**SERBIA**

**COMPETITIVE AGRICULTURE PROJECT**

**(SCAP)**

A project financed by the World Bank

**Grant Operational Manual**

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Any changes to this document require the review by the SCAP Steering Committee and the no-objection of the World Bank before they can be considered effective.

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# Introduction

This Grant Operational Manual (GOM) is a document of the Ministry of Agriculture, Forestry and Water Management (MAFWM), which details the rationale, eligibility and selection criteria, management processes, as well as institutional roles and responsibilties governing each call for proposals organized as part of the Matching Rural Development (MRD) grants program under the Serbia Competitive Agriculture Project (SCAP). The provisions included in the GOM will constitute the basis for developing a project rulebook, which will be adopted by the MAFWM in a manner that is fully consistent with the GOM prior to each call for proposals under the MRD grants program. In case of inconsistencies between a Rulebook and the GOM, the provisions of the GOM will apply. The GOM could be amended by the MAFWM, as needed, in line with the implementation progress and the lessons learned under the Project. Amendmends to the GOM have to be presented and justified by the SCAP Project Management Team (PMT) during regular sessions of the SCAP Steering Committee (see Section 5.1). SCAP Steering Committee members can propose additional amendments, if necessary. The amendments adopted to the GOM by the SCAP Steering Committee have to be submitted for World Bank’s no-objection before considered effective.

Information on the SCAP project can be accessed at the SCAP project dedicated website: www.scap.rs

# Rationale of the MRD grants program and linkages with other support programs

Agricultural budget support in the Republic of Serbia has been aligned with the EU budget support framework, and a Directorate for Agrarian Payments (DAP) has been established to administer national direct payments (subsidies) and rural development investments (both national and the EU IPARD grants). Subsidies and transfers dominate agricultural spending (2011-2017) and, on average, account for 82 percent of sector expenditure. They are found to negatively affect sector productivity and efficiency and are thought to contribute towards freezing Serbia’s current dual farm structure. Emphasis on area and headage payments[[1]](#footnote-1) reduce the incentives to increase productivity, preserve farm structures dominated by smaller farms and do not contribute to the acceleration of the structural transformation process[[2]](#footnote-2). Further, coupled output subsidies distort the allocation of productive resources. When the above are combined with the low (at least until 2017) level of funds dedicated to rural development investments, including the provision of public goods (agricultural infrastructure, R&D, advisory services, etc.), it creates a policy framework which constrains investments undertaken by smaller and medium-sized farms, that currently dominate Serbian agriculture, to increase their size, modernize production systems, benefit from expanding markets and contribute to a competitive agri-food sector and to a vibrant rural economy. Specifically, rural development investment support levels remain low under the existing national program and small and medium-size operations are unable to undertake sizable productive investments due to a lack of access to finance. Meanwhile, most small and medium-size agri-food producers, producer groups[[3]](#footnote-3), and enterprises lack the minimum scale and often do not meet minimum requirements for compliance with national (sanitary, phytosanitary, environmental, food safety, and animal welfare) standards to be eligible for rural development investment support available under the EU’s IPARD program.

***EU funds for rural development (IPARD II)***. IPARD II funds in the amount of EUR 230 million (including national co-financing) have been allocated to Serbia for the programming period of 2014-2020 in annual installments (with allocations to be completed by 2023). Serbia has received accreditation for 4 of the 11 IPARD II measures[[4]](#footnote-4). Although the scope of these measures is broad, actual number of beneficiaries is limited, with most small and medium scale agri-food producers, producer groups, and enterprises not being able to take advantage of this productive support due to several factors, including eligibility criteria targeting mainly larger commercial operations, lack of compliance with national standards, and the requirement for upfront financing of investments. Under IPARD’s pre-financing requirement, the applicant is expected to have financial resources required to cover the full investment cost, with reimbursement of 60 percent (for Measure 1- Investments in agricultural holdings) and 50 percent (for Measure 3 – Processing) after all investment criteria have been fulfilled, ex post. This requirement alone makes IPARD grants difficult to access for most small and medium scale operations in Serbia. Other constraints in the uptake of IPARD grant support are the complexity of the application process, due to the numerous requirements which applicants often can’t fulfill, as well as limited capacity in the DAP to review and approve applications.

***National Rural Development Program***. For rural development grants offered by the MAFWM, boundaries are established between eligible beneficiaries of the national rural development program and those eligible to apply for IPARD support, based on either size or production potential. Smaller producers, producer groups, and enterprises not eligible for IPARD support, are eligible for national program support. Reaching out with national investment funds to the small and medium operations of Serbia, especially in the South and Southeast of Serbia, could improve these operations’ productive inclusion and competitiveness, and enable them to actively participate in the process of structural transformation of agriculture in Serbia and prepare them for EU accession. However, rural development support levels remain low and, like the IPARD program, applicants are required to pre-finance their investments. Given commercial banks’ reluctance to lend to smaller operations, the latter thus remain often unable to undertake sizable productive investments under the national program as well.

***Project Matching Rural Development (MRD) Grants***: The SCAP will provide MRD grants for productive investments undertaken by micro, small and medium-size agri-food producers, producer groups and enterprises who are currently unable to undertake productive investments through the existing national rural development and IPARD programs, but are commercially viable. In the context of the SCAP, small and medium-size operations are defined based on physical size boundaries. Specifically, eligible operations will be those that fall below the minimum physical size thresholds applied under the IPARD program (see Table 1). By establishing clear eligibility criteria that target these operations, using matching grants to de-risk commerial lending to this segment of agri-food operations, and increasing support levels for rural development investments, the MRD grants program under the SCAP will support the MAFWM introduce new delivery mechanisms for rural development investment support. The MRD grants financed by the SCAP will be subject to all applicable World Bank rules, such as environmental and social standards and anti-corruption norms. In addition, the new delivery mechanisms introduced under the SCAP broadly align with those applying to the so-called “Cooperation Measure” under the current (Pillar II) rural development program of the EU CAP.[[5]](#footnote-5) The mechanisms intend to incentivize and strengthen the inclusion of small and medium-size agri-food producers, producer groups, and MSMEs in agri-food chains in Serbia. Productive investments supported under the MRD grants program will focus on simultanously raising the productivity levels and strengthening the market linkages of the targeted operations in line with a subset of priority areas and operational goals defined in the National Agricultural and Rural Development (NARD) Strategy for 2014-2024. Moreover, by supporting beneficiaries’ compliance with national standards, the MRD grants program will remove an important administrative barrier for producers to participate in future IPARD rural development programs, which will be instrumental to scaling up productive investments after the closing of the SCAP. The demarcation boundaries for the national rural development program, IPARD and SCAP are presented per sector in Table 1 below.

**Table 1. Boundaries of national and EU IPARD II[[6]](#footnote-6) RD programs and MRD grants program under SCAP, by sector**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **SECTOR** | **NATIONAL MEASURES** | | **MRD grants, SCAP** | | **EU IPARD II** | |
|  | **Farm size** | **Grant size (EURO)** | **Farm size** | **Grant size \***  **(EURO)** | **Farm size** | **Grant size**  **(EURO)** |
| **Milk production** | | | | | | |
| Cow milk | < 20 cows | 670-12,500 | < 20 cows | 10,000-25,000 | 20-300 cows and > 300cows for investments related to environmental protection | 5,000-1,000,000 |
| Sheep milk | Not specified | 670-12,500 | Not specified | 10,000-25,000 | Not covered |  |
| Goat milk | Not specified | 670-12,500 | Not specified | 10,000-25,000 | Not covered |  |
| **Milk processing** | | | | | | |
| All milk types | capacity < 3,000 l/day | 3,300-42,000 | capacity < 3,000 l/day | 12,500-200,000 | capacity 3,000-100,000 l/day | 10,000-2,000,000 |
| **Meat production** | | | | | | |
| Beef | capacity for < 20 cattle | 670-12,500 and 830-29,000 for construction | capacity for < 20 cattle | 10,000-25,000 | capacity for 20-1,000 cattle and more than 1,000 cattle for investments related to environmental protection | 5,000-1,000,000 |
| Goat/Sheep | capacity for < 150 goats/sheep | 670-12,500 and 830-29,000 for construction | capacity for < 150 goats/sheep | 10,000-25,000 | capacity for 150-1,000 goats/sheep and more than 1,000 for investments related to environmental protection | 5,000-1,000,000 |
| Pork | capacity for < 30 sows | 670-12,500 and 830-290,000 for construction | capacity for < 30 sows | 10,000-25,000 | capacity for 30-4,000 sows and more than 4,000 for investments related to environmental protection | 5,000-1,000,000 |
| Pork | capacity for < 100 fattening pigs | 670-12,500 and 830-29,000 for construction | capacity for < 100 fattening pigs | 10,000-25,000 | capacity for 100-10,000 fattening pigs and more than 10,000 for investments related to environmental protection | 5,000-1,000,000 |
| Poultry | capacity for < 4,000 chickens | 670-12,500 and 830-29,000 for construction | capacity for < 4,000 chickens | 10,000-25,000 | capacity for 4,000-50,000 chickens and more than 50,000 for investments related to environmental protection | 5,000-1,000,000 |
| **Meat processing** | | | | | | |
|  | capacity < 10 cattle/day | 3,300-42,000 | capacity < 10 cattle/day | 12,500-200,000 | capacity ≥ 10 cattle/day | 10,000-1,000,000 |
|  | capacity < 50 pigs/goats/sheep/ day | 3,300-42,000 | capacity < 50 pigs/goats/sheep/ day | 12,500-200,000 | capacity ≥ 50 pigs/goats/sheep/ day | 10,000-1,000,000 |
|  | capacity < 5,000 chicken | 3,300-42,000 | capacity < 4,000 chicken | 12,500-200,000 | capacity ≥ 5000 chicken/day | 10,000-1,000,000 |
| **Vegetable and fruit production** | | | | | | |
| Berry fruits | < 2ha | 550-12,500 up to 125,000 for investments in establishing new orchards 830-67,000 for warehouse | < 2ha | 10,000-25,000 | 2-20ha | 5,000-700,000 |
| Other fruits | < 5ha | < 5ha | 10,000-25,000 | 5-100ha | 5,000-700,000 |
| Vegetable- indoor production | < 0.5ha | < 0.5ha | 10,000-25,000 | 0.5-5 ha | 5,000-700,000 |
| Vegetable- open field production | < 3ha | < 3ha | 10,000-25,000 | 3-100 ha | 5,000-700,000 |
| **Processing of fruit and vegetables** | | | | | | |
|  | Not specified | 3,300-42,000 | Not covered |  | Not specified | 10,000-1,000,000 |
| **Collection and purchase of fruits and vegetables from primary agricultural producers, storage and preparation for further sale** | | | | | | |
|  | Not covered | - | Not specified | 12.500-200,000 | Not covered | - |
| **Production of grapes** | | | | | | |
|  | < 2ha | 550-12,500 and up to 125,000 for investments in establishing new vineyards | < 2ha | 10,000-25,000 | ≥ 2ha | 5,000-700,000 |
| **Production of vine (Processing of grapes)** | | | | | | |
|  | capacity < 20,000l | up to 340,000 | capacity < 20,000l | 12,500-200,000 | capacity ≥ 20,000l | 10,000-1,000,000 |
| **Other crops\*\* production** | | | | | | |
| Mechanization and equipment | < 50ha | 550-12,500 | < 50ha | 10,000-25,000 | 50-100ha | 5,000-700,000 |
| Warehouses | Not covered |  | Not covered |  | ≥ 2ha | 5,000-700,000 |
| **Purification, drying, calibration, storage and processing of other crops** | | | | | | |
|  | Cereals- not covered |  | < 2ha of cereals and industrial crops for construction of warehouses (only aggregators[[7]](#footnote-7)) | 12,500-200,000 | Not covered |  |
|  | Oil seeds, medicinal and aromatic plants | up to 29,000 | No limits |
| **Aquaculture production** | | | | | | |
|  | Not specified | 670-12,500 | No limits | 10,000-25,000 | Not covered |  |
| **Aquaculture processing** | | | | | | |
|  | Not covered |  | Not covered |  | Not specified | 10,000-1,000,000 |
| **Apiculture-primary production** | | | | | | |
|  | 5-1,000 beehives | 420-12,500 | 5-1,000 beehives | 10,000-25,000 | Not covered |  |
| **Apiculture -aggregators** | | | | | | |
|  | Not specified | up to 29,000 | No limits | 12,500-200,000 | Not covered |  |
| **Crafts production** | | | | | | |
|  | Not specified | up to 4,200 | Not specified | 10,000-25,000 | Not covered |  |
| **Crafts- aggregators** | | | | | | |
|  | Not covered |  | Not specified | 12,500-200,000 | Not covered |  |

\* Actual SCAP grant sizes will depend on the type of applicant. The grant size for investments in primary production will range between EUR 10,000 to EUR 25,000. The grant size for investments related to aggregators will range between EUR 12,500 and EUR 200,000.

\*\* “Other crops” comprise (i) cereals (wheat, corn, barley, rye, oats, buckwheat, millet, triticale, spelt); (ii) oil seeds/industrial crops (soybean, sunflower, rapeseed, flax, hemp, pumpkin seed); (iii) sorghum; (iv) hop; (v) fodder crops; (vi) spices, aromatic and medicinal herbs (white mustard, black mustard, cumin, basil, anise, coriander, chamomile, mint, lemon balm, marshmallow, dill, nettle, valerian, etc.)

According to the legislation related to the registration of agricultural holdings, the production of legumes for human consumption is classified as a vegetable production, and therefore cannot be included in the group of other crops.

# Eligibility Criteria

## Target Beneficiaries

The MRD grants program will target micro, small and medium-size operations in both the *primary agriculture sector* and the *food processing and marketing sector* in Serbia. Micro, small and medium-size operations are defined based on physical size boundaries specified by sector (see specific eligibility criteria table below).

Beneficiaries in the *primary agriculture sector* include primary agriculture producers constituted as:

1) **natural persons** – holders of commercial family agricultural holdings, as defined in the Farm Register;

2) **entrepreneurs** as defined in Serbian legislation;

3) **companies/legal entities**;

4) **agricultural cooperatives** – with at least five members registered in the Register of Agricultural Holdings (RAH) as holders or members of five different family agricultural holdings in active status.

Beneficiaries in the *food processing and marketing sector* include aggregators constituted as:

1) **entrepreneurs** as defined in Serbian legislation;

2) **companies/legal entities**;

3) **agricultural cooperatives** – with at least five members registered in RAH as holders or members of five different family agricultural holdings in active status.

## Geographic Scope

The geographic scope of the Project and this GOM align with the EU Instrument for Pre-accession Assistance for Rural Development (IPARD II) Program. This includes the regions of Serbia North (comprising the regions of Vojvodina and Belgrade) and Serbia South (comprising the regions of Sumadija/Western Serbia and South/East Serbia). Beneficiaries in these regions will be eligibible for MRD grants.

## Criteria for selecting potential beneficiaries

Project target beneficiaries will be selected using a set of common and specific eligibility criteria. The common criteria are derived from the Serbian regulatory frameworks for grant provision in the agricultural sector, while the sector-specific eligibility criteria are dictated by the boundaries of the IPARD II and National Rural Development Program (as defined above in Table 1). Investments supported by SCAP must contribute to at least one of the five (5) Priority Areas and related Operational Goals included in the Strategy of Agriculture and Rural Development of the Republic of Serbia (2014-2024) (see Annex 1).

### Common Eligibility Criteria

The general conditions for MRD grant application are:

1. the beneficiary does not use other incentives (subsidies, financial support, donations) for the investment they are applying for;
2. the beneficiary has no recorded outstanding debts towards the ministry responsible for agriculture, based on previously realized subsidies, incentives and loans;
3. the beneficiary has a residence/seat in the area within the geographic scope of this project (as defined in section 3.2);
4. the investment is in the area within the geographic scope of this project (as defined in section 3.2);
5. when the beneficiary is not the owner of facilities or cadastral parcels which are subject of the investment for which they apply for, it is necessary that they have rental right over them, and/or use right based on a concluded contract with the lessor - natural person or the ministry competent for agricultural matters for the period of rent or use, for at least three (3) years starting from the calendar year for which the application is submitted;
6. there are no outstanding liabilities based on public revenues;
7. the supplier and the beneficiary of the incentive do not represent related parties within the meaning of the Law on Corporate Income Tax;
8. the minimum value of the individual project, meaning that the value of eligible expenditures specified in the Expression of Interest (EOI) and later in the business plan of an individual project related to primary agriculture production must not be less than EUR 20,000;
9. the minimum value of the individual project, meaning that the value of eligible expenditures specified in the Expression of Interest (EOI) and later in the business plan of an individual project related to aggregators must not be less than EUR 25,000;
10. the maximum value of the individual project, meaning that the value of eligible expenditures specified in the Expression of Interest (EOI) and later in the business plan of an individual project related to primary agriculture production must not exceed EUR 50,000;
11. the maximum value of the individual project, meaning that the value of eligible expenditures specified in EOI and later in the business plan of an individual project related to aggregators must not exceed EUR 400,000;
12. that beneficiary did not start with any activity related to the individual project before signing the contract with PMT, except for preparation costs;
13. that if the beneficiary had one approved individual project in the MRD grants program it must be fully completed prior to submitting a new EOI.

In addition:

1. If the beneficiary is an entrepreneur, company/legal entity or agricultural cooperative, the beneficiary should be: 1) registered into RAH and in active status; 2) registered in the Business Entities Register and have an active status, and 3) classified as a micro, small or medium legal person, in accordance with the Law governing accounting (see Annex 2);
2. In addition, if the beneficiary is a company/legal entity, it should: 1) have less than 25% of public equity in its ownership structure, and 2) not be in the group of affiliated persons in which some of the members are large sized legal persons (see Annex 2);

### Sector-Specific Eligibility Criteria

The minimum and maximum physical sizes of the targeted beneficiaries are defined under these criteria, recognizing the differences across sectors. Other sector-specific criteria that apply as part of the selection process are also clarified. All sector-specific eligibility criteria are summarized in Table 2 below.

**Table 2. SCAP Beneficiary Criteria for MRD Grants, by Sector**

|  |  |  |
| --- | --- | --- |
| **Sector** | **Size** | **Other Criteria** |
| **PRIMARY PRODUCTION** | | |
| **Production of fruit, vegetables, grapes, and flowers** | Have less than 2 ha of soft fruit; less than 5 hа of other fruit; 0.1–50 hа of flowers; or up to 2 ha of grapes; have less than 0.5 hа of greenhouses or less than 3 hа of outdoor vegetable production. | * have agricultural land with production of certain plant cultures from this sector, registered in RAH * for investments relating to grape production, be registered in the Vineyard Register, in accordance with the law governing viticulture and viniculture |
| **Production of other crops** | Have up to 50 hа for investments in machinery and equipment, except for investments oriented towards the purchase of machinery and equipment for irrigation in which case beneficiaries must have up to 100 ha. | * have agricultural land with production of certain plant cultures from this sector, registered in RAH |
| **Milk production** | Own, or a member of the registered agricultural holding should own, 1–19 milking cows | * have a registered livestock fund in RAH (data on the type of animal and holding identification number (HID) of holdings where they are kept or raised) |
| **Meat production** | In the Register of Buildings/Register of Approved Buildings (in accordance with a specific regulation governing registration or approval of animal breeding, keeping and trading establishments) have registered/approved facilities with capacities for fattening/farming of: less than 20 cattle and/or less than 150 sheep/goats and/or less than 30 sows and/or less than 100 fattening pigs in shifts and/or 1,000–3,999 broilers in shifts | * have registered animals in the farm register (data on the type of animal and holding identification number (HID) of holdings where they are kept or raised) |
| **Apiculture sector** | Have 5–1000 beehives | * beehives should be registered in the Central Data Base on labelling animals with the Veterinary Directorate |
| **Aquaculture (production of trout and carp for consumption)** | Not specified | * have fish farm areas registered in RAH * in the Register of Buildings/Register of Approved Buildings (in accordance with a specific regulation governing registration or approval of animal breeding, keeping and trading establishments) have registered/approved facilities for aquaculture |
| **Production of handicrafts\*** | Not specified | * Registered for the preservation of old and artistic crafts, i.e. handicrafts, which are certified in accordance with the regulation governing the determination of jobs that are considered old and artistic crafts, i.e. handicrafts, the method of certification and keeping records of issued certificates |
| **PROCESSING AND MARKETING (AGGREGATORS)** | | |
| **Processing and marketing of milk and dairy products** | * have a maximum processing capacity of less than 3,000 liters of milk per day | * have a decision on fulfillment of veterinary-sanitary requirements, i.e. common and special requirements of food hygiene (hereinafter: decision on fulfillment of veterinary-sanitary requirements, or requirements of food hygiene) * be registered in the appropriate register of users of geographical indications in accordance with the regulations governing the protection of the geographical origin of agricultural and food products for incentives related to purchase of control labels indicating milk products with a geographical indication |
| **Processing and marketing of meat and meat products** | * have slaughter capacity less than 10 cattle, 50 pigs/sheep/goats or 4,000 broiler chickens per day | * have a decision on fulfillment of veterinary-sanitary conditions, or conditions of food hygiene) * be registered in the appropriate register of users of geographical indications in accordance with the regulations governing the protection of the geographical origin of agricultural and food products for incentives related to purchase of control labels indicating meat products with a geographical indication |
| **Purification, drying, calibration, storage, processing and marketing of other crops** | Have less than 2ha of other crops (just for investments in reception, quality determination, cleaning, drying, storage, purchase and resale of granular products)  For other types of investments- not specified | * for investments in reception, quality determination, cleaning, drying, storage, purchase and resale of granular products to be registered in *Register of purchasers and purchase points where agricultural products and domestic animals* are purchased from agricultural producers for 2020 * for processing- to be registered in the Central Register of Establishments in accordance with the regulations governing food safety * for processing- to be registered in the appropriate register of users of geographical indications in accordance with the regulations governing the protection of the geographical origin of agricultural and food products for incentives related to purchase of control labels indicating meat products with a geographical indication |
| **Production and marketing of wine** | Have capacity registered within the wine register of less than 20,000 liters per year | * Registered in the Vineyard Register and Wine Register, in accordance with the law governing wine, for eligible investments related to wine production * Have appropriate records, in accordance with the law governing wine, for the purchase of record labels indicating wines with a geographical indication |
| **Processing and marketing of bee products** | Not specified | * have a decision on fulfillment of veterinary-sanitary conditions, or conditions of food hygiene) * be registered in the appropriate register of users of geographical indications in accordance with the regulations governing the protection of the geographical origin of agricultural and food products for incentives related to purchase of control labels indicating meat products with a geographical indication |
| **Collection and purchase of fruits and vegetables from primary agricultural producers, storage and preparation for further sale** | Not specified | * to be registered in Register of purchasers and purchase points where agricultural products and domestic animals are purchased from agricultural producers for 2020 |
| **Marketing of handicrafts\*** | Not specified | * Registered for the preservation of old and artistic crafts, i.e. handicrafts, which are certified in accordance with the regulation governing the determination of jobs that are considered old and artistic crafts, i.e. handicrafts, the method of certification and keeping records of issued certificates |

\* Beneficiaries include entrepreneurs, companies/legal entities and cooperatives

## Scope of expenditures

A broad range of expenditures, investments and activities are eligible for support under the SCAP MRD grants program, with the scope of those non-eligibile defined by Serbia's regulatory frameworks and World Bank Environmental & Social Management Framework.

