

CONFORMED COPY
July 16, 2010

Mr. Vladimir Baltic, MD, PhD
Head of the Immunobiology Department
Faculty of Medicine, University of Novi Sad
Institutski put br. 4
Sremska Kamenica
Serbia 21204

**Re: "Daphnia Grazing to Stem Global Warming-Linked Bacterial Toxins in Fish Ponds"
"2009 Global Development Marketplace on Climate Change Adaptation" Development
Marketplace
Global Environmental Facility (GEF) TF097029
Additional Instructions: Disbursement**

Dear Mr. Baltic:

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development and the International Development Association (collectively, "World Bank"), acting as administrator of grant funds provided under the Global Environmental Facility (GEF) Trust Fund (TF050551) which supports the "2009 Global Development Marketplace on Climate Change Adaptation" Development Marketplace, and the Oncology Institute of Vojvodina ("Recipient") for the above-referenced project, dated July 16, 2010. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant (TF097029) ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) *Disbursement Methods (section 2)*. The following Disbursement Methods may be used under the Grant:

- Advance

- Reimbursement

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Closing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
1818 H Street, N.W., MSN 6-615
Washington, D.C. 20433
United States of America
Attention: Karen Majli Vega-Coronel

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated above.

(iii) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** United States Dollars
- **Financial Institution at which the Designated Account will be opened (subsection 5.5):** Narodna Banka Srbije
- **Ceiling (subsection 6.1):** \$139,000
- **Applications (subsection 3.3):** Applications for advances should be accompanied by the documents specified in the Appendix to this letter. The final application for an advance must be submitted no later than three (3) months before the Closing Date in the legal agreement.

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each Application, as set out below:

- **For reporting eligible expenditures paid from the Designated Account:**
 - Interim Financial Report in the form attached (Attachment 3)
 - Unaudited Final Financial Report in the form attached (Attachment 4)

(ii) *Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3)*: the periodicity specified in the Agreement for furnishing interim unaudited financial reports.

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<http://clientconnection.worldbank.org>). From this website you will be able to prepare Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Karen Majli Vega-Coronel at kvegacoronel@worldbank.org using the above reference.

Yours sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jane Armitage
Country Director and Regional Coordinator
for Southeast Europe
Europe and Central Asia Region

Attachments:

Appendix

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. Form of Interim Financial Report
4. Form of Unaudited Final Financial Report

Prepared by: Diletta Doretti, WBIIN

Cleared with and cc: LEGEM (Clearing Lawyer, Solongo Zulbataar), LOA-TF, ENVGC-GEF
Coordination Team (Ms. Siv Tokle)

Appendix

Indicative Withdrawal Schedule

Withdrawal of the proceeds of the Grant shall be made by the Recipient in accordance with the schedule set forth below, subject to receipt by the World Bank of the Application and Supporting Evidence (as defined in Section 3.04 (b) of the Standard Conditions) satisfactory to the World Bank. The Supporting Documentation shall include the Project Report or, in the case of the last period specified in the schedule below, the Completion Report and Unaudited Final Financial Report, indicating the achievement of the items specified below for the respective period so indicated.

Period	End of Reporting Period	Expected Activities/Output
0	Effectiveness of the Agreement	<ol style="list-style-type: none"> 1. Milestones and withdrawal schedule discussed and agreed with the DM2009 Development Marketplace Portfolio Manager (PM) and the Project Supervisor (PS) as specified in the Grant Agreement. 2. Outcome Indicators agreed upon with PS and PM: <ol style="list-style-type: none"> a. Decrease of toxin concentration in the range of tolerable levels (2 µg/100 mg fish meat) in 5 tons of fish meat in two experimental biomanipulated fish ponds by end of year 2 and b. Decrease of fish feeding costs up to 40% annually in two experimental fish ponds compared with control ponds, where conventional feeding system was performed. 3. Completed budget template for Period 1 activities. 4. All legal documents signed by the Project Team and the World Bank Country Director/Manager
Forecast for advance payment to carry out activities for Periods 1 and 2: \$99,500 (50% of Total)		
1&2	12 months after effectiveness	<ol style="list-style-type: none"> 1. Project-Specific Output Indicators (3-5) <ol style="list-style-type: none"> a. Fishponds adaptation for Daphnia spp. cultivation finished and baseline status of all ponds established b. Daphnia spp. cultivation in the range of 10-15 t/ha established c. Regular field monitoring completed, communication with stakeholders performed and reports for Period 1&2 prepared and submitted d. Cyanotoxins level measurements and laboratory testing for the Period 1&2 completed e. Fish yield determined and economic feasibility analyses for Period 1&2 completed. <p style="text-align: center;">End of activities covering the first and second reporting periods</p>
Forecast for advance payment to carry out activities for Period 2: \$59,700 (30% of Total)		

