**LOAN NUMBER 94850-YF**

**Loan Agreement**

**Catalyzing Long Term Finance through Capital Markets 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. 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 twenty-seven million seven hundred thousand Euro (€27,700,000), 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 April 15 and October 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 shall carry out the Project through MoF in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — TERMINATION**

4.01. The Effectiveness Deadline is the date one hundred eighty (180) days after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Borrower’s Representative, who, *inter alia*, may agree to a modification of the provisions of this Agreement on behalf of the Borrower through an 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

1. 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: Email:

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: DEPUTY PRIME MINISTER AND MINISTER**

**OF FINANCE**/t1/

**Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_10th April 2023**/d1/

**INTERNATIONAL BANK FOR RECONSTRUCTION**

**AND DEVELOPMENT**

**By**

**\_\_\_\_\_\_\_\_\_\_\_\_\_Nicola Pontara\_\_\_\_\_\_\_\_\_\_\_\_**/s2/

**Authorized Representative**

**Name: \_\_\_\_ Nicola Pontara \_\_\_\_\_\_\_\_\_\_\_\_\_**/n2/

**Title: \_\_\_\_ Country Manager \_\_\_\_\_\_\_\_\_\_\_**/t2/

**Date: \_\_\_\_\_31-Mar-2023\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/d2/

**SCHEDULE 1**

**Project Description**

The objectives of the Project are to: (i) improve the enabling environment for capital markets development and (ii) deepen the corporate bond market, including through green and other thematic issuances.

The Project consists of the following parts:

**Part 1.** **Institutional, Legal, and Regulatory Reforms**

Strengthening the Borrower’s institutional, legal, and regulatory frameworks for capital markets development through, *inter alia*:

* 1. Establishing a capital markets policy and regulatory unit (“CMPRU”) within MoF, through the provision of technical advice and Training, to build capacity for the purpose of (a) implementing the CMDS, and (b) coordinating with the Task Force the implementation of the CBIP.
  2. Assessing the SSC’s and CSD’s institutional, legal, and regulatory frameworks to align them with the relevant IOSCO Principles (PBC #1).
  3. UpgradingBELEX’s information and communication technology system (both hardware and software), including by developing a new website to promote and facilitate the easy trading of securities listed on the stock exchange, to facilitate connection with other exchanges and enable regional cooperation (PBC # 2).
  4. Developing a time-bound action plan on capital markets development to inform revisions of the taxation framework.
  5. Creating a publicly accessible, interactive web-based portal on capital markets (PBC #3).
  6. Implementing the CMDS, including, *inter alia*: (a) conducting feasibility studies and development of specific products, such as green/thematic bonds, municipal bonds, and other products in line with the CMDS, including climate finance instruments; (b) providing technical assistance to further develop investment by identifying solutions for dormant accounts and removing obstacles to increased demand; and (c) promoting financial education and awareness raising to the public, through Training and dissemination of communication materials, around corporate bonds, alternatives to bank financing, long-term saving options and, more widely, on capital markets development.
  7. Supporting the MoFFS and CFU with project management expenditures and Operating Costs, including with regards to: (a) procurement, (b) financial management, (c) monitoring and evaluation, (d) reporting, (e) safeguards and technical oversight, (f) policy coordination, (g) PBCs’ independent verification mechanism, and (h) data collection.
  8. Carrying out independent technical audits and the Project’s independent financial audits.

**Part 2.** **Corporate Bond Issuer Program**

Facilitating corporate bond issuances in RSD, whether privately placed or publicly listed, including by financing PBC Expenditures, through, *inter alia*:

* 1. Establishing a Task Force to administer and implement the CBIP (PBC #4).