### Ineligible expenditures, investments and activities

The following expenditures, investments, and activities identified in the ESMF will be ineligible for support under the MRD grants program:

1. Purchase, rent or leasing of land and existing buildings (residential and business), irrespective of whether the lease results in ownership being transferred to the lessee;
2. Acquisitions or expansion of the business, which will be implemented by the demolition/relocation of homeowners, renters, formal and informal asset users;
3. Acquisition or expansion of the business, which can promote/increase the risk of (i) violation of the labour code and laws including the use of child labour; (ii) harassment of ethnic minority groups in the areas of project (related to their identity, dignity and livelihoods of the system of subsistence, cultural identity); and (iii) human trafficking and forced labor
4. Fines, financial penalties and expenses of litigation;
5. Second-hand machinery, equipment, and tools;
6. Commercial bank charges, costs of guarantees and similar charges;
7. Conversion costs, charges and exchange losses, as well as other purely financial expenses;
8. Representation costs;
9. New off-farm irrigation systems or expansion of the existing irrigation systems;
10. Investments into processing or other activities that may result in increased contamination of transboundary water surfaces;
11. Contributions in kind;
12. The purchase of agricultural production rights/licences, animals, seedlings of annual plants (e.g. vegetable seedlings) and their planting;
13. Any maintenance, depreciation and rental costs
14. Any cost incurred and any payments made by public administration in managing and implementing assistance, namely those of the management and operating structure and overheads, rentals and salaries of staff employed on activities of management, implementation, monitoring and control.
15. Investments into digging up and reconstruction of wells;
16. Activities with negative environmental and/or social impacts, including cumulative impacts that are irreversible or unmitigable[[8]](#footnote-8)
17. Production or trade of tobacco;
18. Production or trade of any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, ozone depleting substances, PCB, wildlife or products regulated under CITES;
19. Production or trade in wood or other forestry products other than from sustainably managed forests;
20. Production, trade, storage, or transport of hazardous chemicals, or commercial scale usage of hazardous chemicals (gasoline, kerosene, and other petroleum products;
21. Production and processing of genetically modified organisms (GMOs);
22. Use of banned pesticides;
23. Use of species provided in Appendix 1 to the Bonn Convention on International Trade in Endangered
24. Species of wild fauna and flora;
25. Will cause high negative impact on income/livelihood resources;
26. Involve any kind of forceful evictions of people;
27. Exclude the poor/marginalized population or otherwise vulnerable groups;
28. Do not provide equal pay for equal work for women and men;
29. Finance the construction of any new dams or the rehabilitation of existing dams including structural and or operational changes;
30. Production or activities involving forced labor[[9]](#footnote-9);
31. Involve activities that cause or lead to child abuse, child labor exploitation or human trafficking; no child under the age of 15 should work on individual project;
32. Involve development of new settlements or expansion of existing settlements in critical habitats, protected areas or areas proposed for certain levels of national protection (e.g., reserved forests);
33. Activities that include physical resettlement of people, loss of assets, limited access to assets or loss of sources of livelihood

### Eligible expenditures, investments and activities

The following investments are eligible for support under the MRD grants program: i) Preparation costs (for the EOIs and/or Business Plans only), ii) Capital investments; iii) Working capital (for aggregators only); and iv) Technical assistance & Training. These are bundled as business plans (see Figure 1 below), where each business plan represents a different combination of the four types of investments.

**I Preparation costs**

Some expenditures incurred by applicants prior to submitting the full application package (see Section 4.9) and for the purpose of fulfilling the application requirements, will be eligible for reimbursement under the MRD grants program provided that the application package was approved for project investment by the MAFWM:

* The cost of preparation of EOIs and/or business plans by private consultants[[10]](#footnote-10) (this cost shall not exceed 2% for EOI and 3% of the total value of the business plan);
* The cost of collection/preparation of supporting technical and legal documentation linked to the proposed investments;
* The cost of preparation of market studies and project-related analyses by private consultants;

Total preparation costs (the costs for preparation of EOIs and those for business plans together) shall not exceed 5% of the total value of the individual project.

**II Capital Investments**

Investments in:

1. purchase and installation of a new equipment related to renewable energy and/or energy efficiency technologies in order to improve competitiveness within the sector to which the individual project relates;
2. purchase of new equipment for digitalization and/or automatization of production systems, including software solutions or GPS navigation in order to improve competitiveness within the sector to which the individual project relates;

are eligible for all sectors in primary agriculture production as well as in individual projects of aggregators.Sector-specific capital investments - a range of capital investments specific to each sector will be eligible for MRD grant support, as follows:

1. *Milk production sector:*
2. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for the purpose of milk production;
3. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for handling, disposal and processing of manure;
4. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for milking animals, cooling and preserving milk;
5. purchase of new equipment and machinery for handling and transport of solid, semi-liquid or liquid manure;
6. purchase of new equipment and machinery for preparation of fodder, feeding and watering of animals;
7. purchase of new livestock scales, ramps for loading and unloading and corrals for directing and restraining of animals;
8. purchase of new equipment for the treatment of hooves;
9. purchase of new equipment for electric guard rails for the grazing land;
10. purchase of tractors of up to 80 kW.
11. *Meat production sector:*
12. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for keeping animals for the purpose of meat production;
13. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for handling, disposal and processing of manure;
14. purchase of new equipment and machinery for handling and transport of solid, semi-liquid or liquid manure;
15. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for sow rearing and growing of fattening pigs;
16. purchase of new equipment and machinery for preparation of fodder, feeding and watering of animals;
17. purchase of new livestock scales, ramps for loading and unloading and corrals for directing and restraining of animals;
18. purchase of new equipment for the treatment of hooves;
19. purchase of new equipment for electric guard rails for grazing land;
20. purchase of tractors of up to 80 kW.
21. *Apiculture sector:*
22. purchase of equipment for apiculture;
23. purchase of new trailers for the transport of bee colonies;
24. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for storage of beekeeping equipment;
25. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for squeezing honey from honeycombs, storage and packaging of honey;
26. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of cold storages (classic or container) for storage of honeycomb and bee products.;
27. *Production of fish for consumption:*
28. purchase of new equipment for fish farms;
29. purchase of equipment and machinery for preparation, handling and distribution of fish food.
30. construction of fishponds on land and refurbishment/upgrading/adaptation/remediation of existing fishponds.
31. *Production of fruit, vegetables, grapes, and flowers:*
32. *Investments for indoor production of plants:*
    1. Construction and equipping of greenhouses;
    2. purchase of equipment for artificial pollination of plants;
    3. purchase of equipment and devices for additional lighting and shading of plants;
    4. purchase of equipment and devices for soil preparation and substrate for growing;
    5. purchase of equipment and devices for hydroponic production systems during production;
    6. purchase of equipment and devices for plant protection and sterilization of soil;
    7. purchase of equipment for carbon dioxide enrichment (so-called carbon dioxide fertilization).
33. *Investments in machinery and equipment, with general and specific purpose, for open field production:*
34. purchase of equipment for pruning, crushing, cutting and removal of residues after pruning of fruit species;
35. construction/equipping of anti-hail protection systems in perennial orchards;
36. construction/equipping of wire fences around perennial plantations;
37. purchase of equipment, machines and devices for crop irrigation;
38. purchase of equipment/machinery for frost protection;
39. purchase of machines for basic land cultivation;
40. purchase of machines for additional land cultivation;
41. purchase of machines for fertilization;
42. purchase of sowing machines;
43. purchase of planting machines;
44. purchase of machines for plant protection;
45. purchase of tractors of up to 80 kW.

*III. Investments related to harvesting, transport and preparation of products for sale:*

1. purchase of machines for harvesting fruits and vegetables;
2. purchase of machines for transport of agricultural products;
3. purchase of box pallets for transport and storage of products;
4. purchase of equipment-lines for cleaning and washing products;
5. purchase of equipment-lines for sorting and calibration of products;
6. purchase of equipment-line for packaging and marking of products.
7. Production of other crops:
   * + 1. purchase of new machines for basic land cultivation;
       2. purchase of new machines for additional land cultivation;
       3. purchase of new fertilization machines;
       4. purchase of new sowing machines;
       5. purchase of new plant protection machines;
       6. purchase of new machines for transport and handling;
       7. purchase of new machines and equipment for crop irrigation;
       8. purchase of specialized harvesting machines (exclusively for medicinal and aromatic plants) (combine harvesters for grains are not supported under this project);
8. Handicrafts:
9. purchase of equipment and tools for carrying out activities which are considered as old crafts and arts, that is, handicraft;
10. purchase of equipment and inventory for equipping work and sales space.
11. Processing and marketing of milk and dairy products:
12. the purchase of specialized vehicles only for transportation of raw milk with the appropriate equipment (measuring devices and sampling devices);
13. the purchase of equipment for sampling, receiving, processing, filling and packaging of milk and milk products;
14. the purchase of equipment for cleaning, washing and disinfection (sterilization) of facilities, equipment, tools, devices and machines, including equipment for changing rooms and sanitary premises;
15. the purchase of laboratory equipment (without glassware) for internal use, as a part of processing plant;
16. the purchase of equipment for disinfecting workers;
17. the purchase of record labels indicating milk products with a geographical indication;
18. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of buildings for milk processing and storage of final products;
19. construction and equipping of facilities, as well as procurement of equipment for waste management from the processing process (organic waste, solid waste, wastewater, etc.).
20. Processing and marketing of meat and meat products:
21. the purchase of equipment for stunning, slaughtering and processing of carcasses;
22. the purchase of a device for measuring the proportion of muscle tissue in the carcasses;
23. the purchase of equipment for cleaning, washing and disinfection (sterilization) of facilities, equipment, tools, devices and machines, including equipment for changing rooms and sanitary premises;
24. the purchase of equipment for collecting, receiving, keeping/storing (cooling), removal and processing of by-products of animal origin which are not for human consumption;
25. the purchase of equipment and devices for cutting, treatment, processing, packaging and labelling of meat and minced meat, meat preparations, machine-separated meat and meat products;
26. the purchase of equipment and devices for cooling, pasteurization and sterilization of meat and meat products;
27. the purchase of laboratory equipment (without glassware) for internal use, as a part of processing plant;
28. the purchase of new equipment for disinfecting workers;
29. the purchase of record labels indicating meat products with a geographical indication;
30. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of facilities for slaughtering, carcassing and meat processing and for storage of final products;
31. construction and equipping of facilities, as well as procurement of equipment for waste management from the processing process (organic waste, solid waste, wastewater, etc.).
32. Production and marketing of wine:
33. the purchase of equipment for production of wine;
34. the purchase of record labels indicating wines with a geographical indication;
35. purchase of laboratory equipment (without glassware) for internal use, as part of the processing plant;
36. construction/refurbishment/upgrading/adaptation/remediation, as well as the equipping of wineries;
37. construction and equipping of facilities, as well as procurement of equipment for waste management from the processing process (organic waste, solid waste, wastewater, etc.).
38. Purification, drying, calibration, storage, processing and marketing of other crops
    * 1. *Incentives for infrastructure investments for: reception, quality determination, cleaning, drying, storage, purchase and resale of grains:*
39. construction of facilities for receiving, determining quality, cleaning, drying, storage and manipulation of granular products, with associated internal and external infrastructure.

*II Incentives for investments in cereal processing:*

1. construction of facilities for reception, cleaning, drying, storage, processing and packaging of cereals with associated internal and external infrastructure;
2. purchase of machines and equipment for grain processing;
3. purchase of equipment and devices for packaging and storage of cereals, as well as their products;
4. purchase of equipment for cleaning, washing and disinfection (sterilization) of facilities, equipment, tools, devices and machines, including equipment for changing rooms and sanitary facilities;
5. purchase of equipment for disinfection of workers;
6. purchase of laboratory equipment (without glassware) for internal use, as part of the processing plant;
7. construction and equipping of facilities, as well as procurement of equipment for waste management from the processing process (organic waste, solid waste, wastewater, etc.).

*III Incentives for investments in oilseed processing include:*

1. construction of facilities for receiving, cleaning, drying, storage, processing and packaging of oilseeds with associated internal and external infrastructure;
2. purchase of equipment and devices for cold pressing of oilseeds;
3. purchase of equipment and devices for physical refining of oilseeds;
4. purchase of equipment for filling and packing oil;
5. purchase of equipment for cleaning, washing and disinfection (sterilization) of facilities, equipment, tools, devices and machines, including equipment for changing rooms and sanitary facilities;
6. purchase of equipment for disinfection of workers;
7. purchase of laboratory equipment (without glassware) for internal use, as part of the processing plant;
8. construction and equipping of facilities, as well as procurement of equipment for waste management from the processing process (organic waste, solid waste, wastewater, etc.).

*IV Incentives for investments in the processing of cultivated spices, medicinal and aromatic plants include:*

1. construction of facilities for processing, packaging and storage of cultivated spice, medicinal and aromatic plants with associated internal and external infrastructure;
2. purchase of equipment and devices for drying cultivated spices, medicinal and aromatic herbs, as well as their products;
3. purchase of equipment and devices for processing of cultivated spices, medicinal and aromatic herbs, as well as their products;
4. purchase of equipment and devices for distillation of cultivated spices, medicinal and aromatic herbs, as well as their products;
5. purchase of equipment and devices for extraction of cultivated spices, medicinal and aromatic herbs, as well as their products;
6. purchase of equipment and devices for packaging and storage of cultivated spices, medicinal and aromatic herbs, as well as their products;
7. purchase of equipment for cleaning, washing and disinfection (sterilization) of facilities, equipment, tools, devices and machines, including equipment for changing rooms and sanitary facilities;
8. purchase of equipment for disinfection of workers;
9. purchase of laboratory equipment (without glassware) for internal use, as part of the processing plant;
10. construction and equipping of facilities, as well as procurement of equipment for waste management from the processing process (organic waste, solid waste, wastewater, etc.).
11. Processing and marketing of bee products
    * + 1. construction of facilities for processing, packaging and storage of bee products with associated internal and external infrastructure;
        2. purchase of equipment and devices for processing bee products;
        3. purchase of equipment and devices for packaging and storage of bee products;
        4. purchase of equipment for cleaning, washing and disinfection (sterilization) of facilities, equipment, tools, devices and machines, including equipment for changing rooms and sanitary facilities;
        5. purchase of equipment for disinfection of workers;
        6. purchase of laboratory equipment (without glassware) for internal use, as part of the processing plant;
        7. construction and equipping of facilities, as well as procurement of equipment for waste management from the processing process (organic waste, solid waste, wastewater, etc.).

m) Collection and purchase of fruits and vegetables from primary agricultural producers, storage and preparation for further sale[[11]](#footnote-11)

1. construction of facilities for collecting, storing, packaging and preparation for transport and further selling of fresh fruits and vegetable (sorting, callibrating, washing, labeling and similar actions with products) with associated internal and external infrastructure and equipment.

**III Working Capital**

Fixed costs limited to salaries for people who directly manage and deliver activities and/or will provide support to an aggregator in the context of the proposed individual project. Grant beneficiaries are not allowed to pay themselves a salary out of the grant funds and will not be reimbursed for work conducted by themselves under the individual project. Salaries will only be paid to contracted staff selectively.

The total cost of working capital shall not exceed 10% of the total value of the individual project.

**IV Technical Assistance & Training**

Costs of technical assistance, training and capacity-building activities for the implementation of the proposed individual project supported by the MRD grants program, including, but not limited to: a) Good/Better Agricultural Practices; b) Agri-Environmental/Climate Smart Agriculture/Organic Practices; c) Renewable Energy/Energy Efficiency; d) Product Quality; e) Food Safety; f) Traceability; g) National and International Standards; h) Digital Agriculture; i) New Production/Manufacturing Technologies; j) Applied Research; k) Financial Literacy/Accounting; l) Business Management; n) Sales and Marketing (including market research and advertising); o) Branding, Packaging, and Labeling; p) Producer Organization, and q) Participation in project-related trade fairs or exchange events.

The total cost for training and technical assistance shall not exceed 10% of the total value of the individual project.

## MRD Grants

MRD grant support provided under SCAP will represent 50% of the total value of individual projects (business plans). The remaining 50% of the value of the business plan will be covered by beneficiaries’ own funds (10%) and a commercial loan (40%) that the beneficiary would obtain from a commercial bank (Figure 1). The total value of the business plan depends on the type of applicant, sector, productive activity, and the combination of capital investment, working capital and the scope of technical assistance and training needed.

The minimum and maximum total values of the individual projects are defined in Table 3 - EUR 20,000 (i.e. minimum grant size of EUR 10,000) to EUR 50,000 (i.e. maximum grant size of EUR 25,000) for primary agriculture producers and EUR 25,000 (i.e. minimum grant size of EUR 12,500) and EUR 400,000 (i.e. maximum grant size of EUR 200,000) for aggregators.

