Loan Agreement

(Serbia Emergency COVID-19 Response 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 ninety-two million Euros (€92,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule I 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 provided that the Commitment Charge for the period beginning on the date of accrual of the Commitment Charge and ending on the date of the first anniversary of such date of accrual shall be zero percent (0%).

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 June 15 and December 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 and the MPA Program. To this end, the Borrower shall carry out the Project through MOH with the assistance of the Health Insurance Fund and the Institutes of Public Health...
in the planning, executing and monitoring selected activities of the Project, all 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 (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: 248423(MCI) or 64145(MCI)  
Facsimile: 1-202-477-6391  
E-mail: sndegwa@worldbank.org
AGREED and signed in English as of the Signature Date.

REPUBLIC OF SERBIA

By

[Signature]

Authorized Representative

Name: 

Title: Finance Minister

Date: 29-May-2020

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: Stephen Ndegwa

Title: Country Manager, Serbia

Date: 28-May-2020
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to respond to the threat posed by COVID-19 and (b) to strengthen the national health system for public health preparedness in Serbia.

The Project constitutes a phase of the MPA Program, and consists of the following parts:

Part A: Emergency COVID-19 Response

1. *Case Detection, Confirmation, Contact Tracing, Recording, and Reporting*

   (a) Strengthening the disease surveillance systems, national reference and public health laboratories, and epidemiological capacity for early detection and confirmation of cases, including *inter alia* the establishment of two new laboratories and testing points.

   (b) Combining detection of new cases with active contact tracing.

   (c) Support for epidemiological investigation activities.

   (d) Strengthening health risk assessment capacity.

   (e) Provision of on-time data and information for guiding decision-making and response and mitigation activities.

   (f) Support to strengthen the Borrower’s health management information system to facilitate recording and on-time virtual sharing of information.

   (g) Training in support of the activities in (a) through (f) as appropriate.

2. *Physical Distancing Measures and Communication Preparedness*

   (a) Development of guidelines on phased physical distancing measures to operationalize existing or new laws and regulations, support coordination among sectoral ministries and agencies, and support MOH in the protection of health and other personnel involved in pandemic control activities.

   (b) Support for the implementation of preventive measures to complement social distancing such as personal hygiene promotion, including promoting handwashing, and distribution and use of masks, along with increased awareness and promotion of community participation in slowing
the spread of the pandemic, with interventions for vulnerable communities including Roma populations, residents of women's shelters and prisoners.

(c) Development and distribution of basic testing of communication materials for the general public on COVID-19 and preventive measures.

(d) Development of information and guidelines for health care providers.

(e) Development and delivery of training modules including symposia on surveillance, treatment and prophylaxis.

3. **Health System Strengthening**

(a) Strengthening the Borrower's health care system for preparedness planning to provide optimal medical care, maintain essential community services and to minimize risks for patients and health personnel, including training health facilities staff and front-line workers on risk mitigation measures, and providing them with the appropriate protective equipment and hygiene materials.

(b) Strengthening the Borrower's clinical care capacity through the establishment and refurbishment of specialized units in selected hospitals, development of treatment guidelines, and clinical training of health workers and hospital infection control guidelines.

(c) Development of strategies to increase hospital bed availability, including deferring elective procedures, stringent triage of patients in all health facilities and for admission, and earlier discharge with follow-up by home health care personnel.

(d) Rehabilitation and equipping selected primary health care facilities and hospitals for the delivery of critical medical services and to cope with increased demand of services posed by the outbreak, develop further intra-hospital infection control measures, including necessary improvements in blood transfusion services to ensure the availability of safe blood products.

(e) Support for intensive care facilities within hospitals through the provision of medical equipment and training of health teams.

(f) Support to strengthen medical waste management and disposal systems and to mobilize additional health personnel, training of health personnel, and provision of medical supplies, diagnostic reagents, including kits and other operational expenses such as those related to mobilization of health teams.
(g) Improvement of the access to information and scientific knowledge by beneficiaries through *inter alia* the review and synthesis of scientific information for distribution to the public health community and populations.

(h) Capacity building for applied and clinical research, including ethical aspects of clinical research.

(i) Development and distribution of basic communication materials to increase the attention and commitment of the public sector, private sector and civil society to raise awareness, knowledge and understanding among the general population about the risk and potential impact of the pandemic and to develop multi-sectoral strategies to address including in particular on: (i) COVID-19; and (ii) general preventive measures such as “dos” and “don’ts” for the general public.

(j) Development of information and guidelines for health care providers.

(k) Development and delivery of training modules including symposia on surveillance, treatment and prophylaxis.

**Part B: Implementation Management and Monitoring and Evaluation**

Strengthening of the Project Coordination Unit for Project coordination, monitoring and evaluation including, *inter alia*, support for the monitoring and evaluation of prevention and preparedness, building capacity for clinical and public health research and joint learning across and within countries, training in participatory monitoring and evaluation at all administrative levels, evaluation workshops, and development of an action plan for monitoring and evaluation and replication of successful models.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall, through MOH, maintain, throughout Project implementation, the PCU with terms of reference, staff and resources satisfactory to the Bank.