2.2 Developing a preliminary list of Participating CBIs for an eventual bond issuance.

2.3 Providing Training, capacity building and technical assistance to the MoF to support Participating CBIs with critical professional service providers (such as law firms, financial advisory firms, credit rating agencies, and certification agencies), for management, auditing, financial and legal purposes, including with regard to (a) corporate governance reviews; (b) potential restructuring assistance (especially related to corporate governance or financial processes); (c) role of Participating CBIs’ directors and upper management (including in terms of environmental, social, governance and gender issues); (d) benefits of publicly listed companies versus debt financing via banks; and, more widely, and (e) on capital markets development, products and activities.

* 1. Conducting further due diligence: (a) to screen under additional, more stringent criteria the Participating CBIs included in the preliminary list referred to in section 2.2 above; and (b) to develop a final list of Selected CBIs.
  2. Providing Training, capacity building and technical assistance to the MoF to provide guidance to Selected CBIs with (a) corporate bonds; (b) prospectus preparation; (c) obtaining CBI and issuance credit ratings from an agency registered or certified by ESMA; (d) external audits of financial statements; (e) legal and regulatory documentation required for issuance; and (f) corporate finance services, including structuring of the securities, distribution of the bonds to investors and, if required, listing of the bonds.
  3. Providing capacity building and technical assistance to the MoF on green financing instruments, green certifications and the impact of climate change on businesses, to provide guidance to Selected CBIs:

(a) that are willing to issue green or thematic bonds, and

(b) provided they have been selected pursuant to section 2.4 above, with, *inter alia:*

(i) the initial certification;

(ii) applicable green and climate financing related disclosures; and

(iii) the annual verification documenting that proceeds have been used for the intended purpose.

2.7 Twelve corporate bonds, each bond issued by a different Selected CBI for the first time (PBC #5).

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

**A. Institutional Arrangements.**

1. The Borrower, through MoF, shall:
2. Maintain the MoFFS within MoF throughout Project implementation, and establish a CMPRU within MoFFS not later than thirty (30) days from the Effective Date, and maintain throughout Project implementation, with composition, staff in numbers and with qualifications, resources, terms of reference, and functions acceptable to the Bank, as further set forth in the POM, including the responsibility for (i) ensuring that the requirements, criteria, policies, procedures, and organizational arrangements set forth in this Loan Agreement and the POM are applied in carrying out the Project; (ii) monitoring and evaluation of the Project; and (iii) preparation of Project progress reports;
3. Contract or appoint one environmental and social specialist, under terms of reference acceptable to the Bank, not later than sixty (60) days as of the Effective Date, and thereafter maintain said specialist throughout Project implementation;
4. Maintain, throughout Project implementation, the Central Fiduciary Unit (“CFU”) within MoF, with composition, staff in numbers and with qualifications, resources, terms of reference, and functions acceptable to the Bank, as further set forth in the POM, including the responsibility for providing overall fiduciary support to MoFFS for Project implementation; and
5. Establish not later than six months from the Effective Date, and maintain throughout Project implementation, a Task Force with composition (including representatives from SSC and CoC), resources, terms of reference and functions acceptable to the Bank, as further set forth in the POM, to be responsible for the implementation and coordination of the CBIP referred to in Schedule 2, Part I(C) of this Agreement.

**B. Project Operational Manual.**

1. The Borrower, through MoF, shall develop and adopt a POM, satisfactory to the Bank, no later than thirty (30) days as of the Effective Date, including, *inter alia*:

(a) detailed description, sequencing and timetable of all Project activities and expenditure categories;

(b) roles and responsibilities of relevant actors (including MoFFS, CMPRU, CFU and the Task Force);

(c) procurement, financial management, accounting and audit procedures;

(d) eligibility criteria for Participating CBIs and for Selected CBIs;

(e) Selected CBIs’ reimbursement obligations;

(f) procedures governing Selected CBIs’ reimbursements;

(g) verification protocols and verification arrangements for PBCs;

(h) for Project monitoring, supervision and evaluation, including the format and content of Project reports;

(i) ESP to screen CBIs for CBIP;

(j) internal control mechanisms to manage, control, and conduct oversight; and

(k) citizen engagement mechanisms, including staffing and budget required to implement them.