**Figure 1. Business Plan Composition and Financials**

**Preparation costs**

**Capital Investment**

**50% MRD Grant**

**Working Capital**

**10% own funds**

**Technical Assistance**

**40% Bank loan**

**Table 3. Total value thresholds for individual business plans**

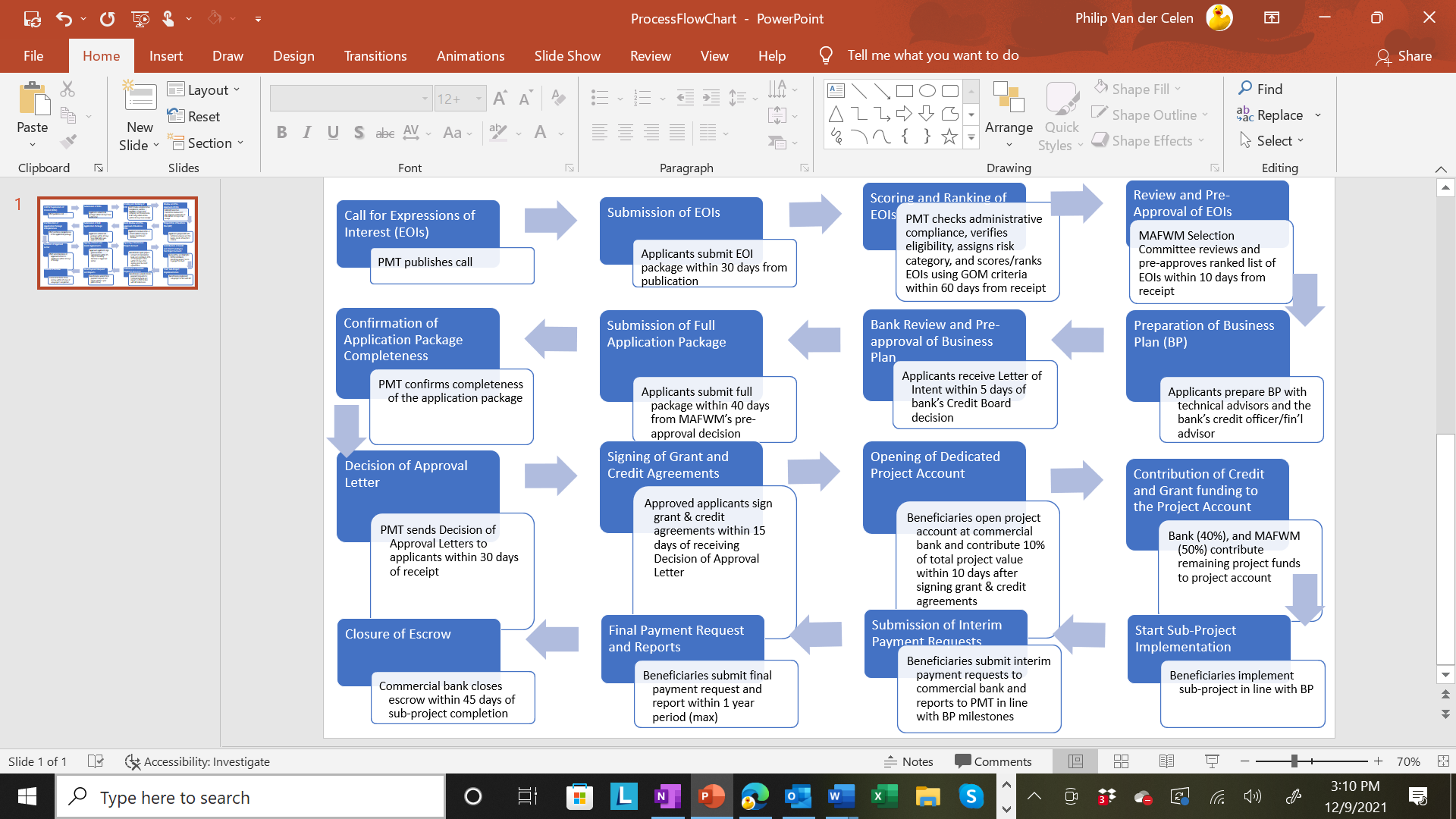
|  |  |  |
| --- | --- | --- |
| **Beneficiary** | **Minimum total value of anindividual project (EUR)** | **Maximum total value of an individual project (EUR)** |
| **Primary agriculture producers** | EUR 20,000  (Min. EUR 10,000 Grant) | EUR 50,000  (Max. EUR 25,000 Grant) |
| **Aggregators** | EUR 25,000  (Min. EUR 12,500 Grant) | EUR 400,000  (Max. EUR 200,000 Grant) |

# MRD Grant Process

The MAFWM develops and adopts a detailed Rulebook that is fully consistent with the provisions included in this GOM. In parallel, the Project Management Team (PMT) prepares a short list of potential Selection Committee members and submits it for approval to the SCAP Project Steering Committee (see Section 5.1). Once approved by the Project Steering Committee, the PMT submits the list of Selection Committee members to the World Bank for No-Objection. As soon as the rulebook has been adopted, the PMT organizes information and training sessions regarding the applicable MRD grants program modalities. In this context, both public and private service providers will receive training in the modalities prior to each call for Expressions of Interest (EOI) to ensure they are able to effectively support applicants in meeting MRD grants program eligibility criteria and application requirements. In addition, information and training sessions will be organized for Selection Committee members, local stakeholders, inspection services, and commercial Bank representatives. Upon completion of the information sessions with commercial Bank representatives, the PMT will launch a call inviting commercial banks to participate in the MRD grants program under the SCAP. Commercial banks interested in participating in the SCAP MRD grants program will sign Partnership Agreements with the MAFWM and PMT.

The steps of the MRD grants program process are summarized visually in Figure 2 and explained in greater detail below.

**Figure 2. MRD grants program flow chart**



Information and communication campaigns aimed at raising awareness of financing options and stimulating broad-based participation in the MRD grants program, especially of vulnerable groups (such as young farmers and women in rural areas), will be organized regularly by PMT, in collaboration with MAFWM, primarily prior to each call for proposals. Information will be disseminated during each campaign mainly through the project website and local workshops, radio, TV, print media, and leaflets. Workshops may be organized in each district in Serbia with potential beneficiaries.

## Call for Expressions of Interest (EOIs)

Public calls for Expressions of Interest (EOI) will be published in print and electronic media and available on the websites of the MAFWM and DAP, as well as on the SCAP project website. At least two public calls will be announced annually, starting in 2021. The deadline for submitting Expressions of Interest (EOI) will be 30 calendar days from the date specified in the call. Public calls can be announced separately for primary agricultural production and for aggregators. A budget cap will be allocated to each call for proposals, including a distribution of funds by type of investment. One potential beneficiary can apply to a maximum of 2 calls (once in each call) during the implementation time of the SCAP. At the time of the second application, the applicant must have successfully completed the investment supported under the preceding call and submitted a complete request for payment. There should be no duplication of the type of investment application, i.e. one beneficiary cannot apply for the same investment twice.

## Submission of EOIs

In order to apply to the public call for EOIs, the applicant fills in the standard EOI form included in Annex 3. The applicants may prepare the EOI by themselves, or alternatively, they may use local public extension services and/or private consultants in order to support them in the EOI preparation. Local public extension services and/or private consultants will serve as a contact point and support resource for potential applicants in the preparation of the EOI. The format of the EOI is aligned with the information needs of participating commercial banks and includes information regarding the applicant and the current operation (i.e. farm register number, active status, crop structure, bank account), and description of the proposed individual project, expected outputs and impacts, direct and indirect beneficiaries, project costs, statements of capacity and technical assistance needs, and social/environmental risks. In addition to the EOI form, applicants must provide (i) all necessary documentation proving the fulfillment of common and specific eligibility, scoring and ranking criteria; and (ii) the completed Environmental and Social Screening (ESS) form (presented in Annex 4A). Until a dedicated web-based platform for managing the MRD grant application process is established, the EOI package must be sent within the time period specified in the call for Expressions of Interest by a certified mail with a stamp and seal showing the exact date of dispatching, to the following address:

*Ministry of Agriculture, Forestry and Water Management*

*Directorate for Agrarian Payments*

*SCAP PMT*

*Bulevar Kralja Aleksandra 84*

*Post box 52*

*11000 Beograd*

Only those EOI packages that arrive to the address provided above within the timeline for EOI submission specified in the Call for Proposals and that are complete - as specified under this chapter - will be considered valid and processed further. Untimely and/or incomplete applications will be rejected during the pre-screening phase (see chapter 4.3.1).

As soon as the web-based platform for managing the MRD grant application process is established, the EOIs shall be submitted solely through this platform. Detailed information and guidance on the submission of applications through the web-based platform will be made available in a timely manner prior to the call for proposals.

## Pre-Screening of EOIs

### Receipt & Verification of Eligibility

**Receipt of applications**

The first step of the pre-screening concerns the determination of administrative compliance. Upon receipt, the EOI package is included in a register and assigned a registration number by the PMT Grant Coordinator and designated Grant Processors. Untimely applications will be rejected automatically. On the other hand, the PMT Grant Coordinator and designated processors will conduct administrative controls for each EOI package that was received in a timely manner. EOI packages will be marked as administratively compliant and accepted for further processing under the condition that:

* It has been submitted within the timeline specified in the Call for Proposals
* The EOI/application package is complete – it contains a fully and correctly filled-in standard EOI form included in Annex 3.
* The fully completed Environmental and Social Screening (ESS) form (presented in Annex 4A) is submitted
* It contains all necessary documentation proving the fulfillment of common and specific eligibility, scoring and ranking criteria, together with a filled-in checklist (a standardised checklist will be provided to guide the applicants in the process of collecting and submitting the required documentation)

If further clarifications regarding the submitted EOI package are necessary, the PMT will follow up directly with applicants by e-mail and/or post and/or phone who have eight (8) calendar days to respond. Thereafter, the PMT has ten (10) calendar days to review the additional information and determine the administrative compliance of the EOI.

**Verification of eligibility**

The applications that have passed the administrative controls and have been marked as administratively compliant entered into the second step of the pre-screening process, which concerns to the verification of the eligibility criteria. The PMT Grant Coordinator and designated processors check the fulfilment of the:

* common and
* sector-specific eligibility criteria

as they are prescribed in this GOM, and reflected in the Rulebook accompanying the Call for Proposals.

If the PMT Grant Coordinator and the processors determine that additional documentation and/or information is needed to corroborate the fulfilment of some of the eligibility criteria, the PMT will follow up directly with applicants by e-mail and/or post and/or or telephone who have eight (8) calendar days to respond with submission of additional documentation. Thereafter, the PMT has 10 calendar days to review the additional information and determine the admissibility of the EOI. Additional documents are to be submitted in the same manner as the original EOI package and may refer only to the proof of fulfilment of common and/or sector-specific eligibility criteria. Documentation that is submitted after the expiration of eight (8) calendar days since the day the applicant was informed of the need for additional documentation shall be considered not acceptable and the EOI package will not be processed further.

Within 60 days after the deadline for submission of the EOI package, the PMT must determine whether the submitted applications have proper and complete documentation and whether the applicant meets the general and special conditions prescribed in the GOM. If applicants were deemed inadmissible, a justification will be provided in a Decision of EOI rejection and potential support for addressing the gaps in the context of future calls for proposals will be communicated.

### Environmental and Social Screening (ESS)

Environmental and social screening processes that apply to the MRD grants program are outlined in detail in the Environmental and Social Management Framework – ESMF document. Upon receipt and verification of eligibility of the EOI package, including the fully completed ESS screening form, the PMT (Environmental Specialist and Social Specialist) will check the proposed individual project activities against the World Bank criteria for High Risk Projects. The relevant sections of the ESS screening form submitted by the applicant will be filled out by the PMT members (Environmental Specialist and Social Specialist) for this purpose (see Annex 5)*.* By thus screening individual project activities, the type and scale of potential environmental and social impacts will be identified, and risk category of the proposed individual project attributed. The significance of impacts and risks contribute to resulting ESS categorization and will depend on (i) the *type* and *scope* of the subproject[[12]](#footnote-12); (ii) the *location* and *sensitivity* of social and environmental issues[[13]](#footnote-13); (iii) the *nature* and *magnitude* of potential risks and impacts[[14]](#footnote-14); and (iv) borrower’s (including any other partner responsible of project implementation) capacity and commitment to manage environmental and social risks and impacts in the manner consistent with ESSs. Considering the scale of the proposed individual projects under the MRD grants program, it is expected that the magnitude of their environmental impacts will be *low* to *moderate*, and their social impacts will be *moderate* to *substantial*. Only subprojects that are rated as “Substantial Risk” or lower will be considered for MRD grants program support. Subprojects that are rated as “High Risk” will not be supported by the MRD grants program. Results of the screening by the PMT (Environmental Specialist and Social Specialist) will be reflected in the screening form (see Annex 4A) submitted by the applicant. In this GOM, only the generic ESS screening form has been presented in the Annex 4A, However, the Environmental and Social specialists in the PMT, in coordination with the World Bank E&S specialists, will develop ESS screening list specific to each and every call, that will realistically reflect the potential Environmental and Social risks closely linked to the call in question.

**Proof of environmental compliance**

The applicant should submit, if available, relevant proofs of environmental compliance related to statements made within his or her application form and project description. Examples include but are not limited to:

* if the applicant states that the waste management on the farms has been managed in line with the environmental standards, he or she should submit any kind of contract, letter of cooperation or similar, with the licensed waste operator;
* if the applicant states that he or she is using underground water from a well, the applicant should submit any relevant proof that the well has been registered in line with the national legislation and that the adequate water tax has been paid;
* if the applicant states that he or she is using the chemicals and biocides (pesticides, herbicides, etc) in line with the manufacturers specification, the applicant should provide proof that he or she is fully familiar with the dosing of the substance (for example, by the local agri – pharmacy) and that the applicant is using it in the proper manner (daily logs or schedule of application);
* if the applicant is purchasing equipment, and this equipment contains batteries or compounds that can later on become hazardous waste (filters from tractors, large batteries, electronic waste, etc), the applicant should submit a confirmation from an authorized entity that the equipment will be maintained and serviced in an appropriate manner and that the hazardous waste is managed in line with the national legislation.

The above mentioned proof are not mandatory and their exclusion cannot be grounds for immediate rejection of the applicant. However, they will assist the Environmental Specialist in overall understanding of the level of environmental compliance of the applicant and how the proposed investments will support the sustainability of his or her agricultural production.

### Scoring and Ranking

The development impact of the MRD grants program will be strengthened through technical, social, and environmental scoring and ranking criteria applied to steer investments towards SCAP-specific goals, such as strengthening market linkages, technology and innovation, climate resilience, inclusion of youth, women, and other vulnerable groups from less developed areas in Serbia. The EOI packages that have passed (i) the administrative compliance and eligibility verification; and (ii) the social and environmental screening process will be scored and ranked by the PMT’s Grant Coordinator and Grant Processors based on the technical, environmental, and social scoring and ranking criteria specified in Table 4 below. It is expected that the criteria will be amended over time, as experience and changes in the focus of the MRD grants program occur[[15]](#footnote-15).

**Table 4. Scoring and Ranking criteria for EOIs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Category** | **Criterion** | **Explanation of the criteria** | **Points by criteria** | **Maximum number of points** |
| **Social status of the applicant** | In the calendar year in which the Call has been published, the applicant’s age is maximum 40 | If the applicant is a natural person or an entrepreneur | YES - 5 points  NO - 0 points | 10 |
| In the calendar year in which the Call has been published, the majority of owners or the members of the legal entity are up to 40 years of age | If the applicant is a company or agricultural cooperative |
| Is the applicant a woman? | If the applicant is a natural person or an entrepreneur | YES - 5 points  NO - 0 points |
| Is the majority of owners or the members of the legal entity female? | If the applicant is a company or agricultural cooperative |
| **Cooperation for the purpose of strengthening the position in the market chain** | Is the applicant a member of an agricultural cooperative? | If the applicant is a natural person | YES - if the applicant is a member of an agricultural cooperative / business association / cooperative union for more than three years at the time of submition of application - 5 points  YES - if the applicant is a member of an agricultural cooperative / business association / cooperative union for less than three years at the time of submition of application - 3 points  NO - 0 points | 5 |
| Is the applicant a member of a business association / cooperative union? | If the applicant is an entrepreneur, company, or agricultural cooperative |
| **Geographic and socio-economic indicators relevant to the implementation of the Project** | Does the applicant have a residence (natural person), or headquarters (entrepreneur, company or agricultural cooperative) in an area with difficult working conditions in agriculture, if the project relates to the procurement of machinery and equipment?  Is the planned investment, if it is about the construction of facilities, carried out in an area with difficult working conditions in agriculture? | Based on the rulebook on determining areas with natural or legal limitations for agriculture production- Published in the "Official Gazette of RS" No. 102/18 of December 21, 2018. | YES - 15 points  NO - 0 points | 25 |
| Does the applicant have a residence (natural person), or headquarters (entrepreneur, company or agricultural cooperative) in an area of under developed municipalities, if the project relates to the procurement of machinery and equipment?  Is the planned investment, if it is about the construction of facilities, carried out in an area of under developed municipalities? | Based on the decree on determining the list of the regions and local self-government units according to the level of development for 2014  "Official Gazette of RS", No. 104 of October 1, 2014. | YES in municipalities which belongs to group III - 5 points  YES in municipalities which belongs to group IV - 10 points  NO- 0 points |
| **The impact of the project on the environment and mitigation of the effects of climate change** | Do the investments envisaged by the project contribute to the protection of the environment and / or the mitigation of the effects of climate change | *For projects in the sectors of primary plant production*: Investments in the procurement and installation of new equipment for the use of renewable energy sources and the improvement of energy efficiency in order to improve competitiveness within the sector to which the project relates; procurement of new equipment and devices for additional lighting and shading of the protected areas; procurement of equipment for ventilation, cooling, ie heating of the protected areas; procurement and installation of systems for protection from the hail in perennial plantations, as well as for protection of crops from excessive insolation; procurement of new equipment, machines and devices for irrigation; procurement of new equipment / machines for frost protection systems. | YES - 10 points  NO - 0 points | 25 |
| *For projects in the field of primary livestock production*: Investments in procurement and installation of new equipment for the use of renewable energy sources and improvement of energy efficiency for the purpose of improving competitiveness within the sector covered by the project, construction and equipping of facilities for manure management, storage and distribution facilities for manure; procurement of new equipment and machines for handling and transport of solid or liquid manure. |
| *For projects of aggregators*: investments in the procurement and installation of new equipment for the use of renewable energy sources and the improvement of energy efficiency in order to improve competitiveness within the sector to which the project relates; construction of facilities and procurement of new equipment for manipulation, disposal and removal of waste (organic waste, wastewater, etc.) |
| Does the applicant implement voluntary standards such as organic production and / or the Global Gap standard as part of the proposed project? | The applicant has a certificate for organic production, ie processing (for aggregators) at the time of submission of application. | YES – 10 points  NO – 0 points |
| The applicant has a GLOBAL GAP certificate at the time of submission of application. | YES - 5 points  NO - 0 points |
| **Capacity of the applicant for the realization of the Project** | Does the applicant or majority of the applicants members/owners (for companies and cooperatives) have completed secondary school or a faculty at the moment of submission of application? |  | Completed any kind of secondary school - 1 point  Completed secondary school related to agriculture, veterinary or food processing- 3 points  At least BSc degree of any kind - 5 points  At least BSc degree related to agriculture, veterinary or food processing- 10 points | 20 |
| Does the applicant cooperate with providers of advisory services (Public advisory offices or private consultants), in the field of production or processing of primary agricultural products to which the Project relates at the moment of submission of application? |  | YES - 5 points  NO - 0 points |
| Does the applicant have prior experience in the field of investments as measured by the number of active years (minimum 3 years) in the business register (for aggregators) or farm register (for primary agriculture producers) at the moment of submission of application? |  | YES – 5 points  NO – 0 points |  |
| **The project envisages investments that are innovative** | Does the apllicant’s individual project relate to investments in the procurement of new equipment for digitalization and / or automatization of production systems, including the procurement of adequate software with accompanying hardware |  | YES - The project includes investments in GPS systems and / or the use of drones - 5 points  YES - The project includes investments in digitalization / automatization of production / processing systems, which include the procurement of appropriate software / applications - 10 points  NO - 0 points | 15 |
| **MAXIMUM POINTS PER APPLICANT** | | | | 100 |

## Review and Pre-Approval of EOI by the MAFWM Selection Committee

The PMT will prepare a ranked list of recommended EOIs (complete, eligible, and scored) and send it to the MAFWM’s Selection Committee within five (5) working days after completion of the list. The Committee meeting for the review and pre-approval of the PMT’s ranked list of recommended EOIs will be scheduled within ten (10) working days from receiving the ranked list from the PMT. Prior to the meeting, the Committee will randomly select from 5% up to 10% of the received applications to evaluate that scoring and ranking criteria have been adequately applied. MAFWM Selection Committee members fill out an Evaluation Form for each EOI they review, and deposit the forms with the PMT’s Grant Coordinator at least 2 working days before the meeting of the Selection Committee. If the Committee determines that there has been an irregularity, it may request to evaluate an additional number of applications. The PMT Grant Coordinator, who serves as a secretary to the Selection Committee, will attend the meeting of the Selection Committee to clarify, as needed, individual EOIs. The PMT’s office assistant or one of the Grant Processors will attend as well to prepare detailed minutes of the meeting, which must fully reflect the decision-making process used to formally pre-approve the ranked list of recommended EOIs during the meeting. The Grant Coordinator and Office Assistant (or Grant Processor) report administratively to the PMT (Project Coordinator) and only provide technical clarifications regarding recommended EOIs, if requested by Committee members. All discussions and findings of the Selection Committee must remain confidential and all Committee members must sign off on the ranked list of EOIs pre-approved during the meeting.

## Communication of Pre-Selection to Applicants

The PMT Project Coordinator, in coordination with the Grant Coordinator and Grant Procurement Specialist, will verify if there is sufficient budget allocated to fund the investments stated in the applications pre-approved by the Selection Committee. This determination will take into consideration the ranking that has been assigned to each EOI/application. The minimum threshold for an EOI to be considered for funding is the score of 50 points. The exact cut-off line could be adjusted based on the availability of grant funding.

