

Negotiated Version
October 15, 2019

LOAN NUMBER 9020-__

Loan Agreement

(Additional Financing for Real Estate Management 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

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the amount of twenty one million Euros (EUR 21,000,000), 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”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. 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

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through RGA, with the support of the Ministry of Construction, Transport and Infrastructure, 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 days (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:
(381-11) 3618-961

E-mail:
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 64145(MCI) | 1-202-477-6391 | sndegwa@worldbank.org |

AGREED and signed in English as of the Signature Date.

REPUBLIC OF SERBIA

By

Authorized Representative

Name: _____

Title: _____

Date: _____

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Authorized Representative

Name: _____

Title: _____

Date: _____

SCHEDULE 1

Project Description

The objective of the Project is to improve the efficiency, transparency, accessibility and reliability of the Borrower's real property management systems.

The Project consists of the following parts:

Part I: Valuation and Property Taxation

Carrying out of the following activities:

- (i) improving the system for annual property taxation through: (a) developing a sales price registry for real estate; (b) developing software to process data from the sales price registry; (c) developing and assessing a Mass Appraisal pilot program on property tax rolls and collection procedures in local government units; and (d) establishing a building registry; and
- (ii) improving the real estate valuation framework through improving the quality of education for valuers, and adopting internationally recognized standards for valuation.

Part II: E-governance for Enabling Access to Real Estate Information

Enabling access to real estate information through:

- (i) developing and implementing an integrated real estate cadaster and registration system based on RGA's information and communications technology (ICT) strategy and archive strategy;
- (ii) developing a business model and technical framework in line with international standards for the Borrower's national spatial data infrastructure and upgrading the necessary network services;
- (iii) developing a financial mechanism and a business plan for the sustainability of RGA's information technology department;
- (iv) developing and implementing a central analogue and digital archive management strategy, including providing necessary equipment and Training, and constructing a central archive building;
- (v) improving the quality of RGA's data standardization and carrying out a public outreach campaign for users to submit cadastral data; and
- (vi) developing and implementing a one-stop shop system for electronic issuance of construction permits.

Part III: Institutional Development of the RGA

Improve RGA's institutional development through:

- (i) developing a business plan for RGA's governance and institutional and corporate planning and strategy;
- (ii) supporting the sustainability of the National Reference System and the functionality of AGROS, and improving the Borrower's gravimetric networks and vertical reference system;
- (iii) carrying out the digital mapping of selected cadastral municipalities and transforming existing utility maps into digital form;
- (iv) improving registration procedures of properties, removing registration backlogs in the cities of Belgrade, Novi Sad, Nis and Kragujevac, enhancing office infrastructure in selected municipalities of the Borrower, and setting up mobile services at selected local RGA offices.

Part IV: Project Management and Support Activities

Carrying out Project management activities, including:

- (i) provision of support to PIU on Project management;
- (ii) monitoring and evaluation of the Project;
- (iii) public outreach on the Project activities to improve social inclusion;
- (iv) provision of Training to stakeholders in the public and private sectors according to a training plan set forth in the Operational Manual; and
- (v) studies on, *inter alia*, customer satisfaction, real estate administration and management, and based upon the results of said studies, design proposals for adoption of policies and regulations.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain at all times during Project implementation the PIU under the RGA, with the necessary resources and staff to carry out the Project, and with a composition and terms of reference satisfactory to the Bank (including a director, a procurement specialist, a financial management specialist, a monitoring and evaluation specialist, a training specialist, a valuation specialist, a safeguards specialist and an accountant).
2. The Borrower shall implement the Project in accordance with the Operational Manual.
3. The Borrower shall not amend or waive any provision of the Operational Manual without the Bank's prior written approval. In case of any conflict between the terms of the Operational Manual and this Agreement, the terms of this Agreement shall prevail.
4. The Borrower shall maintain at all times during Project implementation a Project Council with a composition, terms of reference, and resources satisfactory to the Bank. The Project Council shall be responsible for making major policy decisions concerning Project implementation and for overall Project supervision, as well as approving annual work plans, training plans and reports. The Project Council shall be chaired by a coordinator from the MCTI and shall include representatives of the Borrower's following institutions: Ministry of Public Administration and Local Self Government, Ministry of Finance, Ministry of Justice, Ministry of Economy, Tax Administration, Statistical Office and the Director General of RGA. The PIU director shall act as secretary to the Project Council.
4. The Borrower shall maintain at all times during Project implementation a Project Steering Committee with a composition, terms of reference, and resources satisfactory to the Bank. Members of the Steering Committee shall include the Director General of RGA, the relevant RGA Sector and Department Directors whose units are directly related to the Project activities, and selected experts from other institutions of the Borrower. The Steering Committee shall be in charge of supervising the regular implementation activities of the Project, and shall provide reports to the Project Council on a quarterly basis, or as requested by the Project Council, pursuant to criteria set forth in the Operational Manual.

B. Safeguards

1. The Borrower shall carry out the Project in accordance with the EMP in a manner acceptable to the Bank, and shall not amend, suspend, abrogate, repeal or waive any provision of the EMP without the prior approval of the Bank.
2. In the event that, during Project implementation, the Borrower may decide to change the identified location of the central archive building referred to in Part II (iv) of the Project, the Borrower shall, prior to the carrying out of any works: (a) carry out an environmental

assessment satisfactory to the Bank; and (b) prepare, adopt and implement an environmental management plan on terms and conditions acceptable to the Bank.

3. The Borrower shall ensure that no Project activities involve Involuntary Resettlement.

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 (except for Part II (vi) of the Project) | 17,050,000 | 100% (inclusive of Taxes other than Value Added Tax and Customs Duties) |
| (2) Consulting services, Training and Operating Costs for the Project (except for Part II (vi) of the Project) | 3,897,500 | 100% (inclusive of Taxes) |
| (3) Front-end Fee | 52,500 | Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions |
| TOTAL AMOUNT | 21,000,000 | |

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, 2022.

