**LOAN NUMBER 9339-YF**

**Loan Agreement**

**(Local Infrastructure and Institutional Development 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:

WHEREAS the Borrower and the *Agence Française de Développement* (“AFD”) entered into a Co-Financing Agreement to jointly co-finance the Project.

# ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

* 1. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
  2. 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 eighty-eight million four hundred thousand Euro (€88,400,000), 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”).

* 1. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
  2. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
  3. 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 Variable 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**

* 1. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through MCTI, 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 Additional Condition of Effectiveness consists of the following, namely that the Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

4.02. 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: E-mail:

(381-11) 3618-961 [kabinet@mfin.gov.rs](mailto: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 1-202-477-6391 [npontara@worldbank.org](mailto:npontara@worldbank.org)

64145(MCI)

AGREED and signed in English as of the Signature Date.

**REPUBLIC OF SERBIA**

**By**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/s1/

**Authorized Representative**

**Name: Siniša Mali**/n1/

**Title: Minister of Finance**/t1/

**Date: 14.12.2022.**/d1/

**INTERNATIONAL BANK FOR**

**RECONSTRUCTION AND DEVELOPMENT**

**By**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/s2/

**Authorized Representative**

**Name: Nicola Pontara**/n2/

**Title: Country Manager**/t2/

**Date: 03 Dec 2022**/d2/

**SCHEDULE 1**

**Project Description**

The objective of the Project is to improve Local State Governments (“LSGs”) capacity to manage sustainable infrastructure and increase accessibility to economic and social opportunities in a climate aware manner.

The Project consists of the following parts:

**Part 1. Climate Smart Mobility**

* 1. Improve transport and associated infrastructure by, *inter alia*: (a) providing Grants to Participating LSGs to finance projects in local transport infrastructure rehabilitation and reconstruction and minor greenfield investments (“Sub‑projects”); and (b) providing technical assistance for the preparation of documents related to the Sub-projects, including (i) design and supervision documents, (ii) environmental and social safeguard documents, (iii) independent technical audit, and (iv) road safety audit.
  2. Strengthen Participating LSGs’ capacity to manage local roads by, *inter alia*: (a) developing a local roads management framework, which may include institutional arrangements and standards with regard to maintenance contracts, resilience and road safety (including children’s safety); (b) developing a simplified RAMS for maintenance and rehabilitation planning and supporting selected data collection needs; (c) developing gender-aware SUMPs and provision of Trainings to Participating LSG’s staff on SUMPs implementation; and (d) designing a smart mobility research center and piloting up to five (5) smart solutions through digital technologies.

**Part 2. Strengthening Capacity for Infrastructure Service Delivery**

* 1. Improve selected Participating LSGs’ strategic participatory planning and investment preparation capacities by, *inter alia*: (a) improving planning at the local level including through reviewing current planning and strategic frameworks and developing planning documents; (b) linking improved local planning to budgeting processes; (c) introducing innovative approaches to participatory planning; (d) enhancing the eGovernment portal to mainstream the participatory approach; and (e) providing technical assistance on the identification and preparation of urban development and municipal infrastructure projects.

2.2 Improve Participating LSGs’ infrastructure service delivery and promote sustainability by, *inter alia*: (a) assessing the current local infrastructure financing framework; (b) providing technical assistance and Trainings to enhance their access to finance capabilities; (c) reviewing current institutions’ structures and providing recommendations for consolidated approaches and process simplification to enable existing staff to work efficiently and meet national and local requirements; (d) developing public investment management system database and project management tools; (e) designing and implementing an Internship Program; (f) developing prioritized approaches to staff expansion and Training and building staff capacity in green procurement, public financial management and public investment management, contract management, and social and environmental management; and (g) facilitating inter LSG cooperation and knowledge exchange.

**Part 3. Project Management and Awareness Raising**

Support to the Borrower in the areas of Project management, coordination, supervision, financial management, reporting, communication and outreach, awareness raising, monitoring and evaluation, procurement, environmental and social safeguards, and supervision of implementation of the ESCP and establishing of online supervision platform and web page for the Project.

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

**A. Institutional Arrangements**

1. Project Steering Committee

The Borrower shall, not later than six (6) months after the Effective Date, establish and thereafter maintain, throughout the Project implementation period, a steering committee (“Steering Committee”) with composition, mandate and resources satisfactory to the Bank, to be chaired by the state secretary of the MCTI or any of its representatives and to be comprised of representatives of the Borrower’s ministries, government agencies and, as applicable, Participating LSGs that are key to the Project.