The PMT will send a Decision of Pre-Approval to the applicants pre-approved by the Selection Committee within 15 working days after the final ranking list is published. Thereafter, a Decision of Rejection will be sent by the PMT to those applicants with EOIs for which there are insufficient funds to cover the specified investment under the call.

Beneficiary questionnaires and surveys will be organized within three (3) months after the applicants have been sent Decisions of Pre-Approval / Decisions of Rejection to solicit feedback from a sample of applicants (those selected and those not selected). The feedback would be used to inform and further streamline the modalities of subsequent calls for proposals. A grievance redress mechanism will be put in place that will address in a transparent manner any objections from applicants.

## Preparation of full application package

Applicants pre-approved by the MAFWM are authorized to prepare a full application package for MRD grant funding under SCAP, including (i) a detailed business plan; (ii) environmental and social standards (ESS) documentation and (iii) supporting legal and technical documentation within 40 calendar days after receiving a Decision of Pre-Approval of their application.

### Business Plans

Pre-approved applicants may select from the web-based MAFWM Directory a public and/or private advisor(s)/service provider(s) to prepare a business plan on the basis of the individual project concept proposal pre-approved in the EOI form. The responsibility for the preparation, submission, implementation, and accountability of the business plan will rest with the applicant, who will be the primary contact for all matters pertaining to the individual project. Applicants will use the standard business plan format prepared by the SCAP team in coordination with the World Bank and agreed with the participating commercial banks (see Annex 6).

In order to incentivize stronger linkages along the value chain, between primary producers and buyers downstream the value chain, applicants will be required, as part of their business plan preparation, to (i) complete market studies and analyses; and (ii) provide a proof (contract or statement of business cooperation) of cooperation with at least one other entity (agricultural holding, entrepreneur, company, cooperative) involved in the proposed individual project.

The business plans of the individual project must propose: (i) estimated preparation costs; (ii) eligible capital investments; and (iii) technical assistance and/or training activities linked to the eligible capital investments that would ensure successful implementation. If the TA is provided by public advisory service providers, the cost will be covered by the national budget of the Republic of Serbia. However, applicants must include a confirmation letter from the chosen public advisory service provider in the full application package.

The maximum implementation period of an individual project will not exceed one (1) year after the contract has been signed between MAFWM and the applicant. By the end of the individual project, grant beneficiaries will be required to (i) provide (as applicable) a usage permit for physical assets constructed with project support; (ii) provide at least one contract with at least one buyer. The contract with the buyer that has resulted from the supported investment is to be either (i) a contract with a new buyer; or (ii) a contract with a previous or existing buyer of agricultural products with modified quantities and/or types of products covered by the contract as a result of the supported investment. Failure to provide these will constitute an irregularly implemented project and provide a basis for the suspension of funding / retrieval of the received funding by the applicant.

### Environmental and Social Standards (ESS) Documentation

Detailed arrangements for the development of social and environmental instruments under the MRD grants program are outlined in the ESMF. Environmental and social standards (ESS) documentation required for individual projects included in business plans will be guided by the Risk Category assigned based on the environmental and social screening process outlined in Section 9.3 of the ESMF (also mentioned in Section 4.3.2 of the GOM).

For individual projects with negligible potential social and environmental impacts (**Category 1 – low risk**), the PMT (Environmental Specialist and Social Specialist) will require the applicant to develop an *ESMP checklist* (see Annex 8).

For individual projects with limited and site-specific impacts **Category 2 – moderate risk**, the ESMP checklist is required from the applicant, as well as the preparation of and the site specific ESMP. The PMT may help the applicant to prepare the ESMP. However, the Environmental and/or Social Specialist, can, if deemed necessary, and if some specific environmental and/or social parameters are highlighted during the evaluation, request from the applicant to provide the PMT with a developed monitoring plan for the specific parameters. This monitoring plan will be defined by the Environmental and/or Social Specialist and will outline the specific Environmental and/or Social risks that need to be monitored and managed, followed by the record documentation as a supplementary documentation. These risks include but are not limited to use of chemicals (pesticides, herbicides, etc), manure management (livestock manure, nitrogen, ammonia content, treatment and storage), hazardous waste management (batteries, packaging, etc), wastewater and leachate water management, and others. Together with the monitoring plan and the supplementary records of usage and management of the foreseen risks, the ES specialist will define the frequency of control and submission of data (once a week, month, quarter, half year, annually, etc).

To address potential environmental and social impacts in the case of rehabilitation of infrastructure it is proposed to use an ESMP checklist. The ESMP Checklist has three sections: (a) *Part 1* constitutes a descriptive part (“site passport”) that describes the project specifics in terms of physical location, the project description and list of permitting or notification procedures with reference to relevant regulations. Attachments for additional information can be supplemented if needed; (b) *Part 2* includes the environmental and social screening in a simple Yes/No EMS format as well as specifies mitigation measures; and (c) *Part 3* is a monitoring plan for activities carried out during the rehabilitation activities. The ESMP checklist should be part of the grant proposal package and must form an annex of bidding documents for any construction works. Labor management procedure will also form part of bidding documents for construction works.

For individual projects with **Category 3 – substantial risk**, the PMT (Environmental Specialist and Social Specialist) will require the applicant to develop a *site-specific ESMP* (see Annex 7). The PMT (Environmental Specialist and Social Specialist) will submit site-specific ESMPs to the World Bank for prior review. When the WB is confident that PMT (Environmental Specialist and Social Specialist) has demonstrated that the process is accurate, the World Bank will transfer this prior review to post review.

For all individual projects that would require a site-specific ESMP, local public consultations should be organized. For that purpose, it is necessary to disclose in advance the ESMP document (about two weeks before the consultations) on the MAFWM and SCAP websites as well as provide hard copies to local public administrations and key interested parties (environmental authorities). During the consultations, the individual project applicants will register all comments and suggestions on improving the ESMP documents and will prepare relevant reports to be included in the final version of the ESMP documents. Furthermore, other specific information related to the project activities and ESMP should be also publicly available on-line on the MAFWM/SCAP website. Based on that, the public consultation can be done virtually receiving relevant questions/proposals on-line and taking them into consideration while finalizing the ESMPs.

Unless the applicant prepares the relevant ESS documentation, the proposed individual project will not be eligible for MRD grant financing. The PMT (Environmental Specialist and Social Specialist) will work closely with the potential applicant on environmental and social documentation and provide needed advice. The PMT (Environmental Specialist and Social Specialist) will compare environmental documentation prepared pursuant to national requirements with the World Bank requirements related to ESMP preparation in order to ensure minimum consistency in terms of: (a) defining the same priority environmental protection issues, mitigation measures and responsibility of implementation, (b) monitoring program, (c) environmental management institutional arrangements. If the applicant is obliged to prepare environmental documentation pursuant to national legislation, such documentation can be used for ESMP preparation. The applicant shall be obliged to contact the Ministry of Environment in order to fulfil all the requirements under the national legislation. The line Ministry will determine if full EIA is needed or not. The applicant will forward the line Ministry’s opinion to the PMT (Environmental Specialist and Social Specialist). In case the individual project requires an Environmental Permit (whether EIA is required or not), the applicant shall prepare all necessary documents[[16]](#footnote-16) and submit Environmental Permit application to the line Ministry.

### Legal and Technical Support Documentation

Applicants will have to collect and submit required legal and technical support documents as part of the full application package, including:

* All permits and approvals required for the existing or planned facility/activity, in particular a construction permit (if applicable). On the other hand, user permits (if applicable) must be provided by the completion of the individual project (see Section 4.13.8).
* A written statement made under material and criminal responsibility that the applicant will comply with all the provisions of Entity laws on labor and protection at work (see Annex 9).

## Pre-approval of commercial bank loan

While the MAFWM holds the decision-making authority as regards to the business plans that will ultimately benefit from MRD grant support, commercial banks participating in the program will actively participate in assessing the proposed individual project included in the business plan.

MRD grant support for the individual project business plans prepared by applicants will be contingent upon applicants obtaining pre-approval by their bank’s credit board of a commercial loan supporting the individual project business plan prepared by applications with support from the bank’s credit officer/financial advisor. The credit board of the bank will evaluate the (technical, financial, operational, managerial, and commercial) feasibility and sustainability of the proposed individual project business plan.

The commercial bank will provide the applicant with the Letters of Intent within 5 working days of their Credit Board’s decision. The applicant will submit the Letter of Intent [[17]](#footnote-17)issued from the commercial bank as a part of full application package. The value of the submitted business plan could be different from the value originally proposed in EOI in the case when the market context and/or the prices have changed in the meantime. The percentage of the accepted difference and the manner of justification of the proposed change will be determined through Guidance that the PMT will issue to the pre-approved applicants regarding this step of the process.

## Submission of full application package

Until a dedicated web-based platform for managing the MRD grant application process is established, applicants that are pre-approved for a loan by their commercial bank’s credit board must submit a full application package, including a request for individual project approval, to the PMT (using the same address listed in Section 3.5) within 40 calendar days after having received the MAFWM’s Decision of Pre-Approval Letter. The full application package for the individual project must include:

* Request for Individual Project Approval
* Business plan, which must include:
  + ESS form (See Annex 4B) and applicable ESS documentation (i.e. Proof of environmental compliance, Monitoring plan, a site-specific ESMP or ESMP checklist);
  + Statement given under full moral, material and criminal responsibility that the individual project, within the sector for which it is submitted, will at the end of the implementation meet the minimum of relevant national standards.
* All necessary legal and technical support documentation, including:
  + All permits and approvals required for the existing or planned facility/activity, in particular a construction permit (if applicable);
  + A written statement made under moral, material and criminal responsibility that the applicant will comply with all the provisions of Entity laws on labor and protection at work (see Annex 9);
  + A confirmation by relevant Tax Authority that all current workers are regularly registered with pension, disability and health insurance (Confirmation on Paid Contributions).
* Evidence of availability of 10% of the total value of the business plan in a commercial bank account.
* The Letter of Intent issued from elected commercial bank.

## Approval of full application package

Once the full application package has been received, the PMT’s Grant Coordinator and Grant Processors confirm that all required documents have been received. If not, or if additional clarifications are needed, the PMT follows up directly with applicants by e-mail and/or post and/or phone who have eight (8) working days to respond. Thereafter, the PMT has 10 working days to review the additional information and determine whether the application is complete. Incomplete applications will be rejected by the PMT.

## Communication of Selection to Applicants

Within 30 working days after receiving the full application package, PMT will send Decision of Approval Letters with MRD grant commitments signed by the DAP Director to the applicants whose individual projects have been approved. If the application package is rejected, a justification will be provided in the Letter of Rejection of the individual project and potential support resources for addressing the gaps in the context of future calls for proposals will be communicated. After the letters have been sent, the list of selected applicants and topics will be publicly displayed in the PMT office and on the SCAP project website.

## Agreements between the beneficiary, the project, and the commercial bank

On the basis of the Decision of Approval Letter received from the PMT, beneficiaries will sign an Individual Project Credit Agreement (IPCA) with the commercial bank and an Individual Project Grant Agreement (IPGA) with the PMT (DAP Director) using the standard format developed for the SCAP project (see Annex 10). The MAFWM (PMT) will require grantees to contractually enforce the national labor law. To this end, IPGAs signed between the project (PMT) and the beneficiary include an Article signed by the applicant confirming that national labor laws and regulations are observed at the level of his/her operation.

Individual projects cannot be modified once the IPGA has been signed. In the case that a modification needs to be made, the beneficiary needs to notify the MAFWM (PMT) in writing with an appropriate justification. The decision on the modification request will be communicated by MAFWM (PMT) in writing. Possible reasons for making such a modification may be: force majeure, specific commodity that should have been incorporated is no longer produced, supplier not able to provide the services, commodities or works, modifications caused by the need to harmonize with the legislation, situation that could not have been foreseen at the moment of the signing of the IPGA and other situations that the beneficiary could not have had influence on, new technologies that may improve the project efficiency. All these reasons must be corroborated with appropriate documentation.

The beneficiary must observe all Articles of and Appendices to the IPGA that will be signed between him/her and the PMT (DAP Director). The failure to implement the investment according to the IPGA will result in rejection of payment request and termination of the IPGA. The duration of the IPGA should be set according to the beneficiary’s application and maximum implementation period of an individual project will not exceed one (1) year after contract signing between MAFWM and applicant, but the proposed individual project must not extend beyond the duration of the MRD grants program. The IPGA and the IPCA with the commercial bank should be signed within 15 working days after receiving the Decision of Approval Letter, unless strong evidence is provided by the applicant about reasons that make this time frame difficult to meet. If these reasons are found insufficient by the PMT, the Individual project will be canceled.

## Project Funds

### 4.12.1. Mobilization of Project Funds

Beneficiaries will open a dedicated individual project account at the commercial bank with which an IPCA has been signed and contribute 10% of the total value of the approved individual project business plan to the account within 10 working days after signing the IPCA and the IPGA. Subsequently, commercial banks will contribute 40% of the total individual project business plan value to the dedicated project account (escrow) within 25 working days after beneficiaries’ contributions to the escrow have been made. The PMT will provide to the CFU within the Ministry of Finance: i) all signed IPGAs and ii) all payment requests signed by the PMT Grant Coordinator and DAP Director, for checking and approval before payments to the escrow accounts of beneficiaries can be made. If payment requests are in compliance with the IPGA and Loan Agreement, the CFU will issue an Overview of costs for payment to PMT before a payment of the grant portion (50%) to the escrow account in the commercial banks can be made. Finally, the PMT contributes 50% of the total individual project business plan value to the dedicated individual project account (escrow) in the commercial bank with which an IPCA has been signed. This contribution will be made within 10 working days after the beneficiary and the commercial bank have provided their respective contributions.

With all required project funds in the dedicated individual project account (escrow), beneficiaries can start implementing the individual project with support from public and/or private technical advisors selected by the beneficiary.

The IPGA for individual projects that include investments in construction of minor works or for equipment that requires high installation and commissioning costs, will include the schedule for the disbursement/release of tranches from the escrow account by the PMT based on achievement of agreed outputs/milestones included in the business plan and commitment to the monitoring, supervision and reporting process by all parties.

The IPGA for individual projects that include investments in purchase of mechanization/equipment and TA will include one or more payment requests from the escrow account by the PMT based on achievement of agreed outputs/milestones included in the business plan and commitment to the monitoring, supervision and reporting process by all parties.

### 4.12.2. Disbursement arrangements

The Disbursement and Financial Information Letter (DFIL) represents an instruction to Borrower, MoAFWM/DAP, in regards to the Disbursement Arrangements, Withdrawals of Loan Amounts from the Loan Account, and Reporting of Loan Proceeds, in the form of interim unaudited financial reports (IFR) and official audits. Please find attached to this GOM, as Annex 13, the DFIL letter from December 5th. 2019. on the IBRD Loan No. 9023-YF, Serbia Competitive Agriculture Project, with accompanying documentation, namely: “Schedule 1: Disbursement Arrangements”, Attachment 1, Attachment 2a and Attachment 2b.

The Schedule 1: Disbursement Arrangements, in the part Additional instructions, states: “Matching Grants – documentation of expenditures is recognized against actual expenditures occurred under each respective grant. The pay out of Matching Grant is considered as an advance and it is not recognized as an expenditure”. Taking into consideration that the duration of the IPGA is set to one (1) year after contract signing between MAFWM and applicant, in line with the Annex 10 of GOM, the payment schedules of the grant portion (50%) to the escrow accounts of beneficiaries in the commercial banks, can be delayed and enter a default against timeframe dedicated by GOM, section 4.12.1, stating: contribution will be made within 10 working days after the beneficiary and the commercial bank have provided their respective contributions.

The reason for potential default lies in the Disbursement Arrangements itself. Given timeframe for the implementation of procedures described in this section, under the MRD grants, in order to be able to document actual expenditures occurred under each respective grant, so that the relevant documentation of expenditures, presented by and with tables given in Attachment 2a and 2b of DFIL, allows withdrawals of funds, can result in inability of the PMT to document the volume of expenditures that can suffice the resupply of funds necessary for payments of the matching grants.

In order to mitigate this risk, Ministry of finance requested World Bank to amend the DFIL, Schedule 1, Additional instruction, so that it would state: “Matching Grants – documentation of expenditures is recognized once the PMT disburse the grants to grantees”.

### 4.12.3 Recognizing grants as expenditures: Risk management and proposed mitigation

Recognizing disbursement of grants to grantees as a documented expenditure, instead of an advance, creates a risk for the Borrower, MAFWM, that the Beneficiaries having the grants on their escrow accounts will be unable to, due to various predictable or unpredictable circumstances, implement their individual projects in line with the MRD procedures stipulated in this GOM, in the Project timeframe, which will then result in request for withdrawal of these funds to the World Bank account. In order to prevent this situation, but allow the necessary amendments to the DFIL in order to support project implementation dynamics without defaults, this risk needs to be mitigated by various proposed actions and instruments.

Some of the mitigation measures in order to manage this anticipated risk are:

1) Adequate planning of each call for individual projects in line with the Project timeline (namely, closing date), MRD implementation timeframe and anticipated risk, so that at least 6 months time prior to the Project closing date is left for individual projects to be rectified and expenditure implemented and documented;

2) In general, but especially prior to the final Project’s call for individual projects, the amendments to GOM, especially Annex 10, IPGA template, will take place, to allow PMT additional instruments of monitoring and even implementation of risk safety measures, so that the individual projects can implement and document relevant expenditures;

3) Procurement procedures: PMT can, when necessary and if justifiable, in line with the World Bank procurement procedures, implement centralized procurement of goods for all of the applicants, instead of allowing individual procurement procedures for each and every individual project; in order to implement this measure, the call for individual projects needs to be designed ahead as to allow this kind of intervention, as well as the IPGA needs to be addressed properly; this measure will allow PMT to have a far better instruments to manage the Project’s implementation and steps in MRD, but also a bigger responsibility to adequately plan both the call for proposals and eligible investments;

4) Additional, more frequent, reporting will be requested from applicants, in order to monitor and prevent grants from not becoming the documented expenditure under individual project; if the risk of default in implementation, so that the grant cannot become documented expenditure, is classified as high, the PMT will be allowed to implement emergency measures;

5) Additional request for guarantees from the Beneficiary may be introduced, above certain financial threshold, but also in a time related manner, that will allow the PMT and Borrower to act when deemed necessary, in order to prevent grant from defaulting.

6) In their financial part, both the progress and final reports from the grantees should include the detailed statements of expenditure accompanied with the copies of the related expenses.

7) The number of on-the-spot controls during the implementation period, especially relating to the period covered by progress report should be increased, in order to detect any possible irregularities early in the investment cycle, and to enable timely follow up while the investment is still on-going.

## Implementation of the Individual Project

### Launch of Individual Project Activities

A beneficiary may start making an investment only after the IPGA signed by both the beneficiary and the MAFWM enters into force. Prior to signing of the IPGA, only preparatory works can be completed (preparation costs). Where the MAFWM (PMT) establishes that a beneficiary commenced any activity on the proposed individual project other than preparatory works prior to signing of the IPGA, the MAFWM shall terminate the IPGA. Information and training sessions will be organized by the PMT for the selected beneficiaries to clarify grant management and implementation, disbursement and procurement regulations, monitoring and reporting requirements, and contractual obligations.

### Procurement

The procurement of goods, works and services as part of individual project implementation will follow the World Bank procedures prescribed in the GOM. Procurement will be conducted in accordance with para. 6.52 (Community-driven Development) of the World Bank’s Procurement Regulations for IPF Borrowers: Procurement in Investment Project Financing – Goods, Works, Non-Consulting and Consulting Services July 2016 (revised November 2017 and August 2018) (Procurement Regulations). The project will also be subject to the World Bank’s Anti-Corruption Guidelines, dated July 1, 2016.

Considering the total value of the procurement (EUR 20,000 – EUR 400,000), the following procurement methods will apply for procurement of goods, non-consulting services and minor works: Direct Selection (DS), Request for Quotations (RFQ) and Request for Bids (RFB).

1. DS will apply for procurement in the amount equal to or below EUR 30,000 in accordance with paras. 6.9 (b) (iii) and 6.9 (c) of the Regulations, i.e. the prices for direct contracting are reasonable and procurement are both of very low value and low risk, respectively.
2. For procurement of goods and non-consulting services of procurement in the amount of EUR 30,001 to EUR 90,000, RFQ will apply. This procedure will require submission of at least 3 quotations from suppliers.
3. For procurement of minor works for procurement in amount of EUR 30,001 to EUR 180,000, RFQ will apply. This procedure will require submission of at least 3 quotations from bidders.
4. RFB will be used for procurement above EUR 90,000 (for goods and non-consulting services) and above EUR 180,000 (for works).

