

OFFICIAL
DOCUMENTS

CREDIT NUMBER 5529-BA

Financing Agreement

(Floods Emergency Recovery Project)

between

BOSNIA AND HERZEGOVINA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *July 21*, 2014

CREDIT NUMBER 5529-BA

FINANCING AGREEMENT

AGREEMENT dated *July 21*, 2014, entered into between BOSNIA AND HERZEGOVINA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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 — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty-five million Special Drawing Rights (SDR 65,000,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Federation and Republika Srpska to carry out the Project in accordance with the provisions of Article IV of the General Conditions, the Federation Project Agreement and the RS Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Federation's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Federation to perform any of its obligations under the Federation Project Agreement.
 - (b) The RS's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the RS to perform any of its obligations under the RS Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following:

Any event specified in paragraphs (a) and (b) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) a Project Agreement has been executed on behalf of the Association and a Project Implementing Entity, on terms and conditions satisfactory to the Association; and
 - (b) for the Project Implementing Entity which has met the condition contained in Section 5.01(a) above:
 - (i) a Subsidiary Agreement has been executed on behalf of the Recipient and said Project Implementing Entity, on terms and conditions satisfactory to the Association; and

- (ii) the said Project Implementing Entity has adopted a Project Operation Manual in respect of its part(s) of the Project, satisfactory to the Association.

5.02. The Additional Legal Matters consist of the following:

- (a) that the Project Agreement referred to in Section 5.01(a) above has been duly authorized or ratified by the Project Implementing Entity concerned and is legally binding on said Project Implementing Entity, in accordance with its terms; and
- (b) that the Subsidiary Agreement referred to in Section 5.01(b)(i) above has been duly authorized or ratified by the Recipient and the Project Implementing Entity concerned and is legally binding upon the Recipient and the Project Implementing Entity, in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister of Finance and Treasury.

6.02. The Recipient's Address is:

Ministry of Finance and Treasury
Trg Bih 1
71000 Sarajevo
Bosnia and Herzegovina

Facsimile:

(387-33) 202-930

6.03. The Association's Address is:

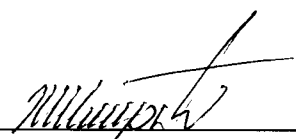
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Sarajevo, Bosnia and Herzegovina, as of the day and year first above written.

BOSNIA AND HERZEGOVINA

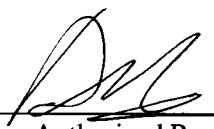
By:



Authorized Representative
Name: NIKOLA ŠPIRIĆ
Title: MINISTER OF FINANCE AND TREASURY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative
Name: ANABELA ABRÉU
Title: COUNTRY MANAGER

SCHEDULE 1

Project Description

The objective of the Project is to meet critical needs and restore functionality of infrastructure essential for public services and economic recovery in Floods Affected Areas.

The Project consists of the following parts:

Part A: The Federation

1. **Emergency Disaster Recovery Goods**

Provision of Eligible Essential Goods and Commodities, as set forth in Schedule 4 to this Agreement.

2. **Rehabilitation of Key Public Infrastructure**

A. Rehabilitating or reconstructing high priority, regional-level public infrastructure through Sub-projects in Floods Affected Areas.

B. Rehabilitating or reconstructing high priority, local-level public service delivery infrastructure through Sub-projects in Floods Affected Areas.

3. **Project Implementation Support and Capacity Building**

A. Project implementation support through the provision of incremental operating costs of Federation PIU and equipment for Project implementation.

B. Strengthening the institutional capacity of the Federation and local authorities within the Federation to a proactive approach of risk management, through the provision of technical assistance and training.

Part B: Republika Srpska

1. **Emergency Disaster Recovery Goods**

Provision of Eligible Essential Goods and Commodities, as set forth in Schedule 4 to this Agreement.

2. **Rehabilitation of Key Public Infrastructure**

A. Rehabilitating or reconstructing high priority, regional-level public infrastructure through Sub-projects in Floods Affected Areas.

- B. Rehabilitating or reconstructing high priority, local-level public service delivery infrastructure through Sub-projects in Floods Affected Areas.
3. Project Implementation Support and Capacity Building
- A. Project implementation support through the provision of incremental operating costs of RS APCU and equipment for Project implementation.
 - B. Strengthening the institutional capacity of the RS and local authorities within the RS to a proactive approach of risk management, through the provision of technical assistance and training.

