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 No. TF017823

Dear Mr. Pajevic:

In response to the request for financial assistance made on behalf of the Republic of Serbia ("Recipient"), I am pleased to inform you that 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 TF07853, proposes to extend to the Recipient a grant in an amount not to exceed six hundred eighty thousand and seventy-seven Euros (EUR 680,077) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 60 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

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

AGREED:

REPUBLIC OF SERBIA

By: [Signature]  
Authorized Representative

Name: Milan Pajević
Title: Director
Date: 18 January, 2013

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I

Standard Conditions; Definitions


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

Article II

Project Execution

2.01. Project Objectives and Description. The objective of the Project is to provide support to the Republic Statistical Office ("RSO") in order to develop the capacity and the systems necessary to ensure a successful running of the Serbia Survey of Income and Living Conditions ("Serbia SILC") for 2 years. Thus, creating a baseline data on social inclusion in the Republic of Serbia and building capacity in monitoring and analyzing indicators of social inclusion.

The Project consists of the following Part:

Part 1. Set up logistical and statistical framework and physical infrastructure for running and analysing the Serbia SILC.

This activity will finance consultants' services and travel, travel of other experts whose services might be provided by other projects or organizations, goods, training and workshops in order to:

(a) Prepare a detailed methodology for the survey administration.

(b) Prepare a draft questionnaire for the surveys to be conducted as part of the Project.

(c) Prepare a sampling frame for the surveys to be conducted as part of the Project; in the second year the sampling frame will be prepared to reflect appropriately the need of either a repeated cross section or of a rotating panel.

(d) Evaluate the need to implement Computer Assisted Personal Interviewing ("CAPI") techniques and undertake all preparations needed for the implementation of these techniques during the fieldwork.

(e) Conduct all necessary coding activities if CAPI techniques are not adopted.

(f) Conduct recruitment of enumerators and survey supervisors that would administer the surveys within the Project.
(g) Conduct a training of enumerators and supervisors on survey administration, including on using CAPI if adopted.

(h) Pilot the survey questionnaires and evaluate whether modifications are needed.

(i) Produce final versions of the survey questionnaires.

(j) Conduct consultation with data users on the survey as appropriate.

Part 2. Conduct data collection and processing activities for the first and second annual Serbia SILC surveys.

This activity will finance goods, consultants’ services and travel to:

(a) Conduct the fieldwork for the first annual Serbia SILC survey, including visits to interview households, and all needed quality checks on the part of supervisors including, but not limited to, checking by telephone, and conducting follow up household visits.

(b) Conduct transcription activities of data in electronic form, if CAPI is not adopted.

(c) Conduct processing activities of the data including all cleaning, imputation, and calculations needed to arrive at usable files.


The analysis of the Serbia SILC survey will be conducted in collaboration between the RSO, the Social Inclusion and Poverty Reduction Unit of the Recipient (“SIPRU”) and the IBRD. This will finance consultants, goods and services, training and workshops to:

(a) Analyze the data documenting and creating program files that can be used to analyze future rounds of the survey. This will involve hiring international expert to support the analysis and procuring specialized software for data analysis.

(b) Prepare a report describing all the main aspects of the survey, with a special emphasis on the Laeken indicators.

(c) Training by the international consultants who have analyzed the first annual Serbia SILC survey of the local team in order to ensure that there is local capacity within the RSO to use and adapt the program files developed under (a) above to conduct future analysis with limited support from international consultants.

(d) Conduct a dissemination and visibility event to present the report findings and build greater awareness of the availability of this new data source, its link to the European accession agenda and its ability to inform the design of social policies.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the RSO in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** To coordinate and share information on operational progress on the Project, a Serbia SILC Project Steering Committee (“SILC PSC”) will be created within 30 days of the date of Effectiveness of the Grant Agreement, with representation from RSO and SIRU. The Donor, the World Bank, and other stakeholders shall be invited to attend the meetings of the SILC PSC, and may provide advice upon request.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) A detailed methodology for Serbia SILC will be developed, including sampling frame and questionnaire, a completed training of the enumerators and a pilot of the survey instruments. These documents and evidence that various activities have taken place will be collected to document progress under this indicator.

(ii) Survey is conducted in the first year with smooth data processing and cleaning. A report on the completion of the fieldwork, data processing and clearing will be collected to document progress under this indicator.

(iii) Analysis of the main indicators of social exclusion based on the first wave of SILC is produced. A report on these indicators will be produced and launched at a dissemination event in Belgrade, chaired by a representative of the European Commission, and to be held before the fieldwork for the 2013 round of Serbia SILC is started.
(iv) A detailed methodology for the second Serbia SILC survey is developed, including sampling frame and questionnaire, a completed training of the enumerators and a pilot of the survey instruments. These documents and evidence that various activities have taken place will be collected to document progress under this indicator.

(v) Survey is conducted in the second year with smooth data processing and cleaning. A report on the completion of the fieldwork, data processing and cleaning will be collected to document progress under this indicator.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than 1 month after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.07 of this Agreement.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one month after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Project Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Project Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the period.

2.07. **Procurement**

(a) **General.** All goods and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).
(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Section II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: (A) Limited International Bidding; (B) National Competitive Bidding, subject to the additional provisions listed in the Appendix to this Annex; (C) Shopping; and (D) direct contracting with Bank’s prior approval.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines or Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods consultants’ services and Training under the Project.</td>
<td>680,077.00</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>680,077.00</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this table “Training” means project related activities aimed at familiarizing enumerators and supervisors with the specific nature of the questionnaire they will have to work with, including costs of training materials, space and equipment rental, local travel, per diem, trainers’ fees, and interpretation and translation services.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient, for Eligible Expenditures; and

(b) for any payment for Taxes levied by or in the territory of the Member Country.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 31, 2014.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Director of the European Integration Office.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

European Integration Office
Government of the Republic of Serbia
Nemanjina 34
11000 Belgrade
Serbia

Facsimile: (381-11) 3061-110
4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Cable: INTBAFRAD  
Facsimile: 1-202-477-6391  
Washington, D.C.  (4145 (MCI)
APPENDIX

ADDITIONAL PROVISIONS FOR USE OF NATIONAL COMPETITIVE BIDDING

(BASED ON JANUARY 2011 GUIDELINES)

The procurement procedure to be followed for National Competitive Bidding shall be the Open Tendering Procedure set forth in the Serbia Public Procurement Law (Official Gazette of the Republic of Serbia, No. 116/2008) adopted by the Parliament on December 22, 2008 and entered into force on January 6, 2009 (the “PPL”), provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”) and the following additional provisions:

- Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process. Government-owned enterprises in Serbia shall be permitted to bid only if they are legally and financially autonomous and operate under commercial law of the Recipient.

- Procuring entities shall use sample bidding documents approved by the Bank.

- In case of higher bid prices compared to the official estimate, all bids shall not be rejected without the prior concurrence of the World Bank.

- A single-envelope procedure shall be used for the submission of bids.

- Post-qualification shall be conducted only on the lowest evaluated bidder; no bid shall be rejected at the time of bid opening on qualification grounds.

- Bidders who contract as a joint venture shall be held jointly and severally liable.

- Contracts shall be awarded to the lowest evaluated, substantially responsive bidder who is determined to be qualified to perform in accordance with pre-defined and pre-disclosed evaluation criteria.

- Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders.

- Contracts of long duration (more than 18 months) shall contain appropriate price adjustment provisions.

- The bidding document and contract as deemed acceptable by the World Bank shall include provisions stating the World Bank’s policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.
• In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the World Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank. Acts intended to materially impede the exercise of the World Bank's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.