The Grants Procurement Specialist will ensure that applicable procurement methods are applied and will assist recipients put together the RFQ or RFB and launch procurement.

In case of selection of consultants, the following methods will apply: Direct Selection (DS), Individual Consultant (IC) and Selection based on Consultant’s Qualification (CQS).

1. DS will apply for procurement in the amount equal to or below EUR 30,000 in accordance with para. 7.14 (d) of the Regulations, i.e. the procurement is both of very low value and low risk, respectively.
2. IC or CQS will apply for procurement in the amount of EUR 30,001 or above.

For selection of consultant, the recipient should prepare a simple Terms of Reference (TOR) for such services and obtain prior clearance from the Grant Coordinator.

The following should be observed:

* The Grant Coordinator will require the Recipients to maintain records of all procurement activities carried out and submit them to the Grant Procurement Specialist.
* The Grant Procurement Specialist will closely monitor procurement activities carried out by Recipients using grant funds as well as Recipient’s matching funds, to ensure compliance with the provisions of individual GAs.
* The Grant Procurement Specialist will provide guidance and training to Recipients and Technical Service Providers on the procurement policy and procedures.
* Should any deviation in procurement occur from the approved project, the recipient needs to inform this to the Grant Coordinator with proper justification. Failing to do so will make the procurement related expenditure not eligible for funding.

All the IPGAs will be subject to World Bank’s post review and audit.

### Submission, processing, and execution of payment requests

Specific roles, responsibilities, and requirements related to the processing of payment requests, including adjustments to payment schedules, will be governed by the Partnership Agreement between the MAFWM (PMT) and the individual commercial bank.

In general, the beneficiary will submit to the commercial bank a request for payment together with all the necessary supporting documents in the original forms, including invoices (based on a valid contract), acceptance notes (that the grant beneficiary confirms the quality of the goods/services received), and signed payment orders.

Interim payment requests, including required supporting documentation, are submitted by the grant beneficiary to the commercial bank in line with the outputs/milestones defined in the individual project business plan and within the period of time specified by the IPGA and the IPCA. The number of milestone payments (tranches) and the amount of each payment disbursed/released from the escrow account will be determined on a case by case basis. The value of goods/services included in the submission of the payment request shall not exceed the one proposed in the inidivudal project business plan and supporting documentation. In the event the amount is higher, only the expenditure referred to in the individual project business plan and documentation submitted when applying shall be deemed as eligible expenditure. Furthermore, the co-financing share provided for by the MRD grants program may not be paid to the beneficiary in the amount higher than the one defined in this GOM. All the documents related to the payment request, with the exception of documents related to the preparation of the proposed individual project, have to be dated later than the date of signature of the IPGA between the MAFWM and the beneficiary.

Unless stipulated otherwise in the Partnership Agreement signed between the MAFWM, the PMT, and the individual commercial bank, the commercial banks will review the request and, if pre-approved, add it to their (signed) list(s) of pre-approved payment requests. The commercial banks will forward by electronic mail the (signed) list(s) of pre-approved payment requests and supporting documentation from beneficiaries to the PMT within the period of five (5) working days from the day of the receipt of the payment request. The documents enclosed together with the payment request will be placed in a standardized order with a view to making easier the subsequent review by the PMT. In addition, the commercial banks will send by mail (post) the physical payment requests and supporting documentation to the PMT for inclusion in the SCAP project records.

At the same time with submitting a request for payment to the commercial bank, the beneficiary also sends the necessary documentation prescribed in the IPGA to the PMT. PMT processes the request for payment on the basis of the data from the request itself, as well as on the basis of the supporting documentation. This is primarily the responsibility of PMT Grant Procurement Specialist. If the request for payment is complete and meets the conditions prescribed by the IPGA, the PMT shall include it in the list of requests for payment, signed by the PMT Grant Procurement Specialist and DAP director, which shall be forwarded to the Central Fiduciary Unit (CFU) within the period of ten (10) working days from the day of the receipt of the list(s) from commercial bank.

The CFU will check the list of payment requests against the IPGAs with specific attention to the grant portion of payments (50%) without checking individual beneficiaries` supporting documents which will be sole responsibility of the PMT, If the list of payment requests is in order, CFU confirms it by email and payments can be executed.

The person in charge of project payment in the PMT team issues an order to the commercial banks to make the payment to the supplier.

### Performance management/oversight / On-the-spot controls

On-the-spot controls are made on a sample basis during the implementation period of individual projects financed under the MRD grants program as well as during the five-year period after making the final payment. Orders for on-the-spot controls have to be issued by the PMT and may include advisory/extension services, agricultural, veterinary, phyto-sanitary, and environmental inspectors, or the audit of the SCAP project (hereinafter referred to as: the controllers).

Beneficiaries whose investments are controlled have to prepare all the necessary data and materials for on-the-sport control. In case the beneficiary does not allow or prevents on-the-spot control or affects the work of controllers in any other way, the payment request, for which on-the-spot control is occurring, will not be approved. The controllers will have access to all the documents related to investment co-financed by the MRD grants program during any control made prior to signing the IPGA, before making the payment and during the five-year period after making the payment to the beneficiary.

During on-the-spot control, the controllers will use standard verification report formats provided under the GOM (Annex 11). Controllers may check agricultural land, plantations, livestock, business and production premises, establishments, facilities and commodities as well as business documentation of the applicant for the MRD grants program. In addition, controllers will also verify, as applicable, the provisions of the ESMP checklist (Annex 8). The controllers may also check the documents of the applicant relating to those rights, check the business records and documents such as invoices and bills, specifications, eligibility documents, payment certificates, specifications of warranty cards, decisions, contracts, certificate, data on materials used and works done, as well as bank reports that the beneficiary and related persons are in possession of. Controllers may check also accounting records, equipment, processing and production, packing, delivery and storage. Controllers may also request any reports by relevant inspection entities such as sanitary inspection, veterinary, labour inspection, etc. In short, controllers may check all the data referring to the type, quantity and quality of commodities and services, business progress and ways in which the completed investments are used, may control plans and technical documentation related to investments, check accounting data and documents as well as financial and technical data of projects subsidized. They report to competent bodies and implement procedures that they are authorized for. They are also in charge of collecting the data and information from relevant persons, witnesses, experts and other persons, if necessary, for adequate control. Furthermore, the controllers will make an appropriate photo archive of investments for each beneficiary.

Controllers are required to announce a control visit to the beneficiary 48 hours in advance provided that objectives and purpose of the on-the-spot control are not compromised by the advance notification. In cases where applicant is notified of on-the-sport control and the required presence of a third person (accountant, supervising engineer, contractor), depending on the investment and control phase, the applicant is bound to ensure their presence. In case control is made at several locations, the controllers, while preparing for control, may request from the applicant to present the data on distance to the locations (where beneficiary’s residence and investment location are not the same location). In case the applicant is not keeping his own business records, it is recommended that the accountant is present during the on-the-spot control, as a large part of the checks refers to control of accounting documentation. Also, all natural and legal persons, as well as persons related to the beneficiary by the investment in question, are subject to control and are bound to enable implementation of on-the-spot control, provide the data necessary and ensure conditions for unhindered work of controllers.

Following the inspection, in case all the conditions are met, the controller will make an appropriate report on the situation in the field, whether it corresponds to the data presented in the application or payment request and accompanying document and presents it to the PMT for further processing. All photo documentation from on the spot control will be submitted to the PMT (in paper and in electronic form). The results of these inspections will be included in project progress reports, which will be submitted to the World Bank.

### Audit and penalties

An annual audit of the project financial statements will be conducted by a private audit firm acceptable to the World Bank in line with agreed Terms of Reference (ToR). The audit will include extension of scope to grants and level of their alignment with the GOM. It should include verification of the adequacy of financial reports delivered by the grant beneficiaries in relation to the accompanying documentation (contracts, invoices) and performance review at least on a sample basis to ensure that agreed outputs are delivered in an efficient manner with respect to the grant facility. The audit report will be submitted to the World Bank no later than six months after the end of the audited period. The audited project financial statements will be posted by the MAFWM/PMT website within 2 weeks upon the audit report being accepted by the World Bank.

MAFWM may conduct an internal audit as well through the agricultural inspectorates. In case any of the above audits, or any ex-post controls as set by the MAFWM, may find that the beneficiary has not used the funds according to the Grant Agreement, the case will be dealt with according to the Serbian legislation.

### Suspension or termination of the grant agreement

Following are circumstances, but not limited to, that may lead to suspension or termination of disbursements and eventual termination of the IPGA between the PMT and the beneficiary:

* Failure of the Recipient to provide, promptly as needed, the matching contribution and resources required for project implementation, including failure to deposit the co-financing amounts set forth in the IPGA at the dates specified in the IPGA;
* Failure of the Recipient to use the financing as defined in the Approved Project Budget;
* Failure of the Recipient to inform the Grant Coordinator of any significant changes to the project (e.g. regarding project implementation, timelines, project budget, deliverables, project staff, etc.);
* Significant failure of the Recipient to carry out the project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices;
* Provision of false information during any stage of the project application, evaluation or implementation;
* Instances of gross misconduct or fraud;
* Failure of the Recipient to carry out the procurement of works, goods and services using the best commercial procurement practices in accordance with the World Bank’s Procurement Regulations as specified in the IPGA;
* Significant failure of the Recipient to carry out the project in accordance with sound social and environmental standards and practices and the provisions of the ESMP or simple ESMP checklist (where applicable) and to take in a timely manner all measures to enable the PMT’s Safeguards Specialist to monitor the provisions of the ESMP or simple ESMP checklist;
* Failure of the Recipient to maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards; and
* Failure of the Recipient enable the Grant Coordinator and/or the World Bank project staff to inspect the implementation of the project, its operation and any relevant records and documents and prepare and furnish to the Grant Coordinator and/or the World Bank all such information as the Grant Coordinator and/or or the World Bank shall reasonably request relating to the implementation of the project.

In case of suspension of financing, the PMT’s Grant Coordinator will send a written notice to the Recipient with information about the existence of a breach and with request to the Recipient to rectify the breach within four (4) weeks after the date of receipt of the notice. In the case the Recipient does not resolve the default, the Grant Coordinator has the right to inform PMT Project Coordinator, DAP, MAFWM, and to propose termination of the IPGA. Prior to issuance of the termination notice to the Recipient, the decision to terminate the IPGA will be reviewed and approved by the PMT Project Coordinator, DAP, Steering Committee, MAFWM. In case of termination of financing due to the breach of any terms of the IPGA, the Recipient will be required to refund all or any part of the amount disbursed under the IPGA. If the Recipient terminates the IPGA or abandons the project, the Recipient shall be obliged to refund to the SCAP project, the entire amount disbursed to the Recipient under the IPGA, except the cost of the service provider.

### Property of goods and closing down of the operation

The recipient is responsible for taking care of all property and provides for proper maintenance of equipment and is liable for the use of purchased equipment only for project implementation activities during the project implementation. In case of closing down of the operation during the project implementation period, termination of the project by grant recipient, negligent performance or on the bases of violation of the IPGA, the PMT retains the right to utilize legal remedies available under the national legislation (courts, inspections, administrative authorities etc.) to recover from the grant recipient the cost/losses incurred. All resources thus recovered will be returned to the MRD grants program for reallocation.

### Monitoring and Reporting

***MRD Grants Program Design and Implementation Arrangements*.** Beneficiary baseline surveys will be organized by the PMT in relation to each Call for Proposals, with the formulation of some of the questions changing according to the target group for the specific Call to which the survey will be applied. These surveys will be targeting a sample of both rejected and accepted applicants to collect feedback on: i) MRD grant application process and the quality and effectiveness of support received by Extension Services/TA providers, ii) business plan and grant reporting requirements, , iii) quality and effectiveness of the business plan implementation support. The survey results will be used by the PMT to refine the design and implementation arrangements of sub-sequent calls for proposals. During implementation, the results from all grant projects will be monitored and recorded to measure the impacts of the investments. The individual grant project results will provide an input to the overall SCAP project result framework, which is reported to the World Bank twice per year.

***Individual Project Implementation Progress.***The PMT monitors the overall implementation of the individual project, while the World Bank monitors the credit portions. Beneficiaries fulfill the regular progress reporting requirements established in the credit agreement signed with the Bank and grant agreement signed with the PMT. MRD grants beneficiaries, with support from Serbia’s extension services, shall submit bi-annual progress reports using the templates provided in the IPGA. Importantly, in the final progress report submitted by the grant beneficiary supporting evidence must be included for the following individual project requirements.

* At least one contract with at least one buyer
* Usage permit for physical assets constructed with project support

***MRD grants program Implementation Progress*.** The PMT, together with Local Governments and Municipal Extension Services, will organize annual stakeholder regional workshops in which the MAFWM will present the overall progress under the MRD grants program, grant disbursements figures for the region, and other progress data checked against plans to ensure transparency. At the regional workshop, the Ministry will also present applicant/beneficiary survey results and aggregated grievances (see Section 4.15 for a description of the Grievance Redress Mechanism) and how these have informed the MRD grants mechanism design and supporting services (market demanded trainings and advisory services).

***Environmental and Social Standards*.** The PMT -Environmental Specialist and Social Specialist will monitor all individual projects financed under the MRD grants program to ensure conformity to the environmental and social standards (ESS) requirements during construction, operation and maintenance of the individual project investments. It will ensure grantees’ full compliance with the grant agreement conditions and the social and environmental monitoring activities identified in Section 9.3 of the ESMF, as applicable. This monitoring will be incorporated into the overall MRD grants program monitoring plan required by the World Bank. Grant beneficiaries’ compliance with local legislation on labor management and occupational health and safety will be monitored based on a brief Compliance Report (see Annex 12), which shall be submitted annually by the grant beneficiary to the PMT. The Environmental Specialist and Social Specialist may involve agricultural, veterinary, phyto-sanitary, environmental and labor inspectors to ensure a systematic monitoring of individual project sites. The environmental monitoring of the rehabilitation sites will include observations of soil, water, air and vegetation within and around the individual project sites, as well as possible impacts on surrounding communities. The PMT’s Environmental Specialist and Social Specialist will visit individual project sites as and when necessary, including random inspections of individual project sites to determine the effectiveness of measures taken and the impacts of sub project activities on the surrounding environment. The PMT Environmental Specialist and Social Specialist will be responsible for ESMP reporting and will:

* Record and maintain the results of project supervision and monitoring throughout the life of the project. It will present summary progress reports on ESMF/ESMP implementation and the environmental and social aspects of subprojects on a semi-annual basis to the World Bank, and as part of this reporting, provide updates on any SCAP-related grievances/feedback that was received, that has been addressed, and that may be pending.
* Prepare biannual reports on the progress of implementation of measures proposed by the ESMP for selected subprojects;
* Prepare semi-annual reports on the environmental impacts originated during implementation of subprojects and analyze the efficiency of mitigation measures applied to minimize negative consequences;
* Prepare outlines and requirements for Contractors’ reports on environmental protection and mitigation measures, and review Contractor’s monitoring plan and reports
* Present the impact of mitigation and environmental and social protection measures for general public via specific publications or/and by annual public seminars.

Based on the environmental and social performance of different individual projects, they will advise on the subsequent disbursements that should be done for the grantees awarded a Grant Agreement to implement individual projects under the MRD grants program. If it is found that there is ESMF and/or ESF/ESS non-compliance, further disbursements will be stopped until ESSs compliance is ensured. Final payment to the grantee will be contingent on the final inspection for individual projects rated as moderate or substantial risk. All individual projects will be monitored by the MAFWM during the five years after final payment is executed.

## Project Completion

Once the individual project is completed and project funds in the escrow account have been released/disbursed in full, the individual project must be marked as COMPLETED in the grant registration system. All individual project records, including application forms, must be kept for a minimum of 5 years from the day of project completion. Following the acceptance of beneficiaries’ final payment request and submission of final progress report, the bank will close the dedicated project account (escrow) at the Bank within 45 working days of the completion of the individual project.

## Rejections and Complaints

The PMT will be responsible for processing, addressing and monitoring complaints and other feedback related to the MRD grants program in line with Grievance Redress Mechanism (GRM) established for the Project. Under the GRM, the PMT (Grant Coordinator, Social Specialist, Coordination and Outreach Specialist, Environmental Specialist and Office Assistant) will be authorized to receive questions/complaints with respect to the eligibility/selection criteria, adequacy of support to women, adequacy of TA services, adequacy of stakeholder engagement, and the environmental and social performance of individual projects. Grievances and comments may be submitted under the GRM by (potential) grant beneficiaries as well as a person/legal entity directly affected by the individual project; stakeholders (i.e. people with interest in the individual project); and residents/communities interested in and/or affected by individual project activities. The project GRM complements and does not replace the institutional channels for grievance management operating in accordance with the Law on Administrative Procedure of the Republic of Serbia.

**Letter of Notification**. Every applicant that is going to be rejected will be firstly informed by a “Decision of Rejection” prepared by the PMT and officially sent by the Directorate for Agrarian Payments (DAP). This Decision describes the reasons for the rejection and explains the right to **appeal** to the MAFWM (PMT) on the following address (until a dedicated web-based platform for managing questions/complaints is established):

*Ministry of Agriculture, Forestry and Water Management*

*Directorate for Agrarian Payment,*

*SCAP PMT*

*Bulevar Kralja Aleksandra 84*

*Post box 52*

*11000 Beograd*

The deadline for appealing is fifteen (15) calendar days after receiving the Decision of Rejection.

**Complaints Handling.** Any grievance beyond the rejection of a grant application can be brought to the attention of the GRM by filling in a grievance form by e-mail, post, or personal delivery to the addresses to be determined. The access points and details on local entry points shall be publicized and shall be part of the awareness building once the micro locations of the SCAP Project are known. Crucially, any grievance shall follow the path of the following mandatory steps: receive, assess and assign, acknowledge, investigate, respond, follow up and close out. The PMT Grant Coordinator and Office Assistant should keep record of all complaints. The World Bank team should be informed of all complaints and should be copied on all responses to the complainants.

Once logged, the GRM shall conduct a rapid assessment to verify the nature of grievances and determine on the severity. Within three (3) working days from logging it will acknowledge that the case is registered and provide the complainant with the basic next step information. It will then investigate by trying to understand the issue from the perspective of the complainant and understand what action he/she requires. The GRM will investigate the facts and circumstances and articulate a response. The final agreement should be issued, and the complainant be informed about the final decision not later than 30 days after the logging of the grievance. In case of anonymous grievance, after acknowledgment of the grievance within three days from logging, the GRM will investigate the grievance and within 30 days from logging the grievance, issue the final decision that will be disclosed on the SCAP’s website. Within 25 days the implementation of remedy shall be verified. Importantly, the GRM shall keep a grievance register log, which will include grievances received through all admission channels, containing all necessary elements to disaggregate the grievance by gender of the person logging it as well as by type of grievance. However, the personal data of each Grievant shall be protected under the Data Protection Law. Each grievance will be recorded in the register with the following information at minimum: (i) description of grievance; (ii) date of receipt acknowledgement returned to the complainant; (iii) description of actions taken (investigation, corrective measures); (iv) date of resolution / provision of feedback to the complainant; (v) verification of implementation, and (vi) closure. In order to allow full knowledge of this tool and its results, quarterly updates from the GRM shall be available on the MAFWM website. The updates shall be disaggregated by gender, type of grievances /complaints and presented at annual workshops which will be used as a feedback generator platform.

**Decision of Rejection.** The final step of rejection of a grant application is a “Decision of Rejection”. Such a letter will be sent to the applicant in case a filed complaint was rejected by the PMT. A “Decision of Rejection” will be sent to the applicant within 30 working days after after the logging of the grievance describing the reason for refusal. If the grievance could not be resolved in amicable endeavor, the grievant can resort to the formal judicial procedures, as made available under the Serbian national legal framework. Logging a grievance with the GRM does not preclude or prevent seeking resolution from an official authority, judicial or other at any time (including during the grievance process) provided by the Serbian legal framework. At any time, a complaining applicant retains the right to utilize legal remedies available under the national legislation (courts, inspections, administrative authorities etc.).

**Disclosure**. MAFWM/DAP is responsible for establishing a functioning GRM and informing stakeholders about the GRM role and function, the contact persons and the procedures to submit a complaint in the affected areas. Information about processes and procedures of the Complaints Handling under the GRM will be available:

* on the website of the MAFWM (<http://www.minpolj.gov.rs/>)
* on the SCAP project website
* through the Ministry’s social media account <https://twitter.com/poljoprivredars> and <https://es-la.facebook.com>

**Monitoring and Reporting on Grievances**. The PMT (Grant Coordinator, Social Specialist, Coordination and Outreach Specialist, Environmental Specialist and Office Assistant) will be responsible for: (i) Collecting data from local Extension Services serving as local admission points on the number, substance and status of complaints and uploading them into the single regional database; (ii) Maintaining the grievance logs on the complaints received at the regional level; (iii) Monitoring outstanding issues and proposing measures to resolve them; (iv) Disclosing quarterly reports on GRM mechanisms; (v) Summarizing and analyzing the qualitative data received from the local Grievance Admission points on the number, substance and status of complaints and uploading them into the single project database; (vi) Monitoring outstanding issues and proposing measures to resolve them.