Part C: Brčko District

1. Emergency Disaster Recovery Goods
- Provision of Eligible Essential Goods and Commodities, as set forth in Schedule 4 to this Agreement.
2. Rehabilitation of Key Public Infrastructure
- A. Rehabilitating or reconstructing high priority, regional-level public infrastructure through Sub-projects in Floods Affected Areas.
 - B. Rehabilitating or reconstructing high priority, local-level public service delivery infrastructure through Sub-projects in Floods Affected Areas.
3. Project Implementation Support and Capacity Building
- A. Project implementation support through the provision of incremental operating costs of RS APCU and equipment for Project implementation.
 - B. Strengthening the institutional capacity of the Brčko District to a proactive approach of risk management, through the provision of technical assistance and training.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. (a) The Recipient shall cause the Federation, through the Federation's PIU, to carry out Part A of the Project. The Federation's PIU shall be responsible for the day-to-day implementation, including procurement and financial management, of Part A of the Project.
- (b) The Recipient shall cause the Federation to maintain the Federation's PIU at all times during Project implementation, with terms of reference, resources, and competent staff in adequate numbers, all satisfactory to the Association.
- (c) The Recipient shall cause the Federation to establish a Federation Steering Committee, with representation and terms of reference satisfactory to the Association, by no later than August 31, 2014.
2. (a) The Recipient shall cause the Republika Srpska, through the RS's APCU, to carry out Parts B and C of the Project. The RS's APCU shall be responsible for the day-to-day implementation, including procurement and financial management, of Parts B and C of the Project.
- (b) The Recipient shall cause the Republika Srpska to maintain the RS's APCU at all times during Project implementation, with terms of reference, resources, and competent staff in adequate numbers, all satisfactory to the Association.
- (c) The Recipient shall cause the RS to establish an RS Steering Committee, with representation and terms of reference satisfactory to the Association, by no later than August 31, 2014.
- (d) The Recipient shall cause Brčko District to establish a Brčko Steering Committee, with representation and terms of reference satisfactory to the Association, by no later than August 31, 2014.
3. The Recipient shall cause the Federation and the Republika Srpska respectively to adopt Project Operation Manuals, satisfactory to the Association, which shall include:

- (a) the criteria for selection of the worst affected areas within the Floods Affected Areas that are eligible for assistance under the Project, based on a formula derived from the Recovery Needs Assessment;
- (b) the criteria for the allocation of funds, taking into account the RNA;
- (c) the arrangements for the involvement of local governments in the prioritization of Sub-projects under Parts A.2.B. and B.2.B. supported by the Project; and
- (d) the screening/eligibility criteria for Sub-projects and procedures for the appraisal, implementation and monitoring of Sub-projects.

B. Subsidiary Agreements

1. To facilitate the carrying out by each Project Implementing Entity of its Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing available to each Project Implementing Entity and the Brčko District under a subsidiary agreement between the Recipient and the Project Implementing Entity or the Brčko District (“Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include the terms and conditions set forth in paragraphs 2(a), (b), and (c) respectively.
2. (a) For the purposes of Part A of the Project, the Recipient shall enter into a Subsidiary Agreement with the Federation (the Federation Subsidiary Agreement) under terms and conditions which shall have been approved by the Association. Except as the Association shall otherwise agree, such terms and conditions shall include the following:
 - (i) the Recipient shall make available to the Federation an amount in Euro equivalent to the amount of the Credit allocated from time to time to Categories (1) and (2) set forth in the table in Schedule 2, Section IV, paragraph 2 to this Agreement;
 - (ii) the term of the Subsidiary Financing shall be twenty-five (25) years, including a five (5) year grace period;
 - (iii) the Recipient shall charge the Federation a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;
 - (iv) the Recipient shall charge the Federation a service charge on the principal amount of the Subsidiary Financing withdrawn and

outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement;

