – Thessalonica (GR).

5. “Environmental Impact Assessments” means, collectively, the Corridor Level Environmental Impact Assessments dated May 28, 2009, prepared for, respectively, Parts A and B of the Project, adopted by the Borrower and satisfactory to the Bank, including the associated environmental management plans, consisting of the set of mitigation, monitoring and institutional measures required for the Project and to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, including measures and information required for the preparation of road section specific Environmental Management Plans and Checklists.

6. “Environmental Management Plan and Checklist” means a road section specific environmental management plan and checklist, referred to in part C.2, Section I of Schedule 2 to this Agreement, and to be prepared and implemented in a manner fully consistent with the Environmental Impact Assessments.

7. “Financial Manual” means the financial manual dated April 9, 2009, prepared by the Project Implementing Entity and describing all procedures and controls for the implementation of the Project, as the same may be amended from time to time with the Bank’s prior written agreement.

8. “Fiscal Year” means the twelve (12) month period corresponding to any of the Borrower’s or the Project Implementing Entity’s fiscal years, which period commences on January 1 and ends on December 31 in each calendar year.

10. “Incremental Operating Costs” means reasonable expenditures incurred by the Project Implementing Entity in relation to the management and implementation of the Project as per its annual budget, including the preparation of the annual financial audits required under the Project, cost of communications, translations, meetings, local travel, consumables and day-to-day office maintenance and administration, including office rental, operation and maintenance of equipment provided to the Project Implementing Entity under the Project, and excluding salaries of government officials and civil servants.

11. “Original Loan Agreement” means the loan agreement for a Corridor X Highway Project between the Borrower and the Bank, dated July 13, 2009, as amended to the date of this Agreement (Loan No 7746-YF).

12. “Original Project” means the Project described in Schedule 1 to the Original Loan Agreement.

13. “PEPS” means the Public Enterprise Putevi Srbije, the Borrower’s public roads company established and operating pursuant to the Borrower’s Decision No. 115/05, or any successor thereto.


15. “Project Agreement” means the Project agreement of even date herewith, entered into between the Bank and the Project Implementing Entity.

16. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated July 20, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

17. “Project Implementing Entity” means the Koridori Srbije d.o.o (formerly Koridor 10 d.o.o), established by the Borrower’s Decision No: 023-9271/2010-3 dated January 21, 2011, or any successor thereto.

19. “Resettlement Action Plan” means a resettlement action plan for a road section specific resettlement, referred to in part C.2, Section I of Schedule 2 to this Agreement, and to be prepared and implemented in a manner fully consistent with the Resettlement Policy Framework.

20. “Resettlement Policy Framework” means the resettlement policy framework, satisfactory to the Bank, dated May 18, 2009, setting forth, inter alia: (i) the description of areas covered by the Project; (ii) the legal basis and screening process for land acquisition, resettlement and land use in connection with works and construction activities to be carried out under the Project; (iii) the resettlement principles and entitlements of Project affected people based on different categories of impact; (iv) the procedures for valuation, compensation and other assistance provided to the affected people, including the grievance process; (v) the responsibilities, procedures and requirements for the development and implementation of road section specific Resettlement Action Plans; and (vi) an estimate of scale of land acquisition and cost of compensation.

21. “Steering Committee” means the Steering Committee established by a decision of the Borrower dated October 30, 2008, and comprising representatives of the Borrower’s various relevant institutions.

22. “Taxes” includes imposts, levies, fees and duties of any nature whether in effect at the date of this Agreement or imposed after that date.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

“Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”
3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."