**World Bank Grievance Redress System.** In addition to the project-level grievance redress mechanism, communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit [*http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service*](http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service). For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org/).

# Roles and Responsibilities of Implementing Bodies

## SCAP Steering Committee

The PSC, which will meet at least twice a year, will have overall responsibility for the functioning and activities of the MRD grants program under the SCAP project. In particular, the PSC will be responsible for (i) reviewing implementation progress under the MRD grants program; (ii) assisting in resolving obstacles that may arise during the implementation of the grants program; (iii) supervise the overall management of the Selection Committee, including approval of the Committee’s membership, work plan and budget (see below); and (iv) reviewing and recommending, as required, changes to the Grants Operational Manual (GOM). Any modifications proposed to the GOM must be submitted to the World Bank for No-Objection prior to launching the call for proposals.

## MAFWM Selection Committee

The MAFWM’s Selection Committee for the MRD grants program, which will be established by Ministerial Decree following the approval of its membership by the Project Steering Committee and No-Objection provided by the World Bank, will be responsible for reviewing and formally pre-approving EOIs following the administrative controls as well as scoring and ranking of the EOI performed by the PMT’s Grant Coordinator and Grant Processors. The membership of the Selection Committee will consist of both government and external technical specialists. Prior to the first call for proposals, the PMT will prepare a short-list of Selection Committee members, which must subsequently be approved by the Project Steering Committee. The approved list of Selection Committee members must be submitted to the World Bank for No-Objection. In order to maintain the integrity of the Selection Committee, as a fair and unbiased decision-making body, as a rule, members of the Committee should not compete for MRD grants. However, to avoid any conflict of interest, in exceptional circumstances where a member of the Committee strongly wishes to be a direct or indirect participant (both as an applicant, service provider or partner) in a grant application, the member should declare in writing any conflict of interest and should not participate in any decisions made by the Committee during that round of applications.

The Selection Committee will be chaired by the DAP Assistant Director, while a representative of the Department for Rural Development (with marketing and agri-food processing experience) will serve as the Deputy Chair. Including the Chair and Deputy Chair, Selection Committee membership will consist of 13 members, with the majority from the non-governmental sector. The Selection Committee will strive towards consensus decision making but will take majority votes in the absence of a consensus. The members will be replaced if they had two absences during the year. They will receive payment for services in the form of honorarium based on actual days of work and payment of reasonable travel and subsistence costs. The Committee will meet as necessary, but no more than four times in a year. To ensure continuity as well as introduce new perspectives the membership of the Selection Committee will rotate. Committee members will initially be appointed for two years, and each year thereafter, four members (2 from the governmental and 2 from the non-governmental sector) will be replaced by four new members. Although the membership of the Selection Committee may vary over time, the Committee should always have majority representation of the non-governmental sector, including producer groups, agri-business and agri-finance representatives, advisory organizations, and/or NGOs operating in the agri-food sector.

|  |  |
| --- | --- |
| **Affiliation of Selection Committee Members** | **No. of Members** |
| DAP Assistant Director (*Chair*) | 1 |
| Department for Rural Development (staff with marketing and agro-processing experience) (*Deputy Chair*) | 1 |
| Managing Authority, MAFWM | 1 |
| Department of Agrarian Policy, MAFWM | 1 |
| Extension/Advisory Service | 1 |
| Ministry of Economy | 1 |
| Professor, Livestock Expertise or Crop/Horticulture Expertise, Faculty of Agriculture Belgrade | 1 |
| Professor, Crop/ Livestock Expertise or Horticulture Expertise, Faculty of Agriculture Novi Sad | 1 |
| Farmers Associations (Livestock, Horticulture, Grains) | 3 |
| Chamber of Commerce | 1 |
| Association of Banks | 1 |

## Project Management Team (PMT)

The PMT established within the MAFWM’s Directorate for Agrarian Payments (DAP) will be responsible for managing the day to day implementation, monitoring, and evaluation of the MRD grants program. The DAP has been responsible for the execution of the rural development investment support programs financed through the national budget and IPARD as DAP’s capacity has been built over the past 10 years to meet the requirements of IPARD accreditation. Within the MAFWM they are thus best positioned to support the implementation of the project’s matching rural development grants program. A Grant Coordinator and a Grant Procurement Specialist will be recruited to the PMT of the SCAP project to manage the rollout of matching grants. Grant Processors will be hired to help process applications under each call for proposals. An Environmental and a Social specialist will also be hired as part of the PMT. Main tasks of the PMT will be:

* Organizing public awareness campaigns regarding MRD grants program financing options for potential grant beneficiaries and commercial banks;
* Organizing calls for proposals and publicizing both common and specific eligibility criteria (see Section 1.1.1.2 and Section 1.1.1.3.) and application processes;
* Pre-screening/scoring/ranking EOIs and checking the completeness of application packages against the terms, conditions, and criteria outlined in the GOM;
* Serving (Grant Coordinator, Grant Procurement Specialist and Office Assistant) as the Secretariat of the MAFWM Selection Committee;
* Monitoring the implementation of individual projects financed under the MRD grants program in accordance with the terms, conditions, criteria and mechanisms outlined in the grants operational manual, including compliance with obligations stipulated in the Grant Agreement between the MAFWM (PMT) and final beneficiaries;
* Managing grant award procedures, ensuring contracting of grant agreements, monitoring beneficiary procurement procedures, and assisting beneficiaries in procurement in line with the procedures outlined in Section IX of the GOM;
* Assisting grant beneficiaries in implementing the non-technical and administrative requirements of the Grant Agreements;
* Directly plan and implement social and environmental monitoring and reporting, including conducting regular supervision of environmental and social screening, documentation, and mitigation measures for individual project activities, and include the summaries of these supervision activities in regular reports;
* Organizing on-the-spot controls on a sample basis to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These checks cover financial, administrative, technical and physical aspects of operations, as appropriate;
* Undertaking follow-up actions to ensure effective implementation progress of individual projects;
* Reporting of progress of measures being implemented against indicators;
* Review payment requests and prepare payment lists to be handed to the CFU for processing payments to beneficiaries;
* Implement and coordinate the Stakeholder Engagement Plan, in close coordination with other key stakeholders (i.e. Local Governments (line departments included), Extension Services, and local NGOs)
* Organize beneficiary surveys and address complaints/feedback from Project stakeholders and the public, including grievances regarding environmental/social impacts of subprojects;
* Prepare progress reports on MRD grants program implementation, including the status of the ESMP implementation based on the reports submitted by beneficiaries.
* Liaise with the M&E Unit of MAFWM in relation to rural development grants program monitoring and evaluation

## Public Extension/Advisory Services

Serbia’s public extension and advisory services will assist in providing pre-application support services to potential applicants, including information, outreach, identification, mobilization, support with registration, and providing technical guidance to potential applicants with respect to the preparation of (basic) business plans, technical documentation (e.g. designs, feasibility studies), writing grant application forms, and compliance with environmental and social requirements, including E&S screening. Public extension and advisory staff must have received training under the SCAP advisory support program to provide such pre-application services to potential applicants. Pre-application support services may also be provided by private advisors trained under the SCAP project. If selected by applicants, public extension and advisory services can provide necessary technical assistance to beneficiaries to implement the grant, in particular in regards compliance requirements linked to national (sanitary, phytosanitary, environmental, food safety, and animal welfare) standards. If not, private advisors will fulfill this role. Finally, public extension and advisory services will provide support to beneficiaries in implementing the ESMP (if applicable) and meeting reporting obligations under the SCAP project. In collaboration with local structures they will also carry out required ESMF implementation actions in target sites.

## Inspection Services

Upon request of the PMT, agricultural, phytosanitary, veterinary, environmental and labor inspectors will be responsible for conducting, in line with established protocols, on-the-spot controls to verify information/claims made in applications or payment requests and accompanying documents. These controls will be organized on a sample basis. Following inspections, they will prepare appropriate reports using the verification report template developed for the SCAP project and present them to the PMT for further processing.

## Local Structures

Local governments will play a key role in the project working with the communities, PMT, extension services and district authorities prior and during the launch of calls for proposals as well as the planning and implementation of individual projects, in particular the streamlining, as appropriate, of local spatial planning and permitting processes. They will assign a local focal point with the following responsibilities at the local level: (i) raise awareness about project funding opportunities and implementation arrangements; (ii) support target communities in the individual project implementation process; (iii) to share with the PMT complaints and grievances received from the project affected people, community members and sub-contractors; (iv) to inform the PMT about the individual project challenges faced in the target communities; (v) to contribute to implementation of any ESF-related requirements and respond to E&S risk management requests (e.g. document disclosures); and (vi) act as a liaison between targeted groups and MAFWM /PMT and Extension Services thus facilitating two-way communication.

## Ministry of Finance (CFU)

The Ministry of Finance will provide SCAP Loan Agreement oversight. The CFU within the Ministry of Finance will be provided by PMT with all signed IPGAs and payment requests signed by the PMT Grant Coordinator and DAP Director for checking and approval before payments to the escrow accounts of beneficiaries are made. If payment requests are in compliance with the IPGA and the Loan Agreement the CFU will issue an Overview of costs for payment to PMT before a payment of the grant portion (50%) to the escrow account in the commercial banks can be made. Additionally, CFU will check the list of payment requests to suppliers signed by the PMT Grant Procurement Specialist and DAP Director against IPGA in a manner described in section 4.13.3 and give consent for payment by email to PMT.

## Commercial Banks

In addition to organizing public campaigns to raise awareness among commercial banks about MRD grants program financing options on an ongoing basis, the MAFWM (PMT) will invite commercial banks to participate in the MRD grants program before every public call for EOI, by publishing invitation for EOI on the official websites of DAP and SCAP. Commercial banks interested in participating in the program will sign a Partnership Agreement with the MAFWM and PMT outlining the respective roles and responsibilities in line with the provisions outlined in the grant operational manual. In general, commercial banks will assist applicants pre-approved by the MAFWM in the preparation of detailed business plans, in particular aspects related to financial analysis and planning. In this context, the commercial banks’ financial advisors will coordinate their activities with (public or private) technical advisors selected by grant beneficiaries to prepare mainly the technical and marketing aspects of the business plan. In addition, the banks will provide loans as contributions to the matching grants ensuring the availability of financing for business plan implementation. Finally, the banks will receive payment requests from grant beneficiaries and release tranches from Beneficiaries’ escrow account, upon confirmation from PMT.

# Detailed process steps in the Grant Management Cycle

1. The MAFWM adopts a Rulebook that is fully consistent with the provisions included in the GOM.
2. The PMT prepares a short list of potential Selection Committee members and submits it for approval to the SCAP Project Steering Committee. Once approved by the Project Steering Committee, the PMT submits the list of Selection Committee members to the World Bank for No-Objection.
3. The PMT organizes information and training sessions regarding applicable SCAP MRD grants program modalities for Selection Committee members, public extension services, private advisory service providers, local structures, inspection services, and commercial Bank representatives.
4. The PMT launches a call inviting commercial banks to participate in the SCAP MRD grants program.
5. Commercial banks interested in participating in the SCAP MRD grants program sign Partnership Agreements with the MAFWM and PMT.
6. The PMT, in collaboration with Serbia’s public extension services, organizes a campaign to raise public awareness about MRD grants program funding opportunities and program modalities as part of regular information and communication activities supporting the implementation of the SCAP. Workshops may be organized in each district in Serbia with potential beneficiaries.
7. The PMT publishes a call for Expressions of Interest (EOI), which clearly states the eligibility/selection criteria and application process.
8. Applicants prepare an EOI using a standard concept proposal template made available through the MAFWM (project) website and the offices of local public extension services. The applicants may prepare the EOI by themselves, or alternatively, they may use local public extension services and/or private consultants in order to support them in the EOI preparation. Local public extension services or private consultants serve as a contact point and support resource for the applicants in the preparation of the EOI.
9. Applicants submit their EOI package (including EOI form, ESS form, and all necessary documentation proving the fulfillment of common and specific eligibility, scoring and ranking criteria) to the PMT within 30 calendar days from the moment specified in the public call for EOI.
10. Upon receipt of the EOI package, the PMT Grant Coordinator and processors will first conduct administrative controls for the EOI package received to ensure the package is complete. If further clarifications regarding the submitted EOI package are necessary, the PMT will follow up directly with applicants by e-mail and/or post and/or phone who have eight (8) calendar days to respond. Thereafter, the PMT has ten (10) calendar days to review the additional information and determine the administrative compliance of the EOI. Subsequently, the PMT Grant Coordinator and processors will verify whether the EOI meets the eligibility criteria for the targeted beneficiaries outlined in Section 3 of the GOM. If not, the PMT will follow up directly with applicants who have 8 calendar days to respond. Thereafter, the PMT has 10 calendar days to review the additional information and determine the admissibility of the EOI. Within 60 days after the deadline for submission of EOI, the PMT must determine whether the submitted applications have proper and complete documentation and whether the applicant meets the general and special conditions prescribed in the GOM. If applicants were deemed inadmissible, a justification will be provided in a Decision of EOI rejection and potential support for addressing the gaps in the context of future calls for proposals will be communicated.
11. Upon receipt and verification of eligibility of the EOI package, including the fully completed ESS screening form, the PMT (Environmental Specialist and Social Specialist) will check the proposed individual project activities against the World Bank criteria for High Risk Projects. The relevant sections of the ESS screening form submitted by the applicant will be filled out by the PMT members (Environmental Specialist and Social Specialist) for this purpose (see Annex 5)*.* By thus screening individual project activities, the type and scale of potential environmental and social impacts will be identified, and risk category of the proposed individual project attributed. Only subprojects that are rated as “Substantial Risk” or lower will be considered for MRD grants program support. Subprojects that are rated as “High Risk” will not be supported by the MRD grants program. Results of the screening by the PMT (Environmental Specialist and Social Specialist) will be reflected in the screening form (see Annex 4A) submitted by the applicant.
12. The PMT Grant Coordinator and processors score and rank eligible EOIs on the basis of the technical, environmental, and social criteria established in the GOM (Table 4 in Section 4). The PMT will prepare a ranked list of recommended EOIs (complete, eligible, and scored) and send it to the MAFWM’s Selection Committee within 5 working days after completition of the list.
13. The MAFWM Selection Committee meeting for the review and pre-approval of the ranked list prepared by PMT will be scheduled within 10 working days from receiving the list from the PMT. Prior to the meeting, the Committee will randomly select up to 10% of the received applications to evaluate that scoring and ranking criteria have been adequately applied. If the Committee determines that there has been an irregularity, it may request to evaluate an additional number of applications. MAFWM Selection Committee members fill out an Evaluation Form for each EOI they review, and deposit the forms with the PMT’s Grant Coordinator at least 2 working days before the meeting of the Selection Committee. The PMT Grant Coordinator, who serves as a secretary to the Selection Committee, will attend the meetings of the Selection Committee to clarify, as needed, individual EOIs. The PMT’s office assistant or one of the Grant Processors will attend as well to prepare detailed minutes of the meeting, which must fully reflect the decision-making process used to formally pre-approve the ranked list of recommended EOIs. All discussions and findings of the Selection Committee must remain confidential and all Committee members must sign off on the ranked list of EOIs pre-approved during the meeting.
14. The PMT Project Coordinator, in coordination with the Grant Coordinator and Grant Procurement Specialist, verifies if there is sufficient budget allocated to fund the EOIs pre-approved by the MAFWM Selection Committee. This determination will take into consideration the ranking that has been assigned to each EOI/application. The minimum threshold for an EOI to be considered for funding is the score of 50 points.The exact cut-off line could be adjusted based on the availability of funding. If two or more applications from the final ranked list of EOIs have the same score, advantage will be given to the one with the earlier submission date.
15. The PMT will send a Decision of Pre-Approval to the applicants pre-approved by the Selection Committee within 15 working days after the final ranking list is published. Thereafter, a Decision of Rejection will be sent by the PMT to those applicants with EOIs for which there are insufficient funds to cover the specified investment under the call.
16. Pre-approved applicants may select a public and/or private advisor(s)/service provider(s) to prepare (i) a detailed business plan; (ii) environmental and social safeguards (ESS) documentation; and (iii) supporting legal and technical documentation on the basis of the individual project concept proposal pre-approved in the EOI form. Applicants will use the standard business plan format prepared by the SCAP team in coordination with the World Bank and agreed with the participating banks (see Annex 6).
17. The commercial bank will provide the applicant with the Letters of Intent within 5 working days of their Credit Board’s decision.
18. Until a dedicated web-based platform for managing the MRD grant application process is established, applicants that are pre-approved for a loan by their commercial bank’s credit board must submit a full application package, including a request for individual project approval, to the PMT (using the same address listed in Section 3.5) within 40 calendar days after having received the MAFWM’s Decision of Pre-Approval Letter.
19. Within 30 working days after receiving the full application package, PMT will send Decision of Approval Letters with MRD grant commitments signed by the DAP Director to the applicants whose individual project were approved. If the application package is rejected, a justification will be provided in the Letter of Rejection of the individual project and potential support resources for addressing the gaps in the context of future calls for proposals will be communicated. After the letters have been sent, the list of selected applicants and topics will be publicly displayed in the PMT office and on the SCAP project website.
20. The IPGA with the PMT (DAP Director) and the IPCA with the commercial bank should be signed within 15 working days after receiving the Decision of Approval Letter, unless strong evidence is provided by the applicant about reasons that make this time frame difficult to meet.
21. Beneficiaries will open a dedicated individual project account at the commercial bank with which an IPCA has been signed and contribute 10% of the total value of the approved business plan / individual project to the account within 10 working days after signing the IPCA and the IPGA.
22. Banks will then contribute 40% of the total project value to the dedicated project account (escrow) within 25 working days after beneficiaries’ contributions to the escrow have been made.
23. The PMT contributes 50% of the total individual project value to the dedicated individual project account (escrow) in the commercial bank with which an IPCAhas been signed. This contribution will be made within 10 working days after the beneficiary and the commercial bank have provided their respective contributions.
24. With all required project funds in the dedicated project account (escrow), beneficiaries can start implementing the business plan with support from public and/or private technical advisors selected by the beneficiary. Information and training sessions will be organized by the PMT for the beneficiaries to clarify grant management and implementation, disbursement and procurement regulations, monitoring and reporting requirements, and contractual obligations. The procurement of goods and services as part of individual project implementation follows the World Bank procedures prescribed in this GOM.
25. After procurement is completed, a contract or agreement is signed between the Beneficiary and the Supplier/Contractor/Consultant.
26. Beneficiaries submit interim payment requests, including required supporting documentation, to the commercial banks in line with the milestones/outputs included in the individual project business plan that underpins the IPCA and the IPGA signed with the commercial bank and PMT, respectively. The PMT monitors the overall implementation of the individual project, while the commercial bank monitors the credit portions. Beneficiaries fulfill the regular progress reporting requirements established in the IPCA signed with the commercial bank and the IPGA signed with the PMT.
27. Following the acceptance of beneficiaries’ final payment request and submission of final progress report, the commercial bank will close the dedicated project account (escrow) within 45 days of the completion of the individual project.

# Annex 1: Priority areas and operational goals

Investments supported under the MRD grants program will contribute to at least one of the following five (5) Priority Areas and related Operational Goals included in the Strategy of Agriculture and Rural Development of the Republic of Serbia (2014-2024):

Priority Area 6 Adjustment to and alleviation of climate change impacts with a specific focus on the following Operational Goals:

* 6.1. Climate change monitoring, creation of adaptive measures and measures directed towards greenhouse gases emission coming from agricultural production;
* 6.2. Improvement and adjustment of production technology;
* 6.3. Technical improvement of land, facilities and equipment

Priority Area 7 Technological development and modernization of agricultural production and processing with a specific focus on the following Operational Goals:

* 7.1. Technology improvement and more efficient system of experience and innovation transfer;
* 7.2. Creation of new knowledge, technology, products and services adjusted to local conditions
* 7.3. Increase of production level and improved quality off all domestic inputs;
* 7.4. Increased productivity and efficiency in production on all levels along the whole food chain;
* 7.5. Strengthening the capacities of food industry to create new products with increased added value, using the domestic raw materials;
* 7.6. Improved product quality and promotion;
* 7.7. Improved technological performance of the food production sector and creation of new products in the food chain.