- (v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in Special Drawing Rights (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Credit Account on account of expenditures for the Project; and
 - (vi) the Recipient shall charge the Federation interest on the withdrawn Subsidiary Financing at a rate of one and a quarter percent (1.25%).
- (b) For the purposes of Part B of the Project, the Recipient shall enter into a Subsidiary Agreement with Republika Srpska (the RS Subsidiary Agreement) under terms and conditions which shall have been approved by the Association. Except as the Association shall otherwise agree, such terms and conditions shall include the following:
- (i) the Recipient shall make available to Republika Srpska an amount in Euro equivalent to the amount of the Credit allocated from time to time to Categories (3) and (4) set forth in the table in Schedule 2, Section IV, paragraph 2 to this Agreement;
 - (ii) the term of the Subsidiary Financing shall be twenty-five (25) years, including a five (5) year grace period;
 - (iii) the Recipient shall charge Republika Srpska a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;
 - (iv) the Recipient shall charge Republika Srpska a service charge on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement;
 - (v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in Special Drawing Rights (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Credit Account on account of expenditures for the Project; and

- (vi) the Recipient shall charge Republika Srpska interest on the withdrawn Subsidiary Financing at a rate of one and a quarter percent (1.25%).
- (c) For the purposes of Part C of the Project, the Recipient shall enter into a Subsidiary Agreement with the Brčko District (the Brčko Subsidiary Agreement) under terms and conditions which shall have been approved by the Association. Except as the Association shall otherwise agree, such terms and conditions shall include the following:
- (i) the Recipient shall make available to Brčko District an amount in Euro equivalent to the amount of the Credit allocated from time to time to Categories (5) and (6) set forth in the table in Schedule 2, Section IV, paragraph 2 to this Agreement;
 - (ii) the term of the Subsidiary Financing shall be twenty-five (25) years, including a five (5) year grace period;
 - (iii) the Recipient shall charge Brčko District a commitment charge at a rate equal to the rate payable under Section 2.03 of this Agreement, on the principal amount of the Subsidiary Financing not withdrawn from time to time;
 - (iv) the Recipient shall charge Brčko District a service charge on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time at a rate equal to the rate payable under Section 2.04 of this Agreement;
 - (v) the principal amount of the Subsidiary Financing shall be repayable in Euro and shall be the equivalent in Special Drawing Rights (determined as of the date or respective dates of repayment) of the value of currency or currencies withdrawn from the Credit Account on account of expenditures for the Project; and
 - (vi) the Recipient shall charge Brčko District interest on the withdrawn Subsidiary Financing at a rate of one and a quarter percent (1.25%).
3. The Recipient shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of their provisions.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Sub-projects

1. The Recipient shall cause the Project Implementing Entities to ensure that Sub-projects shall be selected, appraised, implemented and evaluated by the PIU for Part A.2 of the Project and by the APCU for Parts B.2. and C.2. of the Project, all in accordance with the applicable Project Operation Manual, Environmental and Social Management Framework, Resettlement Policy Framework, any site-specific Environmental Management Plans and Resettlement Action Plans, if required, and the Anti-Corruption Guidelines.
2. Notwithstanding the provisions of paragraph 1 above, the Recipient shall ensure that the following criteria apply to the selection of Sub-projects:
 - (a) that the proposed Sub-project is in compliance with all requirements pertaining to environmental protection applicable under the laws and regulations of the Recipient and with the applicable Environmental and Social Management Framework and Resettlement Policy Framework. To that end, the Recipient shall furnish evidence satisfactory to the Association showing that the Sub-project in respect of which the application has been made, has been prepared in accordance with such procedures, including, where appropriate, an Environmental Management Plan prepared in accordance with the requirements of the Environmental and Social Management Framework and a Resettlement Action Plan prepared in accordance with the requirements of the Resettlement Policy Framework; and
 - (b) that the Sub-project does not include activities to be carried out in:
 - (i) Natural Habitats or Critical Natural Habitats, as defined in the World Bank's Operational Policy 4.04, Annex A; or
 - (ii) Forests, as defined in the World Bank's Operational Policy 4.36, Annex A;
 - (c) that the Sub-project does not include activities related to dams higher than three meters;
 - (d) that Sub-project sites where land ownership is disputed or where land leases are shorter than fifteen (15) years are to be avoided;

- (e) that Sub-project sites that involve known or suspected risks regarding landmines or unexploded ordnance are to be excluded and that Sub-projects do not include demining activities; and
- (f) that the Sub-project has been approved by either the Federation Steering Committee for Sub-projects under Part A.2. of the Project, the RS Steering Committee for Sub-projects under Part B.2. of the Project, or the Brčko Steering Committee for Sub-projects under Part C.2. of the Project.