2. The Borrower, through MoF, shall (a) carry out the Project in accordance with the provisions of the POM, and (b) except as the Bank may otherwise agree in writing, not abrogate, amend, suspend, waive, or otherwise fail to enforce the POM or any provision thereof.

1. In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

**C. Corporate Bond Issuer Program under Part 2 of the Project.**

1. For purposes and prior to implementation of activities under Part 2 of the Project, the Borrower, through MoF, shall adopt and further describe in the POM: (a) eligibility criteria for the preliminary list of Participating CBIs; (b) eligibility criteria for the final list of Selected CBIs; (c) types of technical assistance that can be provided to Selected CBIs in the CBIP based on needs assessment and cost sharing arrangements; and (d) procedures and process of repayment of incurred costs by Selected CBIs.
2. The eligibility criteria for CBIs to be included by the MoF as Participating CBIs under the preliminary list pursuant to Schedule 1, Part 2.2 of this Agreement, as further detailed in the POM, include, *inter alia*, records that demonstrate:
3. good standing with credit agencies, as acceptable to the MoF;
4. any two out of the last three years of profit making (to accommodate COVID-19 related economic impact);
5. minimum operational revenue and profitability;
6. maximum leverage and minimum interest coverage ratio;
7. compliance with the Borrower’s legal and policy framework governing environmental and social, labor, occupational health and safety, gender equality, non-discrimination, and antiharassment issues; and
8. compliance with the ESP, including the applicable exclusion criteria.
9. Upon being included as Participating CBIs under the preliminary list, the MoF shall cause Participating CBIs to commit to improve corporate governance and financial processes and accept transparency requirements with bondholders.
10. The additional eligibility criteria for Participating CBIs to be included by the MoF as Selected CBIs in the final list pursuant to Schedule 1, Part 2.4 of this Agreement include, *inter alia*, records that demonstrate:
11. compliance with minimum corporate governance requirements, as acceptable to the MoF, such as a functioning Board of Directors, at least one non-executive director, an experienced Chief Financial Officer, adequate financial management processes, a code of conduct, and separation of the corporation’s assets vis-à-vis the founders’ assets;
12. externally audited financial statements, with no significant qualifications;
13. an established relationship with a commercial bank for more than two (2) years without any events of default; and
14. a business plan, acceptable to the MoF, for the use of proceeds obtained from the corporate bond issuance.
15. In addition to the criteria set forth under sections 2, 3 and 4 above, and as further detailed in the POM, CBIs that operate in the following sectors or that engage with the following activities, as determined by the Bank, will not be eligible for financing under the Project:
16. Excluded Activities;
17. gold, silver or platinum group metals, pearls, precious and semiprecious stones (except watches and watch cases);
18. environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party, and any other goods designated as environmentally hazardous by agreement between the Borrower and the Bank;
19. on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;
20. with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur;
21. on-going litigation or outstanding disputes that may pose reputational risks to the Bank, MoF, SSC, or the CBIP (such as disputes or pending legal proceedings concerning significant outstanding environmental fees, fines or penalties or any other environmental liabilities);
22. construction of large dams, coal and oil exploration and/or production, construction of power plants that involve coal or oil;
23. use of child or forced labor; and
24. any other sectors or activities identified under the POM, including the ESP.
25. The Borrower, through MoF, shall enter into an implementation agreement (“Implementation Agreement”) with each Participating CBI that will set forth the parties’ obligations under the CBIP, including that Participating CBIs’ shall, *inter alia*:
    * 1. comply with the applicable terms set forth in this Agreement and the POM;
      2. participate in any mandatory Trainings; and
      3. comply with any and all additional obligations set forth under the Implementation Agreement triggered upon the MoF notifying the Participating CBI of its inclusion in the final list as a Selected CBI, such as the obligation to (i) participate in up to three issuances under the CBIP; (ii) commit to issue the corporate bond with due diligence and efficiency; and (iii) reimburse the Borrower for costs incurred, per each issuance, pursuant to the applicable terms and conditions set forth in the POM.