1. Implementation Units
   1. The Borrower, through MCTI, shall:
2. Establish not later than four (4) months after the Effective Date and maintain throughout Project implementation, a Project implementation unit (“PIU”) within the MCTI with composition, resources, terms of reference, and functions acceptable to the Bank, including, *inter alia*: (i) the overall coordination of all Project implementation activities; (ii) ensuring that the requirements, criteria, policies, procedures, and organizational arrangements set forth in the Project Operations and Grant Manual (“POGM”) are applied in carrying out the Project; (iii) preparation of Project implementation documents, including Project progress reports; and (iv) monitoring and evaluation of the Project;
3. Engage and hire, no later than four (4) months after the Effective Date, the following specialists for the PIU: (i) an environmental specialist; (ii) a social specialist; (iii) a part-time occupational health and safety specialist; (iv) a civil engineer, (v) a transport planner specialist; and (vi) an urban development specialist; all with qualifications, experience and terms of reference acceptable to the Bank;
4. Engage and hire for the PIU, no later than one (1) month after the Effective Date, (i) a project manager; and (ii) a deputy manager; all with qualifications, experience and terms of reference acceptable to the Bank; and
5. Contract an external, independent private audit firm, acceptable to the Bank, with terms of reference acceptable to the Bank, no later than six (6) months after the Effective Date, which will be mandated to conduct an audit of the Project on an annual basis.
   1. The Borrower, through MoF, shall:
6. Maintain a Central Fiduciary Unit (CFU) within the MoF, throughout Project implementation, with composition, resources, terms of reference, and functions acceptable to the Bank, and responsible for financial management as further detailed in the POGM; and
7. assign at least one additional procurement specialist and one additional financial management specialist for the CFU.
8. **Project Operations and Grant Manual**

The Borrower, through MCTI and CFU, shall carry out the Project in accordance with the provisions of a POGM for the Project, in form and substance acceptable to the Bank, containing, *inter alia*, detailed: (a) implementation arrangements for the Project (including division of responsibilities of the PIU, CFU and the Participating LSGs); (b) procurement; (c) environmental and social safeguards; (d) financial management and accounting; (e) monitoring and evaluation procedures and arrangements; (f) list of Participating LSGs; (g) Framework Agreement template; (h) Grant Agreement template; (i) eligible investments (including acceptable scope and locations) for Sub-Projects with Grant proceeds; (j) formula to establish Grant amounts; (k) eligibility criteria, terms and conditions, and organizational guidelines and detailed procedures for preparation, approval and monitoring and evaluation of Internship Program; (l) terms of reference of audit firm; and (m) any other such technical, administrative, fiduciary or coordination arrangements as may be necessary to ensure effective Project implementation.

The Borrower, through MCTI, shall: (a) furnish the POGM to the Bank for review; (b) afford the Bank a reasonable opportunity to exchange views with the Borrower on the POGM; and (c) thereafter adopt the POGM as shall have been approved by the Bank.

The Borrower, through MCTI, shall: (a) ensure that the Project is carried out in accordance with the POGM; and (b) not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POGM or any provision thereof, without the prior written agreement of the Bank.

Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the POGM, and those of this Agreement, the provisions of this Agreement shall prevail.