E. Safeguards

1. The Recipient shall carry out the Project, and shall cause the Project Implementing Entities to carry out the Project, in accordance with the applicable Environmental and Social Management Framework and Resettlement Policy Framework, any site-specific Environmental Management Plans, any Resettlement Action Plans, if required, and the applicable Project Operation Manual, and shall not assign, amend, suspend, abrogate, repeal or waive any provision of the applicable Environmental and Social Management Framework, Resettlement Policy Framework, any site-specific EMPs or RAPs, or the applicable Project Operation Manual without prior approval of the Association.
2. For the purposes of Parts A.2., B.2., and C.2. of the Project, the Recipient shall, or shall cause the Project Implementing Entities to:
 - (a) prior to the issuance of any bidding documents for works contracts for Sub-projects, prepare the proposed design and site for said works and the related site-specific EMP to the extent required by the ESMF;
 - (b) prior to the signing of the contract for said works, prepare and submit to the Association for its approval the site-specific Resettlement Action Plan(s) in form and substance satisfactory to the Association, if required; and
 - (c) prior to the commencement of the works, ensure that the owners and users of the land where said works are to be implemented are fully compensated in accordance with the provisions of the RAP(s), if required.
3. The Recipient shall ensure, and shall cause the Project Implementing Entities to ensure, the complete implementation of the EMPs in a manner acceptable to the Association, including all necessary measures to minimize and to mitigate any adverse environmental impacts caused by the implementation of the Project.

4. Whenever temporary resettlement is required for purposes of implementation of a Sub-project, the Recipient shall ensure, and shall cause the Project Implementing Entities to ensure, that the APCU or the PIU, as the case may be:
 - (a) prepare RAPs according to the applicable RPF; and
 - (b) maintain or cause to be maintained, and publicize or cause to be publicized, the availability of grievance procedures to hear and determine fairly and in good faith, in accordance with the applicable RPF, all complaints raised in relation to the implementation of the RAPs by those being resettled (as that term is defined in the RAP) or by those in host communities who are adversely affected by the implementation of the applicable RPF, and take all measures necessary to implement the determinations made under such grievance procedures.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall ensure that the Project Implementing Entities monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. Without limitation upon the Recipient's progress reporting obligations set out in paragraph 1 above, the Recipient shall, not later than twenty-six (26) months after the date of this Agreement, prepare and furnish to the Association a progress report, in form and substance satisfactory to the Association, which:
 - (a) sets forth sources and uses of funds for the Project since the Effective Date;
 - (b) describes physical progress in Project implementation since the Effective Date; and
 - (c) sets forth the status of procurement and disbursement under the Project, as at the end of the period covered by said report.
3. The Recipient agrees that, following consultations with the Association on the report referenced in paragraph 2 above, the Recipient shall take measures necessary to ensure the full disbursement of Project funds by the Closing Date, including a reallocation of funds, if necessary.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall cause the Project Implementing Entities to prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have the Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

- (a) Limited International Bidding;
- (b) National Competitive Bidding;
- (c) Shopping;
- (d) Direct Contracting;
- (e) Force Account; and
- (f) Community Participation procedures which have been found acceptable to the Association.

C. Procurement of Eligible Essential Goods and Commodities

Notwithstanding the provisions of Section III, Part B of Schedule 2 to this Agreement, the procurement of Eligible Essential Goods and Commodities set forth in Schedule 4 and required under Parts A.1., B.1., and C.1. of the Project may be conducted pursuant to: (1) national emergency procedures as set forth in the relevant laws of the Recipient, or (2) commercial practices of the private sector as set forth in the respective Project Operation Manuals.

D. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:
 - (a) Quality-based Selection;
 - (b) Selection under a Fixed Budget;
 - (c) Least Cost Selection;
 - (d) Selection based on Consultants' Qualifications;
 - (e) Single-source Selection of consulting firms;
 - (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and
 - (g) Single-source procedures for the Selection of Individual Consultants.

E. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Eligible Essential Goods and Commodities for Part A.1. of the Project	12,350,000	100%
(2) Goods, works, non-consulting services, consultants' services, Training, and Incremental Operating Costs for Parts A.2. and A.3. of the Project	18,525,000	100%
(3) Eligible Essential Goods and Commodities for Part B.1. of the Project	12,350,000	100%
(4) Goods, works, non-consulting services, consultants' services, Training, and Incremental Operating Costs for Parts B.2. and B.3. of the Project	18,525,000	100%
(5) Eligible Essential Goods and Commodities for Part C.1. of the Project	1,300,000	100%
(6) Goods, works, non-consulting services, consultants' services, Training, and Incremental Operating Costs for Parts C.2. and C.3. of the Project	1,950,000	100%
TOTAL AMOUNT	<u>65,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed twenty-six million Special Drawing Rights (SDR 26,000,000) equivalent may be made for payments made prior to this date but on or after September 1, 2013, for Eligible Expenditures; or
 - (b) under Categories (1) and (2) unless:
 - (i) the Federation Project Agreement between the Association and the Federation has been executed, on terms and conditions satisfactory to the Association;
 - (ii) the Federation Subsidiary Agreement has been executed on behalf of the Recipient and the Federation, on terms and conditions satisfactory to the Association;
 - (iii) opinions have been furnished to the Association stating that such Project Agreement and Subsidiary Agreement have been duly authorized or ratified by the parties thereto and are legally binding upon them in accordance with their respective terms; and
 - (iv) the Federation has adopted a Project Operation Manual satisfactory to the Association.
 - (c) under Category (2) unless the Federation has adopted and published an ESMF and RPF satisfactory to the Association.
 - (d) under Categories (3) and (4) unless:
 - (i) the RS Project Agreement between the Association and the Republika Srpska has been executed, on terms and conditions satisfactory to the Association;
 - (ii) the RS Subsidiary Agreement has been executed on behalf of the Recipient and the Republika Srpska, on terms and conditions satisfactory to the Association;
 - (iii) opinions have been furnished to the Association stating that such Project Agreement and Subsidiary Agreement have been duly authorized or ratified by the parties thereto and are legally

binding upon them in accordance with their respective terms;
and

- (iv) the RS has adopted a Project Operation Manual satisfactory to the Association;
 - (e) under Category (4) unless the RS has adopted and published an ESMF and RPF satisfactory to the Association.
 - (f) under Categories (5) and (6) unless:
 - (i) the RS Project Agreement between the Association and the RS has been executed, on terms and conditions satisfactory to the Association;
 - (ii) the Brčko Subsidiary Agreement has been executed on behalf of the Recipient and the Brčko District, on terms and conditions satisfactory to the Association;
 - (iii) opinions have been furnished to the Association stating that such Project Agreement and Subsidiary Agreement have been duly authorized or ratified by the parties thereto and are legally binding upon them in accordance with their respective terms;
and
 - (iv) the RS has adopted a Project Operation Manual satisfactory to the Association.
 - (g) under Category (6) unless the RS has adopted and published an ESMF and RPF satisfactory to the Association.
2. The Closing Date is December 31, 2018.

ANNEX TO SCHEDULE 2

Additional Provisions for National Competitive Bidding

For the purposes of following National Competitive Bidding procedures in the procurement of goods, works and non-consulting services to be financed under the Grant, the following modifications and additions shall apply:

(1) Registration

- (a) bidding shall not be restricted to pre-registered firms;
- (b) where registration is required, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification; and
- (c) foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

(2) Advertising

Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.

(3) Pre-qualification

When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience and technical and financial requirements shall be explicitly stated in the pre-qualification documents.

(4) Participation by Government-owned enterprises

Government-owned enterprises in Bosnia and Herzegovina, including those in the Federation and RS, shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(5) Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods, works or services, acceptable to the Association.

(6) Bid Opening and Bid Evaluation

- (a) bids shall be opened in public, immediately after the deadline for submission of bids;
- (b) evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents; and
- (c) contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.

(7) Price Adjustment

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

(8) Rejection of Bids

All bids shall not be rejected and new bids solicited without the Association's prior concurrence.