Priority Area 8 Market chains and logistic sector support development with a specific focus on the following Operational Goals:

* 8.1. Development of the new services in the food chain and strengthening of the logistic infrastructure in food production
* 8.3. Strengthening the capacities and motivation of the producers for various forms of associations
* 8.4. Strengthening the visibility of domestic products on the market;
* 8.6. Strengthening of the horizontal and vertical connections in the production chain, based on market principles;

Priority Area 9 Protection and improvement of environment and preserving of the natural resources with a specific focus on the following Operational Goals:

* 9.2. Increased application of environment favorable agricultural practices;
* 9.4. Improved organic production, control system, certification and monitoring in organic production

Priority Area 14 Improvement of product safety and quality with a specific focus on the following Operational Goals

* 14.2. Improved implementation of the international standards in food and animal food production

# Annex 2: Legal Definitions

1. **Legal entities and entrepreneurs**, in terms of the Law of accounting and auditing, are classified into micro, small, medium and large, depending on the average number of employees and business income in the business year and the value of total assets determined on the balance sheet date of the regular annual financial report. Micro legal entities include those that do not exceed the limit values of two of the following criteria at the balance sheet date: 1) average number of employees -10; 2) business income of EUR 700,000 in dinar equivalent; 3) the value of total assets on the balance sheet date of EURO 350,000 euros in dinar equivalent. Small legal entities are those that on the balance sheet date exceed the limit values of the two criteria referred to for micro legal entities, but do not exceed the limit values of two of the following criteria: 1) average number of employees - 50; 2) operating income of EUR 8,000,000 in dinar equivalent; 3) the value of total assets on the balance sheet date of EUR 4,000,000 in dinar equivalent. Medium legal entities are those that on the balance sheet date exceed the limit values of the two criteria referred to small legal entities, but do not exceed the limit values of two of the following criteria: 1) average number of employees - 250; 2) operating income of EUR 40,000,000 in dinar equivalent; 3) the value of total assets on the balance sheet date of EUR 20,000,000 in dinar equivalent. Legal entities and entrepreneurs that exceed the limit values of the two criteria referred to for medium legal entities on the balance sheet date are classified as large legal entities. The classification in accordance with the stated criteria is performed by the legal entity or entrepreneur, independently on the balance sheet date of the regular annual financial report and uses the obtained data for the next business year. Newly established legal entities or entrepreneurs are classified based on data from the financial statements for the business year in which they were established and the number of months of business, and the determined data are used for the current business year.
2. According to the Law on Corporate Income Tax: Article 59. A transfer price is the price incurred in connection with transactions in assets or the creation of liabilities between related parties. A person related to the taxpayer is a natural or legal person in whose relations with the taxpayer there is a possibility of control or significant influence on business decisions. In the case of direct or indirect possession of at least 25% of shares or stakes, it is considered that there is a possibility of control over the taxpayer. The possibility of significant influence on business decisions exists, in addition to the case provided for in paragraph 3 of this Article and when the person directly or indirectly holds at least 25% of the votes in the taxpayer's governing bodies. A person related to a taxpayer is also considered to be a legal entity in which, as with the taxpayer, the same natural or legal persons directly or indirectly participate in management, control or capital, in the manner provided for in paragraphs 3 and 4 of this Article. Persons related to the obligor are considered to be a spouse or common-law partner, descendants, adoptees and descendants of the adoptee, parents, adoptive parents, siblings and their descendants, grandparents and their descendants, as well as brothers and sisters and parents of the spouse or common-law partner relates to the obligor in the manner provided for in paragraphs 3 and 4 of this Article. Notwithstanding paragraphs 2 to 6 of this Article, any non-resident legal entity from a jurisdiction with a preferential tax system shall also be considered a person related to the taxpayer.

# Annex 3: Expression of Interest (EOI) Template

***Fills by PMT***

*Date of submittion of EOI: \_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Number of application: \_\_\_\_\_\_\_\_\_\_\_\_\_\_*

**1. Name of the project: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**2. Duration and estimated value of the project**

Estimated duration of the project: \_\_\_\_\_\_\_\_\_\_ (months);

Estimated time of begining of project implementation: \_\_\_\_\_\_\_\_\_\_ (month, year);

Estimated time of finalizing of project implementation: \_\_\_\_\_\_\_\_\_\_ (month, year)

Total value of the project: EUR \_\_\_\_\_\_\_\_\_\_

Total value of the grant: EUR \_\_\_\_\_\_\_\_\_\_

**3.** **Applicant's statement on the existence of capacities and resources for the implementation of the Project:**

Applicant \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [applicant's name] agrees to provide in a timely manner: appropriate staff, physical infrastructure [land, buildings, equipment, etc.], logistical, administrative and technical support, as well as all other support provided by the Project.

**4. Responsibility of the applicant:**

The applicant will be directly responsible for the implementation of the Project, will provide the necessary time for the efficient implementation of the Project and will be the main contact person for SCAP - Project Management Team (PMT).

**Date of filling in the application: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Place of filling in the application: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Handwritten signature of the applicant, i.e. the responsible person: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**5. Checklist of documentation submitted with the application:**

|  |  |  |
| --- | --- | --- |
| **Serial number** | **Name of the document submitted by the applicants** | **Mark the documentation submitted with the application with a cross** |
| 1. | Completely completed Form 1- Application form for determining the right to use grants (from Annex 2 of the Rulebook) |  |
| 2. | Certificate on settled due obligations on the basis of public revenues issued by the competent body of the local self-government unit according to the place of investment, i.e. residence, i.e. seat of the applicant |  |
| 3. | Certificate of settled due obligations based on public revenues issued by the competent tax administration |  |
| 4. | Confirmation from the competent body of the local self-government unit according to the place of residence, i.e. the seat of the applicant that he does not use incentives on any other basis (subsidies, incentives, donations), i.e. that the same investment is not subject to another procedure for using incentives |  |
| 5. | Confirmation from the competent provincial authority that it does not use incentives for any other basis for the investment in question (subsidies, incentives, donations), i.e. that the same investment is not subject to another procedure for using incentives - if the applicant has a residence or headquarters in the autonomous province of Vojvodina |  |
| 6. | Excerpt from the real estate cadaster with a copy of the plan, i.e. transcript of the real estate list if a new operetta is established, or transcript of the title deed if no new operetta is established, or excerpt from the land register in case the real estate cadaster is not established, for investments in construction and equipment exclusively for the subject plot on which the construction or equipping of the facility is performed |  |
| 7. | Agreement on lease or assignment for use of the subject land, i.e. facility, for investments related to construction and equipping of facilities, concluded with the lessor, i.e. assignor: natural person or local self-government unit or church and monastery or ministry responsible for agricultural affairs, with a deadline valid for at least ten years starting from the calendar year in which the request is submitted, which is registered in the real estate cadaster as the only encumbrance on the subject land or facility, as well as an excerpt from the real estate cadaster for the lessor or assignor, if the applicant is not the landowner , i.e. the object that is the subject of the investment |  |
| 8. | Completed Form 2 - Table of members of the cooperative, which is given in Annex 3, which is printed with this rulebook and forms an integral part thereof, if the applicant is an agricultural cooperative; |  |
| 9. | Completed Form 3 - For triage of environmental and sociological standards (ess) in the application phase for determining the right to use grants, which is given in Annex 4, which is printed with this rulebook and forms an integral part thereof |  |
| 10. | A compact disc (CD) that contains a scanned document that it submits in paper form |  |

|  |  |  |
| --- | --- | --- |
| **Serial number** | **Name of the document submitted by entrepreneurs, companies and agricultural cooperatives** | **Mark the documentation submitted with the application with a cross** |
| 1. | Excerpt from APR |  |
| 2. | Confirmation from the Business Registers Agency that the applicant has not been registered that a final judicial or administrative measure prohibiting him from performing his activity has been imposed on him |  |
| 3. | Confirmation from the Business Registers Agency that the applicant has not been registered as having been convicted of an economic offense |  |
| 4. | Confirmation from the Business Registers Agency that the applicant has not been registered for liquidation or bankruptcy, nor has it ceased to exist due to a court or decision of another body with binding force |  |
| 5. | Certificate from the Business Registers Agency to the applicant that according to the data from the financial report it is classified as a micro, small or medium legal entity, in accordance with the law governing accounting - for companies and agricultural cooperatives |  |

|  |  |  |
| --- | --- | --- |
| **Serial number** | **The name of the document submitted by the applicants as proof that they meet certain ranking criteria** | **Mark the documentation submitted with the application with a cross** |
| 1. | Signed certificate of the agricultural cooperative on full membership, if the applicant is a member of the agricultural cooperative |  |
| 2. | Signed certificate of the business association, i.e. cooperative union on full membership, if the applicant is a member of the business association, i.e. cooperative union |  |
| 3. | Certified copy of the certificate, if the applicant has certificates for organic production, i.e. Global Gap |  |
| 4. | Certified copy of proof of completed high school in agriculture or veterinary or food, or certified photocopy of proof of completed academic studies in agriculture or veterinary or food |  |
| 5. | Certified statement of the advisory services provider, Public advisory service offices or private consultant who has a license to perform advisory work, on the existence of cooperation and technical and technical support to the applicant in the field of production or processing of primary agricultural products to which the project relates |  |

**I INFORMATION ABOUT THE APPLICANT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Applicant's category (circle) | | 1) natural person - holder of a commercial family farm,  2) entrepreneur,  3) company,  4) agricultural cooperative. | | |
| ***If the applicant is a natural person - holder of a commercial family farm:*** | | | | |
| Name and surname of the holder of the family farm | |  | | |
| Date of birth of the applicant | |  | | |
| Applicant's personal number | | |  | | --- | |  | | | |
| Applicant's gender (circle) | | М | | F |
| Completed education and the name of the applicant's educational profile | |  | | |
| ***Is the applicant a entrepreneur:*** | | | | |
| Name and surname, as well as the business name of the entrepreneur | |  | | |
| Date of birth of the applicant | |  | | |
| Applicant's gender (circle) | | М | | F |
| Completed education and the name of the applicant's educational profile | |  | | |
| Applicant's personal number | | |  | | --- | |  | | | |
| Identification number | | |  | | --- | |  | | | |
| Tax identification number | | |  | | --- | |  | | | |
| ***If the apllicant is a company or agricultural coošerative:*** | | | | |
| Business Name | |  | | |
| Name and surname of the legal representative | |  | | |
| Personal number of the legal representative | |  | | |
| Date of birth of the legal representative | |  | | |
| From what date was the legal representative hired for that position | |  | | |
| Gender of the legal representative (circle) | | М | | F |
| Completed education and the name of the educational profile of the legal representative | |  | | |
| Identification number | | |  | | --- | |  | | | |
| Tax identification number | | |  | | --- | |  | | | |
| In accordance with the law governing accounting, a company or agricultural cooperative is classified as (circle): | | 1) micro enterprise  2) small enterprise  3) medium enterprise | | |
| ***All applicants:*** | | | | |
| Farm number | |  | | --- | |  | | | | |
| Address of residence or seat of the applicant | Municipality: | |  | |
| Place: | |  | |
| Zip Code: | |  | |
| Street and house number: | |  | |
| Contact phone and email |  | |  | |

**I. PROJECT DESCRIPTION**

*[In this section, please describe your project clearly and concisely.*

*Please enter information concisely and clearly for each requested part.]*

**1. Description of project issues (how project realizations will give results)**

*[What are the problems / difficulties that will be solved by the realization of the project?*

*Please define this in a maximum of 10 lines.]*

**2. Project goals**

*[Objectives should be specific, measurable, achievable, realistic and limited in time and in line with the objectives and requirements set for the Competitive Agriculture Project of Serbia.*

*In this part of your project, explain how the implementation of the project fits into the objectives of the Competitive Agriculture Project of Serbia, for example: adaptation and mitigation of impacts and risks on climate change, technological development and modernization of agricultural production, market chains and support for logistics development. environment and conservation of natural resources and improving product safety and quality.*

*Work out the project goals to a maximum of half a page.]*

**3. Description of investments to be financed under the Project**

*[Enter in the table all types of eligible investments / costs for financing within the project?*

*Are the investments related to the introduction of digital technologies?*

*Are the investments related to the introduction of renewable energy sources?*

*Does the Project support the introduction of new crops and / or production / processing systems?]*

Table: Eligible investments / costs within the Applicant's Project

|  |  |  |
| --- | --- | --- |
| **Serial number** | **Name of eligible cost**  *(enter the exact name of the eligible investment from Annex 1 of the Rulebook)* | **Value in EUR**  *(Total value with VAT)* |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **IN TOTAL:** | |  |

**4. Description of the methodology / approach to the realization of the Project**

*[What are the key components and proposed activities, before and after the implementation of your Project?*

*How will you implement the planned activities, timelines?*

*Who will be responsible for the implementation, realization of certain activities?*

*Are the activities related to production / processing certification (eg organic production, GlobalGAP, etc.)? A maximum of one page can be used to describe the methodology of your project]*

**5. Description of cooperation and partnership within the market chain**

*[Specifically describe the business cooperation with suppliers / purchasers, and whether there are contractual arrangements between business partners.*

*Please define this on a maximum of half a page.]*

**6. Relationship of the project with other ongoing activities and recent partnerships**

*[List and describe the relationships with existing business partners within the market chain and education / technical assistance (eg public or private advisory services, companies, non-profit organizations). Please define this on a maximum of half a page.]*

**7. Marketing methodology and organization**

*[How do you plan to place on the market an increased quantity and / or a new type of product that results from the realization of the project?*

*Please define this on a maximum of half a page.]*

**8. Facilities and resources available for project implementation**

*[What is necessary for the realization of the Project (facilities, land, human resources); detailed content of facilities / resources that the applicant will use for the implementation of the Project.]*

**9.** **Expected project results**

*[Describe what the expected results of your project are and what their socio-economic impact will be. Also, state, on a maximum of one page, how the project will improve the current situation in a given agricultural sector.]*

**10. Project beneficiaries**

*[Who will benefit directly and indirectly from the results achieved by the realization of your project. Quantify, if possible, the number of persons who will directly and indirectly benefit from the implemented project?*

*Please define this to a maximum of half a page.]*

**11. The risks that the realization of the project brings**

*[Describe and list the basic risks for the successful implementation of your project, including the social and environmental risks addressed in the ESS form for the triage of environmental and social standards. Also, if the project carries with it some other risks, list them here, to a maximum of half a page].*

**12. Project sustainability**

*[In this section, please describe how you will ensure the sustainability of the proposed investments in technical and financial terms?*

*What will you do in the future after the realization of the project for the purpose of further development?*

*Is it possible to continue the further development of your project on your own, without additional financial resources?*

*Define this in a maximum of 10 lines.]*

**13. The need for professional and technical assistance**

*[Please describe in this section the need for technical assistance and training related to the proposed physical investment.*

*Can the Competitive Agriculture Project help you, in what way, and on what topics?*

*Define this in a maximum of 10 lines.]*

**14. Environmental and Social compliance with the ESS World bank standards**

*[Please describe your present Environmental and Social compliance with the World Bank ESS applicable to the SCAP project and/or how will the proposed investments assist you in reaching higher level of compliance, while at the same time increasing competitiveness and sustainability of your agricultural production]*

*Please, be brief and specific. Clearly state and describe environmental protection parameters such as waste management, water management, chemicals and biocides management, air quality, soil protection and management, nature protection and biodiversity, etc.*

**II PRODUCTION INFORMATION[[18]](#footnote-18)**

*Table: Primary plant agricultural production [[19]](#footnote-19)*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Crop** | **2019** | | **2020** | | **2021** | |
| Surface area  (in hectares) | Production  (in tons) | Surface area  (in hectares) | Production  (in tons) | Surface area  (in hectares) | Production  (in tons) |
| Cereals |  |  |  |  |  |  |
| Industrial plants |  |  |  |  |  |  |
| Fodder plants |  |  |  |  |  |  |
| Aromatic and medicinal herbs |  |  |  |  |  |  |
| Vegetables |  |  |  |  |  |  |
| Fruits and grapes |  |  |  |  |  |  |
| Planting materials and horticulture |  |  |  |  |  |  |

*Table: Primary agricultural production in the livestock sector [[20]](#footnote-20)*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Species / group of domestic animals** | **2019** | | **2020** | | **2021** | |
| Current number of heads on the farm / number of hives / pond area Total production | Current number of heads on the farm / number of hives / pond area Total production | Current number of heads on the farm / number of hives / pond area Total production | Current number of heads on the farm / number of hives / pond area Total production | Current number of heads on the farm / number of hives / pond area Total production | Current number of heads on the farm / number of hives / pond area Total production |
| Cattle |  |  |  |  |  |  |
| Sheep and goats |  |  |  |  |  |  |
| Pigs |  |  |  |  |  |  |
| Horses, donkeys and mules |  |  |  |  |  |  |
| Poultry |  |  |  |  |  |  |
| Bee company - hives |  |  |  |  |  |  |
| Fish |  |  |  |  |  |  |
| Other animals |  |  |  |  |  |  |

*Table: Primary agricultural production in the dairy sector [[21]](#footnote-21)*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type of production | **2019** | | **2020** | | **2021** | |
| Number of milking heads Total production in liters / kg | Number of milking heads Total production in liters / kg | Number of milking heads Total production in liters / kg | Number of milking heads Total production in liters / kg | Number of milking heads Total production in liters / kg | Number of milking heads Total production in liters / kg |
| Cow milk |  |  |  |  |  |  |
| Sheep's milk |  |  |  |  |  |  |
| Goat's milk |  |  |  |  |  |  |

**III DESCRIPTION OF AGRICULTURAL HOLDING CAPACITY**

*Table: Machines, mechanization and equipment used in agricultural production on your farm [[22]](#footnote-22)*

|  |  |  |
| --- | --- | --- |
| **Machinery / equipment (Enter the name of the machine or equipment)** | **Year of production** | **Power in kw, i.e. working width in m** |
| **1.** |  |  |
| **2.** |  |  |
| **3.** |  |  |
| **4.** |  |  |
| **5.** |  |  |
| **6.** |  |  |

*Table: Buildings-economic facilities and ancillary facilities used in agricultural production on your farm*

|  |  |  |  |
| --- | --- | --- | --- |
| **Buildings / facilities** | **Construction year** | **Usable area (m2)** | **Capacity** |
| **1.** |  |  |  |
| **2.** |  |  |  |
| **3.** |  |  |  |
| **4.** |  |  |  |
| **5.** |  |  |  |

*Table: Description of farm members (for individuals and entrepreneurs) [[23]](#footnote-23)*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Member of agricultural holding** | **Age (enter)** | **Gender**  **(mark)** | | ***Level of Education (primary school, secondary school, university education)***  ***(mark)*** | ***Training in the field of agriculture (practical, formal, no training)***  ***(mark)*** | Average number of working hours per day (enter) |
| **1.** |  | **М** | **F** | **a. primary school**  **b. secondary school**  **v. high school**  **v. university education** | **a. practical**  **b. formal**  **v. without training** |  |
| **2.** |  | **М** | **F** | **a. primary school**  **b. secondary school**  **v. high school**  **v. university education** | **a. practical**  **b. formal**  **v. without training** |  |
| **3.** |  | **М** | **F** | **a. primary school**  **b. secondary school**  **v. high school**  **v. university education** | **a. practical**  **b. formal**  **v. without training** |  |
| **4.** |  | **М** | **F** | **a. primary school**  **b. secondary school**  **v. high school**  **v. university education** | **a. practical**  **b. formal**  **v. without training** |  |

**IV AGRICULTURAL HOLDING FINANCING AND TYPES OF INVESTMENTS**

*Table: Use of loans from commercial banks to finance investments in agricultural holdings*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Have you so far been a beneficiary of loans / borrowings from commercial banks for investments in agricultural holdings?  (mark with a cross) | **YES** |  | **NO** |  |
| Have you ever prepared a business plans for the purpose of approving loans from commercial banks?  (mark with a cross) | **YES** |  | **NO** |  |

*Table: Sources of financing in 2019, 2020 and 2021*

|  |  |  |  |
| --- | --- | --- | --- |
| **Sources of financing** | **2019**  (mark with a cross) | **2020**  (mark with a cross) | **2021**  (mark with a cross) |
| Own resources |  |  |  |
| Loans from commercial banks |  |  |  |
| National incentives (Directorate for agrarian payments) |  |  |  |
| Incentives from the municipal / provincial level |  |  |  |

*Table: Types of investments in year 2019, 2020 and 2021*

|  |  |  |  |
| --- | --- | --- | --- |
| **Types of investments** | **2019**  (mark with a cross) | **2020**  (mark with a cross) | **2021**  (mark with a cross) |
| 1. CAPITAL INVESTMENTS |  |  |  |
| a. Agricultural machinery, equipment and tools |  |  |  |
| b. Equipment for digitalization of production processes / digital technologies |  |  |  |
| v. Renewable energy / energy efficiency |  |  |  |
| г. Introduction of new crops, production / processing systems and / or innovation of agro-food products |  |  |  |
| 2. INVESTMENT IN HUMAN RESOURCES (EMPLOYMENT/ENGAGEMENT OF PEOPLE- FOR LEGAL ENTITIES ONLY) |  |  |  |

**V INFORMATION ABOUT COOPERATION WITH PUBLIC ADVISORY SERVICES AND/OR PRIVATE CONSULTANTS**

How many times have you used the services of advisors in the last two years?