1. **Sub-projects**
2. Subject to the eligibility criteria and procedures acceptable to the Bank and further elaborated in the POGM, the Borrower, through the MCTI, shall enter into a Framework Agreement with Participating LSGs, under terms and conditions acceptable to the Bank and set forth in the POGM, including, *inter alia*, the Participating LSGs’ obligation to: (a) participate in Project Training opportunities and reform activities; (b) perform investment selection according to planning documents; (c) comply with Bank environmental and social framework and policies; and (d) utilize road asset management systems as developed under the Project.
3. Before commencing any civil works under each Sub-project, subject to the execution of the respective Framework Agreement, and subject to the Participating LSG meeting its obligations under the Framework Agreement, as determined by the Bank, the Borrower, through MCTI, shall enter into an agreement (“Grant Agreement”) with the relevant Participating LSG, under terms and conditions acceptable to the Bank, including the Participating LSG’s obligation to, *inter alia*:
   * 1. carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, (including carrying out the applicable measures and actions specified in the ESCP with due diligence and efficiency, and as further specified in the ESCP), the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, the POGM and this Agreement;
     2. provide, promptly as needed, the resources required for the purpose;
     3. procure the works, goods and services to be financed out of the Grant in accordance with the provisions of this Agreement;
     4. maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Subproject and the achievement of its objectives;
     5. (i) 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 its operations, including the operations, resources and expenditures related to the Subproject; and (ii) at the Bank’s or the Borrower’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank, and permit the Bank to make such statements as so audited available to the public, along with the Grant Agreement;
     6. enable the Borrower and the Bank to inspect the Subproject, its operation and any relevant records and documents;
     7. prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing; and
     8. comply with additional obligations, as set forth under the POGM, with regard to project planning and budgeting, transparency in procurement, preparation of Sub-Projects, data delivery, and supervision of works.
4. The Grant under the Grant Agreement shall be (a) made on a non-reimbursable basis; and (b) disbursed by the PIU to Participating LSGs in two tranches. The PIU shall disburse a (a) 50% advance upon the parties’ signing the Grant Agreement; and (b) the remaining 50% upon the PIU’s and CFU’s verification that the Participating LSG (i) used the Grant proceeds of the first tranche for the intended purposes; and (ii) spent at least 80% of the first tranche. The PIU and the CFU shall conduct the verification based on (a) the review of the Project financial reports prepared by the Participating LSGs; and (b) any additional terms and conditions set forth under the POGM.
5. Notwithstanding the formula reflected in the POGM to establish Grant amounts, the maximum amount of: (a) all Grants to a single Participating LSG shall not exceed the equivalent of twenty-two million Euro (€22,000,000); and (b) each Grant for a Subproject shall not be less than forty-five thousand Euro (€45,000) or more than eight million eight hundred thousand Euro (€8,800,000).
6. The Borrower, through MCTI, shall:
   * 1. obtain rights adequate to protect its interests and those of the Bank, including the right to suspend or terminate the right of the Participating LSG to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Participating LSG’s failure to perform any of its obligations under the Grant Agreement; and
     2. exercise its rights and carry out its obligations under each Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project. Except as the Bank shall otherwise agree in writing, the Borrower shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

**D. Internship Program**

1. The Borrower, through MCTI, shall:
2. provide payments to interns to finance all or a portion of the costs of their participation in the Internship Program under Part 2.2 of the Project, in a manner acceptable to the Bank, and in accordance with the eligibility criteria and procedures as further detailed in the POGM;
3. Ensure that payments are disbursed to interns: (i) in accordance with the procedures set forth in the POGM; (ii) in accordance with the applicable provisions of the Anti-Corruption Guidelines governing recipients of Loan proceeds other than the Borrower; (iii) in a timely fashion; and (iv) with due diligence and efficiency; and
4. Formalize a cooperation agreement, under terms set forth in the POGM, with at least one Borrower-based university with an existing engineering program to encourage and facilitate the participation of qualified women candidates.
5. No Close Relatives of Project Officials shall be eligible to participate in the Internship Program under the Project.
6. At least 70% of the interns in the Internship Program under the Project, at any given time, need to be female.
7. The maximum amount of accumulated payments per internship cycle to any intern in the Internship Program under the Project shall be the equivalent of two thousand six hundred and fifty Euro (€2,650).

**E. 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 ensure that:

1. the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
2. sufficient funds are available to cover the costs of implementing the ESCP;
3. 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
4. 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.
5. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
6. The Borrower shall ensure that:
7. 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
8. 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.
9. 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, through MCTI, 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 finance Eligible Expenditures 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  (inclusive of Taxes other than Value Added Tax and Customs Duties for works, goods and non‑consulting services)** |
| (1) Goods, works, non‑consulting services, consulting services, Training and Operating Costs for the Project | 8,550,000 | 33% of Project Expenditures. Subject to the Co-financier having fully disbursed the Co‑financing under the Co‑financing Agreement, 100% of Project Expenditures. |
| (2) Grants | 79,850,000 | 33% of Project Expenditures. Subject to the Co-financier having fully disbursed the Co‑financing under the Co‑financing Agreement, 100% of Project Expenditures. |
| TOTAL AMOUNT | 88,400,000 | 100% |

For the purpose of this table:

(a) the custom duties and value added tax for the importation and supply of works, goods 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 works, goods 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; and

(b) the term “Project Expenditures” means the Eligible Expenditures to be jointly financed by the Loan and by the Co-financing to cover the total cost of Project activities, which is estimated to be the equivalent of two hundred and sixty-five million and two hundred thousand Euro (€265,200,000).