(9) Securities

- (a) bid security and performance security should follow the generally accepted practice used in the local market;
- (b) alternative methods such as bid securing declaration may be acceptable, in which case the Borrower may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for bidding in any contract with the implementing unit; and
- (c) no advance payment shall be made to contractors without a suitable advance payment security. These securities shall be included in the bidding documents in a text and format acceptable to the Association.

(10) Right to inspect and audit

Each contract financed out of the proceeds of the Financing shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(11) Fraud and Corruption

The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank Group.

SCHEDULE 3
Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2019 to and including February 15, 2029	1.65%
commencing August 15, 2029 to and including February 15, 2039	3.35%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

SCHEDULE 4

Eligible Essential Goods and Commodities

1. *Logistical goods:* including water, land and air transport equipment, including spare parts; communications equipment.
2. *Reconstruction goods:* including construction materials; construction equipment and industrial machinery (including trucks, dozers, excavators); prefabricated houses.
3. *Emergency goods:* including emergency and medical supplies and equipment; food and water containers; chemicals and equipment for water purification and sanitation of land, buildings and other structures; basic food commodities; cleaning and hygienic supplies; mud and water pumping equipment; equipment and furniture for emergency shelters and accommodations; moisture removal equipment; emergency vehicles and supplies; waste management and disposal equipment.
4. *Energy and power sector goods:* including petroleum and fuel products; power purchases; power transmission and distribution equipment; mining equipment and pumps to remove water from mines, controls, monitoring and measurement equipment; emergency power generators; and other electrical equipment.
5. *Agricultural recovery goods:* including agricultural equipment and immovable productions systems such as greenhouses, milking parlors and auxiliary installations, sorting or packaging equipment; inputs (excluding pesticides); such as seedlings for perennial crops, orchards and wine yards as well as seeds and fertilizer for reseeding of fields; as well concentrated animal forage and fodder stocks that were destroyed by floods; livestock.
6. *Other Essential Goods:* any other goods or commodities essential to the Recipient's recovery from flooding, as agreed in advance by the Association.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means 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.
2. “APCU” means the Agricultural Projects Coordination Unit within the RS MOAFWM and the RS MOAFWM itself.
3. “Brčko District” means the Brčko District, a constitutive part of the Recipient, and includes any successor or successors thereto.
4. “Brčko Steering Committee” means a committee appointed by Brčko District, with representation and terms of reference satisfactory to the Association, that is responsible for the overall coordination of activities under Part C of the Project and the approval of Sub-projects under Part C.2 of the Project.
5. “Brčko Subsidiary Agreement” means the agreement to be entered into between the Recipient and the Brčko District, referred to in Schedule 2, Section I, Part B, paragraph 2(c) of this Agreement, as the same may be amended from time to time.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
8. “Eligible Essential Goods and Commodities” means the list of goods and commodities set forth in Schedule 4 to this Agreement.
9. “Environmental and Social Management Framework” or “ESMF” means an Environmental and Social Management Framework to be adopted and published by a Project Implementing Entity for this Project, satisfactory to the Association, consisting of an environmental screening procedure to determine the applicability of the due diligence documents, including the set of mitigation, monitoring, and institutional measures to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement these measures, and “Environmental and Social Management Frameworks” or “ESMFs” means the two ESMFs for this Project collectively.

10. “Environmental Management Plan” or “EMP” means an Environmental Management Plan prepared under the Project in accordance with the applicable ESMF, describing the environmental mitigation measures anticipated for activities under a Sub-project or Sub-projects and the parties responsible for monitoring of construction and operational impacts.
11. “Federation” means the Federation of Bosnia and Herzegovina, a constitutive part of the Recipient, and includes any successor or successors thereto.
12. “Federation Project Agreement” means the agreement between the Association and the Federation for this Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Federation Project Agreement.
13. “Federation Steering Committee” means a committee appointed by the Federation, with representation and terms of reference satisfactory to the Association, that is responsible for the overall coordination of activities under Part A of the Project and the approval of Sub-projects under Part A.2 of the Project.
14. “Federation Subsidiary Agreement” means the agreement to be entered into between the Recipient and the Federation, referred to in Schedule 2, Section I, Part B, paragraph 2(a) of this Agreement, as the same may be amended from time to time.
15. “Federation’s Legislation” means the legislation establishing and governing the Federation.
16. “Floods Affected Areas” means areas identified by the Recovery Needs Assessment as having been adversely impacted by the May 2014 flooding in the territory of the Recipient.
17. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
18. “Incremental Operating Costs” means reasonable incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, publication of procurement notices, vehicle operation, office and equipment maintenance and repair, communication, translation and interpretation, travel and supervision costs, and other miscellaneous costs directly associated with Project, but excluding salaries of officials and employees of the Recipient, the Federation, or the RS.
19. “MOAFWM” means the Republika Srpska’s Ministry of Agriculture, Forestry, and Water Management, and includes any successor or successors thereto.