3	18 months after effectiveness	<p>1. Project-Specific Output Indicators (3-5)</p> <ul style="list-style-type: none"> a. Daphnia spp. cultivation in the range of 10-15 t/ha established; b. Baseline status of all ponds established and laboratory testing for the Period 3 completed c. Regular field monitoring completed, communication with stakeholders performed and reports for Period 3 prepared and submitted <p>2. Project Supervisor's or Project Manager's site visit to review progress on all outputs outlined above</p> <p>End of activities covering this reporting period</p>
Forecast for advance payment to carry out activities for Period 3: \$39,800 (20% of Total)		
4	24 months after effectiveness	<p>1. Project-Specific Output Indicators (3-5)</p> <ul style="list-style-type: none"> a. Cyanotoxins and laboratory tests measured; b. Regular field monitoring completed, communication with stakeholders performed and reports for Period 4 prepared and submitted; c. Fish yield determined and economic feasibility analyses for Period 4 completed. <p>2. Submit sustainability plan for after completion of Grant activities, and</p> <p>3. Submit Project evaluation plan</p> <p>End of activities covering this reporting period</p>
	December 31, 2012	Completion of all Project activities.
	January 31, 2013	Submit Completion Report with Unaudited Final Financial Report to Project Manager and Project Supervisor.
Total Grant Amount: \$199,000		

Attachment 2: Form for Authorized Signatures

[Letterhead]
[Recipient's Name]
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W. MSN x-xxx
Washington, D.C. 20433
United States of America

Attention: [Country Director's Name, Title, Country(ies)]

Re: [Project Title]
[Name of the specific competition]Development Marketplace Grant No. _____
¹[Name of Trust Fund][TF XXXX]

Dear [Country Director]:

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development and the International Development Association (collectively, "World Bank"), acting as administrator of grant funds provided under the [Name of Trust Fund] Trust Fund which supports the [Name of the specific competition]Development Marketplace , and [name of recipient] (the "Recipient") providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [one¹] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Grant:

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

Signature: _____

[Name]
[Position]²
[Organization]

¹ Instruction to the recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

¹ Delete the reference to a TF number in the case of grants funded from BB.

² The letter should be signed by the Recipient's Representative specified in the Grant Agreement or another person authorized by him/her in writing.

Attachment 3: Form of Interim Financial Report

Project Expenses for Grant-funded Activities in this Reporting Period

Current Reporting Period						
	Received	Planned (as recorded in previous progress report)	Difference (Received - Planned)		Expected to Receive for next Reporting Period	
Sources of Funds						
1. Grant			0.00			
2. Other Funds:						
(a) Revenue generated from project			0.00			
(b) Other Donors			0.00			
Total Project Funds	0.00	0.00	0.00		0.00	
	Expensed	Committed as of X/X/200X date	Budgeted (as recorded in previous progress report)	Difference = (Expensed + Commitment - Budgeted)		Budget for next Reporting Period (*)
Budget and Expenses						
I. Use of Grant Funds						
A. Works				0.00		
B. Goods (Materials and Equipment)				0.00		
C. Services:						
(1) Staff salaries				0.00		
(2) Consultant fees				0.00		
(3) Travel				0.00		
D. Operating Costs				0.00		
E. Other (please specify)				0.00		
Subtotal: Use of Grant Funds	0.00	0.00	0.00	0.00		0.00
II. Use of Other Funds (revenue generated + other donors)						
Total Use of Funds	0.00	0.00	0.00	0.00		0.00
Account Balance: Project Funds Received (total from all sources) minus Total Use of Funds (expensed and committed)						
	0.00					

(*) Note: Total budget for the next reporting period should be equal to the sum of the account balance from the current reporting period plus the expected receipt of funds

Attachment 4: Form of Unaudited Final Financial Report

Project Expenses for DM2009-funded Activities for Project Implementation Period

Project Budget Summary			
	First Grant Disbursement	Second Grant Disbursement	Third Grant Disbursement
Sources of Funds			
1. Grant			
2. Other Funds:			
(a) Revenue generated from project			
(b) Other Donors			
Total Project Funds	0.00	0.00	0.00
Budget for Grant Funds			
I. Use of Grant Funds			
A. Works			
Adaptation of Daphnia cultivation ponds	\$8,500		
B. Goods (Materials and Equipment)			
Water pumps and energy costs	\$7,800		
Sterilization chemicals for fish ponds	\$3,500		
Aerators	\$500		
Small laboratory supplies	\$2,000		
Chemicals for analyses	\$5,000		
IT upgrade	\$5,000		
Laboratory equipment	\$5,000		
Project signs on the experimental ground	\$2,000		
C. Services:			
(1) Staff salaries			
Administrator	\$1,500		
(2) Consultant fees	\$40,200		
(3) Travel	\$4,000		
D. Operating Costs			
Operating costs of the facilities	\$1,000		
E. Other (please specify)			
NMR analyses	\$12,000		
PR manager	\$1,500		
Subtotal: Use of Grant Funds	0.00	0.00	0.00
II. Use of Other Funds (revenue generated + other donors)	\$99,500		
Total Use of Funds	0.00	0.00	0.00