2. The Borrower shall, through MOH, hold quarterly Project review meetings attended by relevant officials of the Ministry of Health, Institute of Public Health, Regional Institutes of Public Health, Health Insurance Fund, and any other Project stakeholders as relevant.

3. The Borrower shall, through MOH, ensure that the Health Insurance Fund assists in the implementation of the Project by providing support in the planning and monitoring of centralized procurement of goods and supplies for the Project in particular in terms of preparation of technical specifications for procurement of tests, personal protective equipment for medical staff and other sanitation and medical supplies.

4. The Borrower shall, through MOH, ensure that the Institute of Public Health and the Regional Institutes of Public Health assist in the implementation of the Project by providing support in the health promotion, disease prevention and environmental protection activities of the Project, including guidance to health care institutions on how to implement such activities.

B. Project Operations Manual

1. The Borrower shall, through MOH, not later than one month after the Effective Date update the Prior Project’s Operations Manual, in form and substance satisfactory to the Bank.

2. The Borrower shall, thereafter, carry out the Project in accordance with the provisions and requirements of the manual updated as per the provisions of B.1 of this Section (Project Operations Manual” or “POM”), which shall include, inter alia, the following:

(a) the institutional coordination and implementation arrangements and procedures for the Project;

(b) the geographical scope of the Project;
(c) financial management and procurement procedures for the Project;

(d) the arrangements for monitoring, evaluation, and reporting of Project implementation;

(e) personal data collection and processing in accordance with the applicable WHO and national guidelines; and

(f) such other administrative, financial, technical and organizational arrangements, requirements and procedures as shall be required for the Project.

3. The Borrower shall not assign, amend, abrogate or waive the POM, or any of its provisions, without the Bank’s prior agreement. In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

C. Environmental and Social Standards

1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

2. Without limitation upon paragraph 1 above, the Borrower shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall, and shall cause the HIF and Public Health Institutes, to ensure that:

   (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;

   (b) sufficient funds are available to cover the costs of implementing the ESCP;

   (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

   (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Borrower shall ensure, and shall cause the HIF and the Public Health Institutes to ensure that:
(a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Borrower shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

6. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

The Borrower shall, through MOH, furnish to the Bank each Project Report not later than 45 days 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for the Project</td>
<td>91,770,000</td>
<td>100% (inclusive of Taxes other than Value Added Tax and Customs Duties for works, goods and non-consulting services)</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>230,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>92,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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, except that withdrawals up to an aggregate amount not to exceed €36,000,000 may be made for payments made prior to this date but on or after March 1, 2020, for Eligible Expenditures under Category (1).

2. The Closing Date is May 31, 2022.
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**

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 15 and December 15</td>
<td></td>
</tr>
<tr>
<td>Beginning June 15, 2023 through June 15, 2031</td>
<td>5.56%</td>
</tr>
<tr>
<td>On December 15, 2031</td>
<td>5.48%</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. “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.

2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


4. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the environmental and social commitment plan for the Project, dated May 12, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.


7. "Health Insurance Fund" or the acronym "HIF" means the Borrower’s Health Insurance Fund, or its successor thereto, established pursuant to the Borrower’s Law on Health Insurance, published in the Official Gazette of the Republic of Serbia Number 25/19.

8. "Incremental Operating Costs" means reasonable incremental expenses incurred on account of implementation of the Project, including, *inter alia*, office supplies and other consumable goods, office rent, internet and communications costs, support for information systems, translation costs, bank charges, utilities, travel, transportation, per diem, accommodation costs (lodging), and other reasonable expenditures directly associated with the implementation of the Project, on the basis of annual budgets acceptable to the Bank, excluding salaries of the civil service employees.


10. "Institutes of Public Health" means collectively the Institute of Public Health and the Regional Institutes of Public Health participating in the Project.

11. "Ministry of Health" or the acronym "MOH" means the Borrower’s Ministry of Health, or any successor thereto.

12. "MPA Program" means the global emergency multiphase programmatic approach program designed to assist countries to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

13. "PCU" means the project coordination unit referred to in Section I.A.1 of Schedule 2 to this Agreement established within the Ministry of Health on May 8, 2015.

14. "Prior Project’s Operations Manual" means the operations manual adopted by the Borrower through MOH on July 10, 2018, as amended to the date of this Agreement, for the Additional Financing for Second Serbia Health Project being financed by the Bank.

15. "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.

16. "Project Operations Manual" or the acronym “POM" means the Project Operations Manual referred to in Section I.B.2 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.
17. **Regional Institute of Public Health** means an entity established pursuant to the Borrower's Law on Health Care published in Official Gazette of the Republic of Serbia No. 25/19, in charge of covering the area of several municipalities, a large city or a geographic region of the Borrower for purposes of collecting, monitoring, and providing healthcare related data (including social, medical, hygienic, ecological, epidemiological and microbiological data).

18. **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.

19. **Training** means the reasonable costs, as shall have been approved by the Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, study tours and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services).

20. **WHO** means the World Health Organization.