Project Agreement

(Floods Emergency Recovery Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

ELEKTROPRIVREDA SRBIJE

Dated October 9, 2014
PROJECT AGREEMENT

Agreement dated [October 9, 2014], entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and ELEKTROPRIVREDA SRBIJE ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between REPUBLIC OF SERBIA ("Borrower") and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

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

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

ARTICLE III — REPRESENTATIVE; ADDRESSES

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

3.02. The Bank’s Address is:

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

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

Elektroprivreda Srbije
Carice Milice 2, Beograd
Facsimile: +381 11 3611 908

AGREED at BELGRADE, REPUBLIC OF SERBIA as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: ALEKSANDAR CRNOKARDOVIC
Title: ACTING COUNTRY MANAGER

ELEKTROPRIVREDA SRBIJE

By

Authorized Representative

Name: ALEKSANDAR OBRADOVIC
Title: GENERAL MANAGER
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall carry out Part I of the Project in accordance with the Loan Agreement, this Agreement, the Subsidiary Agreement, and the PIE Project Operations Manual.

2. The Project Implementing Entity shall be responsible for the day-to-day implementation, including procurement and financial management, of Part I of the Project.

3. The Project Implementing Entity shall maintain a project implementation team with terms of reference, staff and resources, satisfactory to the Bank, for purposes of carrying out Part I of the Project.

B. Anti-Corruption

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

C. Safeguards

1. The Project Implementing Entity shall carry out Part I of the Project in accordance with the ESMF, any and all applicable EMPs, the EMP for the Tamnava West Open Pit Mine, the RPF, any and all applicable RAPs, and the PIE Project Operations Manual, and shall not assign, amend, suspend, abrogate, repeal or waive any provision of the ESMF, EMPs, EMP for the Tamnava West Open Pit Mine, the RPF, the RAPs, and the PIE Project Operations Manual, without prior approval of the Bank.

2. The Project Implementing Entity shall:

   (a) prior to the issuance of any bidding documents for works contracts, prepare and submit to the Bank the proposed design and related site-specific EMP to the extent required by the ESMF, in form and substance satisfactory to the Bank;
prior to the signing of the contract for said works, prepare and submit to the Bank for its approval the site-specific RAP(s) in form and substance satisfactory to the Bank, if required; and

prior to the commencement of the works, ensure that the owners and users of the land where said works are to be implemented are fully compensated in accordance with the provisions of the RAP(s), if required.

3. The Project Implementing Entity shall ensure the complete implementation of the EMP for the Tamnava West Open Pit Mine and applicable EMPs in a manner acceptable to the Bank, including all necessary measures to minimize and to mitigate any adverse environmental impacts caused by the implementation of the Project.

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

A. **Project Reports**

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

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

B. **Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.
2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than nine months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. **Procurement**

All goods, works and services required for the Project Implementing Entity’s Respective Part of the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.
Supplemental Letter No. 3

ELEKTROPRIVREDA SRBIJE

October 9, 2014

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: IBRD Loan No. 8449-YF
(Floods Emergency Recovery Project)
Performance and Monitoring Indicators

Dear Sirs and Mesdames:

This refers to paragraph A.1, Section II of the Schedule to the Project Agreement between the International Bank for Reconstruction and Development (the Bank) and Elektroprivreda Srbije (Project Implementing Entity) for the above-captioned Project. The Project Implementing Entity hereby confirms to the Bank that the indicators set out in the attachment to this letter shall serve as a basis for the Project Implementing Entity to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

ELEKTROPRIVREDA SRBIJE

By [Signature]
Authorized Representative

Attachment
**Attachment to Supplemental Letter No. 3**

Project Development Objective (PDO) is to: (i) help restore power system capability to reliably meet domestic demand; (ii) protect livelihoods of farmers in flood affected areas; protect people and assets from floods; and (iv) improve the Borrower’s capacity to respond effectively to disasters.

<table>
<thead>
<tr>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline Jun 2014</th>
<th>Cumulative Target Values</th>
<th>Frequency</th>
<th>Data Source</th>
<th>Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>YR 1 Dec 2015</td>
<td>YR 2 Dec 2016</td>
<td>YR3 Dec 2017</td>
<td></td>
</tr>
<tr>
<td>Level Results Indicators</td>
<td>GWh</td>
<td>0</td>
<td>10,955</td>
<td>20,900</td>
<td>30,845</td>
<td>Quarterly</td>
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<tr>
<td>Immediate Results Indicators</td>
<td>Yes/No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Semi-annually</td>
</tr>
<tr>
<td>No of meters replaced in affected</td>
<td>Number</td>
<td>0</td>
<td>15,000</td>
<td>20,000</td>
<td>20,000</td>
<td>Semi-annually</td>
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<tr>
<td>No of energy efficient light bulbs fitted</td>
<td>Number</td>
<td>0</td>
<td>tbc</td>
<td>tbc</td>
<td>tbc</td>
<td>Annually</td>
</tr>
<tr>
<td>Project beneficiaries</td>
<td>Number</td>
<td>0</td>
<td>tbc</td>
<td>tbc</td>
<td>tbc</td>
<td>Annually</td>
</tr>
<tr>
<td>Of which female</td>
<td>Percent</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>Annually</td>
</tr>
</tbody>
</table>

**Results Framework Description of indicators**

**Project Development Objective Indicators**

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Description (indicator definition etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability of power supplies to restored to pre-flood levels with additional domestic generation/imports</td>
<td>Additional power available from power purchases (imports) or increased domestic power generation (additional thermal power generation as a result of increased availability of fuel) (GWh)</td>
</tr>
</tbody>
</table>