**B. Withdrawal Conditions; Withdrawal Period.**

1.Notwithstanding the provisions of Part A above, no withdrawal shall be made:

(a) for payments made prior to the Signature Date; or

(b) under Categories 1 and 2 until the Borrower, through MCTI, has developed and adopted a POGM, to the Bank’s satisfaction.

2.The Closing Date is November 30, 2028.

**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 June 15 and December 15  Beginning June 15, 2025  through June 15, 2036 | 4.17% |
| On December 15, 2036 | 4.09% |

**APPENDIX**

**Definitions**

1. “AFD” means the French Development Agency (*Agence Française de Developpement*).
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 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. “CFU” or “Central Fiduciary Unit” means the Borrower’s unit, within its MoF, responsible for project procurement and financial management and referred to in Section I(A)(2.2) of Schedule 2 to this Agreement.
5. “Close Relatives” means a grandparent, parent, child, grandchild, sibling, or niece or nephew.
6. “Co-financier” means the French Development Agency or AFD.
7. “Co-financing” means, for purposes of paragraph 17 of the Appendix to the General Conditions, an amount of one hundred seventy-six million eight hundred thousand Euro (€176,800,000) to be provided by the Co-financier to assist in financing the Project.
8. “Co-financing Agreement” means the agreement to be entered into between the Borrower and the Co-financier providing for the Co-financing.
9. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated January 24, 2022, 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.
10. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub‑Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
11. “Framework Agreement” means the agreement to be entered into between the Borrower, through MCTI, and a Participating LSG pursuant to Schedule 2, Section I(C)(1) of this Agreement.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
13. “Grant” means a grant disbursed by the Borrower, through MCTI, to a Participating LSG under a Grant Agreement, as referred to in Schedule 2, Section I(C)(2) of this Agreement.
14. “Grant Agreement” refers to an agreement entered into between the Borrower, through MCTI, and a Participating LSG, as referred to in Schedule 2, Section I(C)(2) of this Agreement, through which the Borrower will disburse a Grant for the Participating LSG to improve public financial management and transport infrastructure at the local level.
15. “Internship Program” means the internship program under Schedule 2, Section I(D) of this Agreement.
16. “LSGs” means Local Self Governments, in accordance with the Law on Local Self Government published on Official Gazette of RS No. 129/2007, 83/2014 - other law, 101/2016 - other law, 47/2018 and 111/2021 - other law.
17. “MCTI” means the Borrower’s Ministry of Construction, Transport, and Infrastructure, or any successor thereto.
18. “MoF” means the Borrower’s Ministry of Finance, or any successor thereto.
19. “Operating Costs” means reasonable incremental expenses, as shall have been approved by the Bank, 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), CFU salaries and other reasonable expenditures directly associated with the implementation of the Project, excluding salaries of the civil service employees.
20. “Participating LSG” means any LSG to benefit from investments under any part of the Project, in accordance with the criteria set forth in the POGM; and “Participating LSGs” means more than one Participating LSG.
21. “POGM” means Project Operations and Grant Manual.
22. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
23. “Project Implementation Unit” or “PIU” means the unit referred to in Section I(A)(2.1) of Schedule 2 to this Agreement.
24. “Project Officials” means any individual employed by the PIU, the LSGs, the Steering Committee, the MCTI, or CFU.
25. “RAMS” means Road Asset Management System and refers to a user-friendly tool that allows Participating LSGs to enhance their local roads management capabilities.
26. “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.
27. “Steering Committee” means the committee referred to in in Section I(A)(1) of Schedule 2 to this Agreement.
28. “SUDS” means the Borrower’s Sustainable Urban Development Strategy, adopted in June 2019, which presents an integrated package for planning the next developing stage of the Borrower’s cities and municipalities.
29. “SUMPs” means Sustainable Urban Mobility Plans and refers to local sectoral plans to be developed by Participating LSGs and monitored by the Borrower, through MCTI.
30. “Trainings” 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).