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THE WORLD BANK
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May 7, 2019

H.E. Siniša Mali
Minister of Finance
Ministry of Finance
Government of the Republic of Serbia
Kneza Miloša 20
11000 Belgrade
Republic of Serbia

Re: IBRD Loan No. 8947-YF (Enabling Digital Governance Project)
Additional Instructions: Disbursement and Financial Information Letter (DFIL)

Excellency:

I refer to the Loan Agreement between Republic of Serbia (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") for the above-referenced Project. The General Conditions, as defined in the Loan Agreement, provide that the Borrower may from time to time request withdrawals of Loan Amounts from the Loan Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Bank may specify from time to time by notice to the Borrower. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter ("DFIL") and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Loan Funds, and Reporting on Uses of Loan Funds

The Disbursement Guidelines for Investment Project Financing, dated February 2017, ("Disbursement Guidelines") are available in the Bank's public website at https://www.worldbank.org and its secure website "Client Connection" at https://clientconnection.worldbank.org. The Disbursement Guidelines are an integral part of the DFIL, and the manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below.

***(i)* Disbursement Arrangements**

The table in Schedule 1 sets out the disbursement methods which may be used by the Borrower, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

***(ii)* Electronic Delivery.** Section 10.01 (c) of the General Conditions:

The Borrower will electronically deliver applications (with supporting documents) through the Bank's web-based portal (https://clientconnection.worldbank.org) "Client Connection". This facility will become available once: (a) the Borrower has designated in writing, its officials who are authorized to sign and deliver Applications and to receive Secure Identification Credentials ("SIDC") from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of "Client Connection". The designated officials will deliver Applications electronically by completing the Form 2380, which is accessible through "Client Connection". By signing the Authorized Signatory Letter, the Borrower confirms that it is authorizing such persons to

accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. The Borrower may exercise the option of preparing and delivering Applications in paper form on an exceptional basis (including when encountering legislative limitations), and when pre-agreed with the Bank. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, available in the Bank's public website at https://worldbank.org and "Client Connection"; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits

(i) Financial Reports. The Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, starting from the quarter when the disbursements begin, interim unaudited financial reports (IFR) for the Project covering the quarter, in form and substance satisfactory to the Bank.

(ii) Project Audits. The Borrower shall have the Project Financial Statements periodically audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of the Project Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Project Financial Statements for each such period shall be (a) furnished to the Bank not later than six (6) months after the end of such period, and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

III. Other Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank's website (http://www.worldbank.org/) and "Client Connection". The Bank recommends that you register as a user of "Client Connection". From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the Bank by email at askloans@worldbank.org.

Yours sincerely,

Stephen N. Ndegwa
Country Manager for Serbia

Attachments

1. Form of Authorized Signatory Letter
2. Form of Statement of Expenditure (SOE)
3. Form of Designated Account Reconciliation Statement

Cc with copies: Central Fiduciary Unit (CFU) within the Ministry of Finance

Office for Information Technologies and Electronic Government (OITeG)

Schedule 1: Disbursement Provisions

Basic Information					
Loan Number	**IBRD 8947-YF**	**Country**	Republic of Serbia	**Closing Date**	Section III.B.2. of Schedule 2 to the Loan Agreement
		Borrower	Republic of Serbia		
		Name of the Project	Enabling Digital Governance Project	**Disbursement Deadline Date** ***(Subsection 3.7 **)***	Four (4) months after the Closing Date

Disbursement Methods and Supporting Documentation		
Disbursement Methods ***(Section 2 **)***	**Methods**	**Supporting Documentation** ***(Subsections 4.3 and 4.4 **)***
Direct Payment	Yes	Copy of records (e.g. suppliers' invoices, guarantees for advance and retention payments, etc.)
Reimbursement	Yes	Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL
Designated Account	Yes	Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL; Designated Account Reconciliation Statement in the format provided in Attachment 3 of the DFIL
Special Commitments	Yes	Copy of Letter of Credit

Designated Account ***(Sections 5 and 6 **)***			
Type	Segregated – new Designated Account (DA) to be opened for the Project	**Ceiling**	Fixed
Financial Institution - Name	To be established at the National Bank of Serbia - NBS (NBSRRS)	**Currency**	EUR
Frequency of Reporting ***(Subsection 6.3 **)***	Quarterly, or more frequently if needed	**Amount**	Up to 4,000,000

Minimum Value of Applications ***(Subsection 3.5)***
The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is EUR 500,000 equivalent.

Authorized Signatures ***(Subsection 3.1 and 3.2 **) The form for Authorized Signatories Letter is provided in Attachment 1 of this letter***
Withdrawal and Documentation Applications ***(Subsection 3.3 and 3.4 **)***
The World Bank Radnicka cesta 80, 9th floor Zagreb, HR-10000, Croatia Attention: Loan Department (WFACS) **Note:** All Withdrawal and Documentation Applications will be electronically delivered to the Bank, via the Bank's website Client Connection.

Additional Information/Instructions

*** Sections and subsections relate to the "Disbursement Guidelines for Investment Project Financing", dated February 2017.*

Attachment 1 – Form of Authorized Signatory Letter

[Letterhead]
[Borrower]
[Street address]
[City] [Country]

[*DATE*]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: *[Country Director]*

Re: IBRD Loan 8947-YF
(Enabling Digital Governance Project)

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development (the "Bank") and Republic of Serbia (the "Borrower"), dated _____, providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [1][one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

For the purpose of delivering Applications to the Bank, [2][each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting [3][individually] [4][jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use*

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[1] Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the Bank.*

[2] Instruction to the Borrower: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the Bank.*

[3] Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Bank.*

[4] Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Bank.*

of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of SIDC"), the Borrower represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

_____
[Position]

Attachment 2 – Form of Statement of Expenditure

Statement of Expenditure (SOE)

Payments made during the period from _____ **to** _____

Loan No.: _____
Application No.: _____
Category No.: _____

SOE No.: _____

1	2	3	4	5	6	7	8	9	10	11
Supplier's Name	WB Contract Number in Client Connection (for Prior Review Contracts)	Type of Good or Service (CW/GO/CS/OP/TR) / Brief Description	Currency and Total Amount, and Date of Contract	Currency and Total Amount of Invoice Covered by Application	% Financed by IBRD/IDA/TF	Amount Eligible for Financing (5 x 6)	Currency and Amount Paid from Designated Account (if Applicable)	Exchange Rate	Date of Payment	Remarks
					TOTALS					

Supporting documents for this SOE retained at _____
(location)

Attachment 3 – Form of Designated Account Reconciliation Statement

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER _____
ACCOUNT NUMBER _____ WITH (BANK) _____

1.	TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)		US$/EUR _____
2	LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK	-	US$/EUR _____
3.	EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2)	=	US$/EUR _____

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4.	BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE _____		US$/EUR _____
5.	PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. _____	+	US$/EUR _____
6.	PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: _____	+	US$/EUR _____
7.	PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS		

APPLICATION NO.	AMOUNT
_____	_____
_____	_____

	SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED	+	US$/EUR _____
8.	MINUS: INTEREST EARNED	-	US$/EUR _____
9.	TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)	=	US$/EUR _____

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:

_____

_____

11. DATE: _____ SIGNATURE: _____

TITLE: _____