**D. 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.

**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: (i) finance Eligible Expenditures and (ii) 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, non‑consulting services, and consulting services, Training, and Operating Costs for the Project (except for Parts 1.2, 1.3, 1.5, 2.1 and 2.7) | 13,130,750 | 100%(inclusive of taxes other than value added tax and customs duties for goods and non-consulting services) |
| (2) PBC Expenditures for Parts 1.2, 1.3, 1.5, 2.1 and 2.7 of the Project | 14,500,000 | 100% (inclusive of taxes) |
| (3) Front-end Fee | 69,250 | Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions |
| **TOTAL AMOUNT** | **27,700,000** |  |

For the purpose of this table, the custom duties and value added tax for the importation and supply of 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 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.

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

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made under Category (2), unless and until the Borrower, through MoF, has furnished evidence acceptable to the Bank that the PBC Expenditures set forth in Schedule 4 to this Agreement for which payment is requested have been met and verified in accordance with the POM.
2. Notwithstanding the provisions of Part A of this Section, no withdrawals under Category (2) shall exceed the Loan amount allocated to the respective PBC in Schedule 4 to this Agreement.
3. Notwithstanding the provisions of Paragraphs 1 and 2 of this Section, the Borrower, through the MoF, may withdraw the amount stipulated in the Disbursement and Financial Information Letter as an advance; provided, however, that if the PBCs, in the opinion of the Bank, are not achieved (or only partially achieved) by the date by which such PBCs are set to be achieved in accordance with Schedule 4 to this Agreement, the Borrower shall refund such advance (or portion of such advance as determined by the Bank) to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any other Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Borrower.
4. Notwithstanding the provision of Paragraph 3 of this Section, if the Bank determines, at any time, that any portion of the amounts disbursed under Category (2) was made for expenditures that are not eligible under the PBC Expenditures, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower.
5. Notwithstanding the provisions of Paragraphs 1, 2 and 3 of this Section, if the Bank determines that any PBC has not been met or has been partially met by the date by which such PBC is set to be achieved in accordance with Schedule 4 to this Agreement (or such later date as the Bank has established by notice to the Borrower), the Bank may, in its sole discretion, by notice to the Borrower:
6. withhold in whole or in part the amount of the Loan allocated to any such PBC;

(b) disburse in whole or in part the amount of the Loan allocated to such PBC at any later time when such PBC is met; and/or

(c) reallocate in whole or in part any amount of the Loan allocated to such PBC to other PBC(s) under Category (2) or to other Categories.

6.The Closing Date is August 31, 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 April 15 and October 15  Beginning April 15, 2027  through October 15, 2034 | 6.25% |

SCHEDULE 4

Performance Based Conditions under Parts 1 and 2 of the Project

|  |  |  |
| --- | --- | --- |
| **Performance Based Condition** | **Amount of the Loan Allocated under the relevant Category (expressed in EUR)** | **Deadline for completion** |
| 1. **PBCs under Part 1 of the Project** |  |  |
| *PBC 1*: The Borrower, through MoF, has (i) assessed the SSC’s and CSD’s institutional, legal, and regulatory frameworks; and (ii) developed an action plan to align them with the relevant IOSCO Principles. | 1,000,000 | August 2027 |
| *PBC 2*: The Borrower, through MoF, has enhanced BELEX’s information and communication technology system by (i) completing the installation and upgrade of hardware and software; and (ii) launching a new website to (a) promote and facilitate the easy trading of securities listed on the stock exchange; and (b) facilitate regional cooperation and engagement with other exchanges. | 3,500,000 | August 2027 |
| *PBC 3*: The Borrower, through MoF, has launched a publicly accessible, interactive and website on capital markets. | 5,000,000 | August 2027 |
| 1. **PBCs under Part 2 of the Project** |  |  |
| *PBC 4*: The Borrower, through MoF, has established a Task Force to administer and implement the CBIP. | 500,000 | Within 6 months after the Effective Date |
| *PBC 5*: Twelve different Selected CBIs have issued, for the first time, a corporate bond. | 4,500,000  [Formula: 375,000 for each corporate bond issued by a Selected CBI] | June 2028 |

