17 January, 2013

Mr. Milan Pajevic
Director
European Integration Office
Government of the Republic of Serbia
Nemanjina 34
11000 Belgrade
Republic of Serbia

Re: Republic of Serbia: Data Collection and Analysis-Serbia EC Hybrid TF for SILC Survey Project- Serbia SILC Grant TF012623
Additional Instructions: Disbursement

Excellency:

I refer to the Grant Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by European Commission ("Donor") under the Serbia EC Hybrid TF for SILC survey TF071853 and the Republic of Serbia (the "Recipient") for the above-referenced project, dated 17 January, 2013. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No.TF012623 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines"); (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Grant Agreement.
II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
Attention: Loup Brefort, Country Manager

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents to the address indicated below:

The World Bank  
Radnicka cesta 80, 9th floor  
Zagreb, HR - 10 000, Croatia.  
Attention: Disbursement Management Group

(iii) Electronic Delivery (subsection 3.4). The Bank may permit the Recipient to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices (“Tokens”) from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Attachment 5; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for direct payment is EUR 30,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated.

- **Currency of Designated Account (subsection 5.4):** Euro.
• Financial Institution at which the Designated Account will be opened (subsection 5.5): The National Bank of Serbia.

• Ceiling (subsection 6.1): €153,000.

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

• For reporting Eligible Expenditures paid from the Designated Account:

  o Records (Attachment 3A – Statements of Expenditure with supporting documents) evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for Goods valued at Euro 20,000 equivalent or more, for Consultant services against contracts valued at Euro 100,000 equivalent or more for firms and at Euro 50,000 equivalent or more for individual consultants.

  o Statement of Expenditure in the form attached (Attachment 3B – Statement of Expenditures without supporting documents) for all other expenditures/contracts.

  o List of payments against contracts that are subject to the Bank’s prior review, in the form attached (Attachment 4).

  o A Designated Account activity reconciliation statement and bank statement should be submitted with each withdrawal application reporting on the use of grant proceeds from the Designated Account.

• For requests for Direct Payment. records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): monthly.

IV. Other Disbursement Instructions

Withdrawal Applications to be submitted to the Bank, evidencing eligible expenditures to be financed from Grant proceeds, will be net of taxes, including impost, fees and duties of any nature, whether in effect at the date of the Grant Agreement or imposed after that date.

V. Other Important Information


If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (http://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Bank by email at <clientconnection@worldbank.org>. 
If you have any queries in relation to the above, please contact Jose Janeiro, Senior Finance Officer at LOA service account jjaneiro@worldbank.org using the above reference.

Yours sincerely,

By

Loup Brefort
Country Manager for the Republic of Serbia
Europe and Central Asia Region

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
3. Statements of Expenditure 3A - Statement of Expenditure - with supporting documentation, for payments made under contract above the Statements of Expenditure thresholds, and Statements of Expenditure 3B - Statement of Expenditure - with no supporting documentation, for payments made under contract below the Statements of Expenditure thresholds
4. Form for Payments Against Contracts Subject to the World Bank’s Prior Review

Cleared with and cc: Ignacio Jauregui, LEGLE
Diane Steele, DECP, TTL
Attachment [2]

Letterhead
European Integration Office
[Street address]
[City] [Country]
[DATE]

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

Attention: Loup Brefort, Country Manager

Republic of Serbia: Data Collection and Analysis-Serbia EC Hybrid TF for SILC Survey Project-Serbia SILC Grant TF012623

Dear Mr. Brefort:

I refer to the Grant Agreement (“Agreement”) between the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided by European Commission (“Donor”) under the Serbia EC Hybrid TF for SILC survey TF071853, and the Republic of Serbia (the “Recipient”), dated [date], providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal [and applications for a special commitment] under this Grant.

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

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1 Instruction to the Recipient when sending this letter to the World Bank: 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 World Bank.

2 Instruction to the Recipient: 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 World Bank.

3 Instruction to the Recipient: 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 World Bank.

4 Instruction to the Recipient: 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 World Bank.
[Name], [position]  
Signature: __________________

[Name], [position]  
Signature: __________________

[Name], [position]  
Signature: __________________

Yours truly,

/ signed /

________________________

Director

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Footnote: This paragraph is intended for the Recipient to authorize those persons to accept Tokens and deliver Applications by electronic means; if this is not applicable, please delete this paragraph. Please delete this footnote in final letter that is sent to the World Bank.
STATEMENT OF EXPENDITURE (SOE) ATTACHMENT 3A

Payments made during the period from _______________ To _______________

Date: _______________

Application No.: _______________

Grant No.: _______________

SOE Sheet No.: _______________

For: Expenditures other than those under contracts below SOE documentation thresholds - please refer to the Disbursement for the SOE Thresholds
(supporting documentation required - invoices, receipts for all payment made under contracts above SOE thresholds)

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category No.</th>
<th>Name of Supplier, Contractor or Consultant, Contract reference and date</th>
<th>Total Amount of Contract (Include all currencies)</th>
<th>Brief Description of Goods, Works or Services</th>
<th>Currency of Expenditure</th>
<th>Total invoiced amount covered by this application (net of retention)</th>
<th>Eligible % of Financing</th>
<th>Currency and eligible amount paid (7)x(8)</th>
<th>US$ Equivalent paid from Designated Account**</th>
<th>Date of Payment</th>
<th>Exchange Rate</th>
<th>Remarks</th>
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Note: (*) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category.

(**) If this application is not for replenishment of the Designated Account, leave columns 10 and 12 blank.
### Statement of Expenditure (SOE) Attachment 3B

**Payments made during the period from** ___________________________ **To** ___________________________.

**Date:** _______________________________________________________

**Application No.:** _____________________________________________

**Grant No.:** __________________________________________________

**SOE Sheet No.:** _____________________________________________

**For:** Expenditures under contracts below SOE documentation thresholds - please refer to the Disbursement Letter for SOE thresholds (no supporting documentation required)

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category No.</th>
<th>Name of Supplier, Contractor or Consultant</th>
<th>Total Amount of Contract (Include all currencies)</th>
<th>Brief Description of Goods, Works or Services</th>
<th>Currency of Expenditure</th>
<th>Total invoice amount covered by this application (net of retention)</th>
<th>Eligible % of Financing</th>
<th>Currency and eligible amount paid (7)x(8)</th>
<th>US$ Equivalent paid from Designated Account**</th>
<th>Rate of Payment Exchange Rate</th>
<th>Remarks</th>
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**Supporting documents for this SOE retained at:** ____________________________

**Note:**

(*) Items should be grouped by category, or alternatively, a separate SOE form may be used for each category.

(**) If this application is not for replenishment of the Designated Account, leave columns 10 and 12 blank.
Payments Made during Reporting Period
Against Contracts Subject to the Bank’s Prior Review

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Attachment [4]
Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation

January 20, 2010

The World Bank (Bank)\(^1\) will provide secure identification devices (Tokens) to permit the Borrower\(^2\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

\(^1\) “Bank” includes IBRD and IDA.
\(^2\) “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.

3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.
4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

Care of Tokens

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR devices. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7 Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. Replacement

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User’s Account.

6. Reservation of Right to disable Token

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.