20. "MOAWMF" means the Federation's Ministry of Agriculture, Water Management, and Forestry, and includes any successor or successors thereto.
21. "MOFT" means the Recipient's Ministry of Finance and Treasury, and includes any successor or successors thereto.
22. "PIU" means the Project Implementation Unit within the Federation MOAWMF and the Federation MOAWMF itself.
23. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
24. "Procurement Plan" means the Federation's and the RS's procurement plans, respectively, for the Project, both dated June 6, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. "Project Agreement" means either the Federation Project Agreement or the RS Project Agreement, as the case may be, and "Project Agreements" means said Project Agreements, collectively.
26. "Project Implementing Entity" means the Federation of Bosnia and Herzegovina or Republika Srpska (as these expressions are hereafter defined), as the case may be, and "Project Implementing Entities" refers to the Federation and Republika Srpska collectively.
27. "Project Operation Manual" means the Project Operation Manual for the Federation or the RS, satisfactory to the Association, setting forth the financial management procedures and institutional arrangements for carrying out the Project, the eligibility criteria, selection process, appraisal, implementation and monitoring procedures for Sub-projects, and monitoring and auditing mechanisms for Parts A.1., B.1., and C.1. of the Project, as the same may be amended from time to time by agreement between the Association and the respective Project Implementing Entities, and "Project Operation Manuals" means the two Project Operation Manuals collectively.
28. "Recovery Needs Assessment" or "RNA" means an assessment of the Recipient's needs in light of the May 2014 flooding, currently being prepared by the Recipient.
29. "Republika Srpska" or "RS" means Repulika Srpska, a constitutive part of the Recipient, and includes any successor or successors thereto.

30. “Resettlement Action Plan” or “RAP” means each plan relating to land acquisition and/or resettlement of Project-affected persons, as the case may be, prepared under the Project in accordance with the applicable RPF.
31. “Resettlement Policy Frameworks” or “RPFs” means the framework documents defining the modalities for land acquisition and resettlement under the Project and describing the policies, procedures, plans and actions (including the resettlement action plan), and institutional measures related to land acquisition and other social impacts that may arise during the Project and other phases related to the Project, satisfactory to the Association, and adopted and published by the Project Implementing Entities.
32. “RS Project Agreement” means the agreement between the Association and the Republika Srpska for this Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the RS Project Agreement.
33. “RS Steering Committee” means a committee appointed by the RS, with representation and terms of reference satisfactory to the Association, that is responsible for the overall coordination of activities under Part B of the Project and the approval of Sub-projects under Part B.2 of the Project.
34. “RS Subsidiary Agreement” means the agreement to be entered into between the Recipient and the Republika Srpska, referred to in Schedule 2, Section I, Part B, paragraph 2(b) of this Agreement, as the same may be amended from time to time.
35. “RS’s Legislation” means the legislation establishing and governing the Republika Srpska.
36. “Sub-project(s)” means the rehabilitation or reconstruction activities under Parts A.2., B.2., and C.2. selected by the Federation PIU or the RS APCU, as the case may be, and approved by the Federation Steering Committee, the RS Steering Committee or the Brčko Steering Committee, as the case may be, in accordance with the criteria and procedures set out in the respective Project Operation Manual.
37. “Subsidiary Agreement” means the agreement referred to in Section I, Part B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entities and the Brčko District, and “Subsidiary Agreements” means all three Subsidiary Agreements collectively.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

- (a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
 - (b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”
2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.
3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”
4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.
5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).