**APPENDIX**

**Definitions**

1. “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
2. “BELEX” means the Borrower’s Belgrade Stock Exchange.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “CBI” means a corporation interested in issuing corporate bonds under the Borrower’s CBIP.
5. “CBIP” means the Borrower’s Corporate Bond Issuer Program referred to in Schedule 2, Section I(C) of this Agreement.
6. “CFU” means the Central Fiduciary Unit within MoF.
7. “CMDS” means the Borrower’s Capital Markets Development Strategy for the 2021 to 2026 term.
8. “CMPRU” means the Capital Markets Policy and Regulatory Unit within MoF.
9. “CoC” means the Borrower’s Chamber of Commerce.
10. “CSD” means the Borrower’s Central Securities Depository and Clearing House.
11. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 7, 2023, 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.
12. “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.
13. “ESMA” means the European Securities and Market Authority.
14. “ESP” means the Environmental and Social Procedure.
15. “Excluded Activities” means any of the activities listed, or activities that produce and/or use materials listed, in the World Bank Group/International Finance Corporation Exclusion List (see <https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist>), and such other activities and/or materials listed in the POM and which are classified and referred to as part of the negative list in the POM.
16. “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).

“Implementation Agreement” means the agreement entered into between the Borrower, through MoF, and each Participating CBI pursuant to the terms set forth under Schedule 2, Section I(C)(6) hereto.

“IOSCO” means the International Organization of Securities Commissions.

“IOSCO Principles” means the IOSCO Principles of Securities Regulation.

1. “MoF” means the Borrower’s Ministry of Finance, or any successor thereto.
2. “MoFFS” means the MoF’s Financial System department.
3. “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 staff members’ salaries, Task Force members’ salaries, and other reasonable expenditures directly associated with the implementation of the Project, excluding consulting services and salaries of other officials of the Borrower’s civil service.
4. “Participating CBI” means a CBI included by the MoF in the preliminary list under Part 2.2 of Schedule 1 to this Agreement.
5. “PBC” means Performance Based Conditions, as referred to in Schedule 4 to this Agreement.
6. “PBC Expenditures” means a transfer out of the proceeds of the Loan for purposes of paying expenditures incurred under Parts 1.2, 1.3, 1.5, 2.1, and 2.7 of the Project for works, goods, consulting services, non-consulting services, Trainings, and incremental additional salary and operational expenses of MoF, SSC and CSD related to CMDS implementation and included under MoF budget under “Financial System Department, Chapter 16, program 2301, Program Activity 0004,” SSC budget under Financial Plan for 2022, 520 “Costs of salaries and fringe benefits (gross)”, and 521 “Costs of taxes and contributions on salaries and fringe benefits charged to employer”, CSD budget under Financial Plan for 2023, 520 “Costs of salaries and fringe benefits (gross)”, and 521 “Costs of taxes and contributions on salaries and fringe benefits charged to employer,” respectively.
7. “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.
8. “RSD” means Serbian Dinar and refers to the Borrower’s local currency.
9. “Selected CBIs” means a Participating CBI included by the MoF in the final list under Part 2.4 of Schedule 1 to this Agreement, and which the MoF and Task Force have deemed eligible to issue a corporate bond under the CBIP.
10. “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.
11. “SSC” means Serbia Securities Commission and refers to the Borrower’s agency mandated to oversee and regulate the capital markets, or any successor thereto.
12. “Task Force” means the task force referred to in Section I(A)(1)(d) of Schedule 2 to this Agreement to be established and led by MoF to coordinate and implement the CBIP, to include, at minimum, representatives of MoF, SSC and CoC.
13. “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).