Section IV. Other Covenants

1. In connection with the provision of Training, the Borrower shall: (a) not later than December 1 of each year during Project implementation, furnish to Bank for its approval, a proposal for the Training plan to be carried out under the Project during the following calendar year, including: (i) an overview of the scope and content of the Training programs or activities; (ii) an explanation of how each training program or activity is expected to contribute to achieving the objectives of the Project; (iii) the budget to be made available therefore; (iv) the criteria for the selection of the beneficiaries and the providers of Training; and (v) the schedule for implementation of the Training plan; and (b) immediately thereafter, carry out the pertinent annual Training plan in accordance with its terms, and in a manner acceptable to the Bank.
2. Without limitation to the provisions of Sections 5.03 and 5.06 of the General Conditions, the Borrower shall:
 - (a) ensure that all RGA offices enhanced under Part III (iv) of the Project are provided with the necessary funds and resources, and furnished and equipped to provide the necessary services to the public, all in a manner satisfactory to the Bank; and
 - (b) ensure that the RGA offices provided with mobile services under Part III (iv) of the Project are provided with the necessary funds and resources (including resources for the operation and maintenance of vehicles) and adequately staffed, all in a manner acceptable to the Bank.

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. “AGROS” means Active Geodetic Reference Network of Serbia, the Borrower’s basic infrastructure network, providing geodetic reference services to RGA and to public and private sector enterprises.
2. “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.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “EMP” means a site-specific Environmental Management Plan satisfactory to the Bank, prepared and adopted by the Borrower and disclosed in the Bank’s external website on September 25, 2019, covering Project activities to be carried out in the Borrower’s town of Zemun, each comprised of an environmental mitigation plan and an environmental monitoring plan, and to be implemented in accordance with the provisions of Schedule 2, Section I of this Agreement, satisfactory to the Bank, wherein are set forth specific details of measures to manage identified or potential environmental risks and to mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of activities under the Project, together with an environmental and social baseline, details of the relevant environmental legislative framework, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the term of the EMP, as the same may be amended and supplemented from time to time with the Bank’s prior written approval.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.
6. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
7. “Mass Appraisal” means a methodology for valuing all properties in a defined geographical area, usually for property tax assessment purposes.
8. “MCTI” means the Borrower’s Ministry of Construction, Transport and Infrastructure, or any successor thereto.

9. “National Reference System” means the Borrower’s permanent network of stations with established and approved coordinates, as described in the Borrower’s Law on State Survey and Cadaster, published in the Official Gazette No. 72/2009, as amended through 2013, as per the Official Gazettes Nos. 18/2012 and 65/2013.
10. “Operating Costs” means the reasonable and incremental expenses incurred by RGA, on account of implementation of the Project, for office supplies and other consumables, office rent, internet connection and communications costs, support for information systems, translation costs, utilities, reasonable travel, transportation, *per diem*, accommodation costs (lodging), and other reasonable expenditures directly associated with the implementation of the Project, as agreed between the Borrower and the Bank on the basis of semi-annual budgets acceptable to the Bank, excluding salaries of the Borrower’s civil service.
11. “Operational Manual” means the Borrower’s manual satisfactory to the Bank, describing and setting forth procedures for implementation of the Project and institutional arrangements, consistent with the provisions of this Agreement including, *inter alia*, timetables of actions required to be carried out under the Project, the respective roles and responsibilities of the Borrower’s agencies involved in the implementation of the Project, selection criteria and list of cadastral municipalities to be mapped under Part III(iii) of the Project, selection criteria and list of municipalities in which enhancement of office infrastructure activities will be carried out under Part III(iv) of the Project, selection criteria and list of local RGA offices at which mobile services will be set up under Part III(iv) of the Project, staffing, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, and other fiduciary and administrative arrangements and necessary terms of reference, as the same may be amended from time to time by agreement with the Bank.
12. “PIU” means the Project Implementing Unit, referred to in Section I of Schedule 2 of this 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. “Project Council” means the council specified in Section I.A.4 of Schedule 2 to this Agreement.
15. “RGA” means Republic Geodetic Authority of the Borrower, an agency of the Borrower responsible for national mapping, surveying and registration of property rights, established pursuant to Borrower’s Law on State Survey and Cadaster, published in the Official Gazette No. 72/2009, as amended through 2013, as per the Official Gazettes Nos. 18/2012 and 65/2013, or any successor thereto.
16. “Statistical Office” means the Borrower’s agency responsible for production, analysis, dissemination and publication of official statistical information, established pursuant to law on Official Statistics (RS Official Gazette No. 104/2009).

17. “Steering Committee” means the committee referred to in Section I.A.5 of Schedule 2 to this Agreement.
18. “Tax Administration” means Serbian Tax Administration, a government body within the Borrower’s Ministry of Finance established pursuant to the Borrower’s Law on Tax Procedures and Tax Administration, as amended, duly published in the RS Official Gazette No. 80/2002, 84/2002, 23/2003, 70/2003, 55/2004, 61/2005, 85/2005, 62/2006, 63/2006, 61/2007, 20/2009, 72/2009, 53/2010, 101/2011, 2/2012, 93/2012, 47/2013, 108/2013, 68/2014, 105/2014, 91/2015, 112/2015, 15/2016, 108/2016, 30/2018 and 95/2018.
19. “Training” means expenditures (other than for consultants’ services), incurred during the implementation of the Project, based on periodic budgets acceptable to the Bank, for: (i) reasonable travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training/workshop facility and equipment rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under this paragraph.
20. “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.