(mark with a cross)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **None** |  | **1-3** |  | **3-6** |  | **7-10** |  | **More than 10** |  |

Type of advice and satisfaction with the advice provided

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of advices**  *(please circle what type of advisory you have used so far)* | **Type of advisor**  (circle the answer) | | **Satisfaction with the advisory provided**  *(enter grade on a scale of 1-5-*  *1-completely unsatisfied and*  *5-completely satisfied)* |
| a. Production related advices | **1. State advisory service (SAS)** | **2. Private consultants (PC)** | **SAS -**  **PC -** |
| b. Business related advices  (Business management, sales, marketing, etc.) | **1. State advisory service (SAS)** | **2. Private consultants (PC)** | **SAS -**  **PC -** |
| v. Writing of business plans | **1. State advisory service (SAS)** | **2. Private consultants (PC)** | **SAS -**  **PC -** |
| г. Environmental advices | **1. State advisory service (SAS)** | **2. Private consultants (PC)** | **SAS -**  **PC -** |
| d. Marketing related advices | **1. State advisory service (SAS)** | **2. Private consultants (PC)** | **SAS -**  **PC -** |

**VI INFORMATION RELATED ABOUT SELLING OF THE PRODUCS**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Product, geographical indication, quality standard  (Enter also product name) | Ways of selling in 2019 - buyers of your products  (please indicate the method of sale you used, the approximate percentage of goods sold this way, indicate if you have signed sales contracts with a particular customer) | | | | | | | | | | | | | |
| Wholesale | | Retail | | Wholesale market | | Green Market | | Processors | | Catering facilities  ( HORECA) | | Other | |
| % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts |
| **1.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **2.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **3.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **4.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **5.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

On which market did you sell your products in 2019? (circle the answer)

|  |  |  |
| --- | --- | --- |
| a. local market | b. national market | c. international market |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Product, geographical indication, quality standard  (Enter also product name) | Ways of selling in 2020 - buyers of your products  (please indicate the method of sale you used, the approximate percentage of goods sold this way, indicate if you have signed sales contracts with a particular customer) | | | | | | | | | | | | | |
| Wholesale | | Retail | | Wholesale market | | Green Market | | Processors | | Catering facilities  ( HORECA) | | Other | |
| % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts | % | Number of signed contracts |
| **1.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **2.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **3.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **4.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **5.** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

On which market did you sell your products in 2020? (circle the answer)

|  |  |  |
| --- | --- | --- |
| a. local market | b. national market | c. international market |

# Annex 4A: ESS Screening Form (EOI STAGE)

(Applicant to fill out for subproject)

**A.** This document could be used as a support material in order to ensure that the major environmental and social issues have been taken into consideration during preparation of the section- specific EMP.

Check appropriate column as Yes (Y), No (N) or Beneficial (B) in comment field. Briefly explain Y, N and B checks in next Section, "Explanations". A "Y" response does not necessarily indicate a significant effect, but rather an issue that requires focused consideration.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| PART I – ADMINISTRATIVE AND INSTITUTIONAL DATA | | | | | |
|  | Name of subproject |  | | | |
|  | Location of the subproject | *(Municipality/ City, entity)* | | | |
|  | Institutional arrangements (names and contact information) | *Applicant* | | |  |
|  | Description of the subproject *(describe the main characteristics of the subproject and the location of the subproject*) | | | | |
| PART II – CRITERIA FOR PROJECT ELIMINATION | | | | | |
|  | | | Yes | No | Comment |
|  | Does the project fall under any of the activities on the Project / Activity Elimination List? | |  |  |  |
| PART III – BASIC INFORMATION ON THE PROPOSED PROJECT AND THE APPLICANT | | | | | |
|  | | | Yes | No | Comment |
|  | Does the applicant have a valid operating license as well as other permits and consents?  Permits can include:  - Urban development consent / location requirements  - Construction license / construction permit  - Use permit  - Water management enactment  *If not, will these investments be used to rectify that condition?* | |  |  |  |
|  | Is the project on the list of projects that are subject to obligatory environmental assessment on the basis of domestic laws and regulations? | |  |  |  |
|  | Is the project included in the list of projects for which an environmental / ecological license is obligatory? | |  |  |  |
|  | If yes, does the applicant have an environmental / ecological license or is in the process of its acquisition? | |  |  |  |
|  | Has the applicant submitted a signed statement that the conditions of work are in compliance with the current national legislation on labor and protection at work? | |  |  |  |
|  | Are all the existing employees of the applicant regularly registered for pension and disability insurance (i.e. has a certificate been submitted on paid contributions, which was issued by the competent tax authority)? | |  |  |  |
|  | Would new workers be recruited for the requirements of the sub project (enter the number in the comment field)? | |  |  |  |
|  | Can the proposed subproject be deemed relevant for adaptation to climate changes or increasing resilience to climate changes? | |  |  |  |
| PART IV – ADVERSE PROJECT IMPACTS AND RISKS – INFORMATION OF IMPORTANCE FOR PROJECT CATEGORIZATION | | | | | |
|  | | | Yes | No | Comment |
|  | Are there any indications that the applicant could use informal labor for the needs of the subproject? | |  |  |  |
|  | Are there any indications that the applicant could employ persons of age 15 to 18 years without complying with legislated provisions concerning employment and protection of such workers? | |  |  |  |
|  | Does the subproject include any significant potential physical hazards for workers? | |  |  |  |
|  | **Earth Resources**   1. grading, trenching, or excavation in cubic meters or hectare 2. geologic hazards (faults, landslides, liquefaction, un-engineered fill, etc.) 3. contaminated soils or ground water on the site 4. offsite overburden/waste disposal or borrow pits required in cubic meters or tons e. 5. loss of high-quality farmlands in hectares | |  |  |  |
|  | **Agricultural and Agrochemical**   1. impacts of inputs such as seeds and fertilizers 2. impact of production process on human health and environment 3. other adverse impact | |  |  |  |
|  | **Industries**   1. impacts of run-off and run-on water 2. impact of farming such as intensification or intensification 3. impact of other factors | |  |  |  |
|  | **Air Quality**   1. substantial increase in onsite air pollutant emissions (construction/operation) 2. violation of applicable air pollutant emissions or ambient concentration standards c. 3. substantial increase in vehicle traffic during construction or operation 4. demolition or blasting for construction 5. substantial increase in odor during construction or operation 6. substantial alteration of microclimate | |  |  |  |
|  | **Water Resources and Quality**   1. river, stream or lake onsite or within 30 meters of construction 2. withdrawals from or discharges to surface or ground water 3. excavation or placing of fill, removing gravel from, a river, stream or lake 4. on-site storage of liquid fuels or hazardous materials in bulk quantities | |  |  |  |
|  | **Cultural Resources**   1. prehistoric, historic, or paleontological resources within 30 meters of construction 2. site/facility with unique cultural or ethnic values or protected heritage site within 30 meters of construction | |  |  |  |
|  | **Biological Resources**   1. vegetation removal or construction in wetlands or riparian areas 2. use of pesticides/rodenticides, insecticides, or herbicides in hectare 3. construction in or adjacent to a designated wildlife refuge 4. existence of protected natural resources – water, flora, fauna | |  |  |  |
|  | **Planning and Land Use**   1. potential conflict with adjacent land uses 2. non-compliance with existing codes, plans, permits or design factors 3. construction in national park or designated recreational area 4. create substantially annoying source of light or glare 5. relocation of individuals for more than 6 months 6. interrupt necessary utility or municipal service for more than 10 individuals for more than 6 months 7. substantial loss of inefficient use of mineral or non-renewable resources 8. increase existing noise levels above 5 decibels for more than months | |  |  |  |
|  | **Traffic, Transportation and Circulation**   1. increase vehicle trips more than 20% or cause substantial congestion 2. design features cause or contribute to safety hazards 3. inadequate access or emergency access for anticipated volume of people or traffic | |  |  |  |
|  | **Hazards**   1. substantially increase risk of fire, explosion, or hazardous chemical release 2. bulk quantities of hazardous materials or fuels stored on site for more than 3 months 3. create or substantially contribute to human health hazard | |  |  |  |
|  | Would subproject implementation involve use of pesticides or their formulations?  If yes, kindly specify which. | |  |  |  |
|  | Is there any other aspect of the subproject that would, in normal business operations or under special circumstances, cause a risk or adversely impact the environment, population or could be deemed a disturbance? | |  |  |  |
| PART V – SUMMARY OF MAIN PROJECT CHARACTERISTICS | | | | | |
| PART VI – DECISION  The subject subproject is:   1. Category 1 (low risk) – approved pending the requirement to fill out an ESMP checklist 2. Category 2 (moderate risk) – approved pending the requirement to develop a location-specific ESMP for the needs of the subproject 3. Category 3 (substantial risk)– approved pending the requirement to develop a location-specific ESMP for the needs of the subproject 4. Category 4 (high risk) – not approved for financing. | | | | | |
| Applicant’s name:  Date:  Location:  Signature:  Seal:  *With its signature and seal the applicant hereby confirms the accuracy and completeness of all data provided in this template*. | | | | | |
| Evaluator’s name:  Date:  Location:  Signature: | | | | | |

1. EXPLANATION OF ENVIRONMENTAL CONSEQUENCES: explain Y, N and B responses
2. RECOMMENDED ACTION (Highlight Appropriate Action):
   1. The project has no potential for substantial adverse environmental effects. No further Environmental Management Plan is required.\*
   2. The project has potential for adverse environmental concerns (baselines section and water quality issues) and/or environmental impacts; However, the recommended mitigation measures will be developed and incorporated into the project design phase. The recommended mitigation measures will be approved by the PMT in consultation with the end user. Monitoring of mitigation done will be documented in a monitoring report.
   3. The project has substantial but mitigatable adverse environmental effects and required measures to mitigate environmental effects. Mitigation and Monitoring (M&M) Plan must be developed and approved by the PMT prior to implementation. M&M Plan is to be attached to the Scope of Work.\*
   4. The project has potentially substantial adverse environmental effects but requires more analysis to form a conclusion. A Scoping Statement must be prepared and be submitted for approval. Following the approval an Environmental Assessment (EA) will be conducted. Project may not be implemented until the PMT approves the final EA. For activities related to the procurement, use, or training related to Pesticides a PERUSAP will be prepared for PMT approval.
   5. The project has potentially substantial adverse environmental effects, and revisions to the project design or location or the development of new alternatives is required.
   6. The project has substantial and unmitigable adverse environmental effects. Mitigation is insufficient to eliminate these effects and alternatives are not feasible. The project is not recommended for funding.
3. IDENTIFIED ENVIRONMENTAL and SOCIALIMPACTS (including physical, biological and social), if any: (Use EMP tools such as Leopold Matrix to identify significant environmental impacts)
4. RECOMMENDED MITIGATION MEASURES (if any):
5. RECOMMENDED MONITORING MEASURES (if any):

# Annex 4B: ESS Screening Form (Final Approval Stage)

(Applicant to fill out for subproject)

**A.** This document could be used as a support material in order to ensure that the major environmental and social issues have been taken into consideration during preparation of the section- specific EMP.

Check appropriate column as Yes (Y), No (N) or Beneficial (B) in comment field. Briefly explain Y, N and B checks in next Section, "Explanations". A "Y" response does not necessarily indicate a substantial effect, but rather an issue that requires focused consideration.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| PART I – ADMINISTRATIVE AND INSTITUTIONAL DATA | | | | | | | | | |
|  | | Name of subproject | |  | | | | | |
|  | | Location of the subproject | | *(Municipality/ City, canton, entity)* | | | | | |
|  | | Institutional arrangements (names and contact information) | | *Applicant* | | | | |  |
|  | | Description of the subproject *(describe the main characteristics of the subproject and the location of the subproject*) | | | | | | | |
| PART II – DETERMINED PROJECT CATEGORIZATION BASED ON PREVIOUSLY IDENTIFIED IMPACTS AND RISKS | | | | | | | | | |
|  | | LOW | MODERATE | | SUBSTANTIAL | | | | Comment |
|  | |  |  | |  | | | |  |
| PART III – DETAILED INFORMATION ON THE PROPOSED PROJECT AND THE APPLICANT | | | | | | | | | | |
|  | | | | | | Yes | No | Comment | | |
|  | Is the level of environmental assessment sufficient? | | | | |  |  |  | | |
|  | Is the quality of environmental assessment sufficient? | | | | |  |  |  | | |
|  | Does the project documentation have approvals of relevant environmental authorities? | | | | |  |  |  | | |
|  | Was the level of public involvement sufficient? | | | | |  |  |  | | |
|  | Were the public concerns adequately addressed? | | | | |  |  |  | | |
|  | What is the desired level, frequency, scope of environmental monitoring at construction phase?   * High * Substantial * Low | | | | |  |  |  | | |
|  | What is the desired level, frequency, scope of environmental monitoring at operation phase?   * High * Substantial * Low | | | | |  |  |  | | |
|  | Does the applicant have a valid operating license as well as other permits and consents?  Permits can include:  - Urban development consent / location requirements  - Construction license / construction permit  - Use permit  - Water management enactment  *If not, will these investments be used to rectify that condition?* | | | | |  |  |  | | |
|  | Has the applicant submitted a signed statement that the conditions of work are in compliance with the current entity legislation on labor and protection at work? | | | | |  |  |  | | |
|  | Would new workers be recruited for the requirements of the sub project (enter the number in the comment field)? | | | | |  |  |  | | |
| PART V – SUMMARY OF MAIN PROJECT CHARACTERISTICS | | | | | | | | | | |
|  | | | | | | | | | | |
| Applicant’s name:  Date:  Location:  Signature:  Seal:  *With its signature and seal the applicant hereby confirms the accuracy and completeness of all data provided in this template*. | | | | | | | | | | |
| Evaluator’s name:  Date:  Location:  Signature: | | | | | | | | | | |
| PART VI – DECISION  The subject subproject is:   1. Approved for financing 2. Not approved for financing | | | | | | | | | | |

1. EXPLANATION OF ENVIRONMENTAL CONSEQUENCES: explain Y, M and B responses
2. RECOMMENDED ACTION (Highlight Appropriate Action):
   1. The project has no potential for adverse environmental effects. No further Environmental Management Plan is required.
   2. The project has low potential for adverse environmental concerns (baselines section and water quality issues) and/or environmental impacts; however, the recommended mitigation measures will be developed and incorporated into the project design phase. The recommended mitigation measures and their monitoring will be included in an ESMP Checklist which will be approved by the PMT in consultation with the end user. Monitoring of mitigation done will be documented in a monitoring report.
   3. The project has potential for adverse environmental effects, but these are moderate and mitigatable through the development of a location-specific ESMP. The location-specific ESMP must be approved by the PMT prior to implementation. The location specific ESMP is to be attached to the Scope of Work.
   4. The project has potentially for substantial adverse environmental effects but requires more analysis to form a conclusion. A Scoping Statement must be prepared and be submitted for approval. Following the approval, an Environmental Assessment (EA) will be conducted and the recommended mitigation measures and their monitoring will be included in a location specific ESMP. Project will not be implemented until the PMT approves the final EA and the location specific ESMP. For activities related to the procurement, use, or training related to Pesticides an additional PERUSAP will be prepared for PMT approval.
   5. The project has potentially substantial adverse environmental effects, and revisions to the project design or location or the development of new alternatives might be required. All the recommended mitigation measures and their monitoring will be included in a location specific ESMP which must be approved by the PMT prior to implementation.
   6. The project has high and unmitigable adverse environmental effects. Mitigation is insufficient to eliminate these effects and alternatives are not feasible. The project is not recommended for funding.
3. IDENTIFIED ENVIRONMENTAL and SOCIAL IMPACTS (including physical, biological and social), if any: (Use EMP tools such as Leopold Matrix to identify substantial environmental impacts)
4. RECOMMENDED MITIGATION MEASURES (if any):
5. RECOMMENDED MONITORING MEASURES (if any):

# Annex 5: Risk Categories of proposed individual projects and relevant ESS instruments

|  |  |
| --- | --- |
| *I.* | **Subprojects with Low level Risk**  *(subprojects which are likely to have* ***low*** *direct and adverse impacts -* ***ESMP Checklist or site specific ESMP is required if necessary****)* |
|  | *Small scale agricultural subprojects, if they were not established through conversion of natural habitat, do not use pesticide, and have not some other adverse impacts on the environment.*  - Agriculture, horticulture, vineyards and orchards (small scale 5 ha)  - Livestock (small-scale - less than 10 head of cattle, small cattle or 500 birds) – if proving sufficient manure storage and management capacity or if related investments are part of the proposed individual project  - Construction of silos for drying, cleaning, storage of grains  - Construction of greenhouses (without boiler houses)  - Flax production  - Purchase of tractors and other agricultural machinery\*  - Agro-tourism  - Seeds purchasing  - Bee keeping  - Agricultural machinery\* (tractors, winnowers, sowing machines, etc.)  - Nutrition;  - Flour milling  *Trade*  Wholesale and retail trade by non-hazardous goods\*  *Services*  **The projects marked by ‘’\*’’ are the ones that is not necessary, or required, to have a site specific ESMP, but ESMP checklist** |
| *II.* | **Subprojects with Moderate Risk**  *(subprojects which may have* ***some*** *environmental and social development of* ***a ESMP checklist with additional monitoring is mandatory and site specific ESMP is required if necessary****)* |
|  | *Small scale agricultural subprojects (listed as the “WB Moderate Risk Category» above), if they were established through conversion of natural habitat, consider using pesticide or significant amount of chemical fertilizers, and may have other adverse impacts on the environment. For repetitional subprojects with substantial risk a detailed ESMP will work, like for the subprojects with moderate risk.*  *Medium scale agricultural subprojects*  - Agriculture, horticulture, vineyards and orchards (medium-scale intensive operations 5-300 ha)  - Animal husbandry (medium scale - from 10 to 500 head of cattle and up to 1000 small ruminants)\* – if proving sufficient manure storage and management capacity or if related investments are part of the proposed individual project  - Production of poultry meat from 500-3000 birds (special measures are required to reduce the impact)  - Construction and operation of surface irrigation and drinking water supply  - Cultivation of fallow lands (up to 100 ha);  - Creation of maricultural and aquaculture farms on rivers or lakes over 0.5 0.25 ha (without exotic species)  - Use of agricultural land (10-25ha) for non-agricultural commercial purposes  - Use of virgin soils and a whole space for intensive farming  - Construction of buildings for storage of agricultural goods and products  - Construction of warehouses for chemical pesticides and mineral fertilizers  - Warehouses of agricultural products;  Note: \*Although medium animal husbandly is in principle can be considered as eligible activity, but taking into account the level of pastures erosion in  Serbia this type of activity directed to increasing of livestock number should be excluded or carefully reviewed (locatio n, status of pastures etc.).  *Food industry (medium scale)*  - Agro-processing plants, food, beverages, seeds, fibres (medium scale -> output 1000ton / year)  - Canning industry (annually process from 3000 to 20,000 tons of products).  - Complex of livestock farms (up to 1000 animals)  - Dairy products, milk and dairy plants  - Slaughterhouses, meat processing plants and plants for processing the remains of animals (medium scale -500  - 5000t / year)  - Construction of new facilities, or planting perennials.  *Manufacturing/agro-processing (small scale)*  - Canning industry (processing of raw materials <1000 tons / year).  - Collection and processing of medicinal herbs  - Construction of buildings, structures and enterprises for processing agricultural products  - Creation of food industries for semi-finished products (production capacity <1000 tons / year)  - Manufacture of soft drinks |
| *III.* | **Other Moderate Risk subprojects**  (*types of activities from the list of the National category III of the environmental impact*) - **site-specific ESMP is mandatory**: |
|  | 1. Service stations, car parks; 2. Cattle-breeding complexes; 3. Granaries; 4. Small workshops for wine making and production of fermented beverages, 5. Small workshops for the production of clay products and building materials; 6. Small shops for processing leather; 7. Small hydroelectric power stations (with a capacity of less than 30 mw); 8. Meat industry (slaughterhouses and processing); 9. Wool processing enterprises; 10. Public catering enterprises with more than 50 seats; 11. Poultry farms; 12. Reconstruction and reclamation of irrigated lands on the area from 100 to 1000 hectares; 13. Repair of engines and machines, as well as their coloring; 14. Repair of rubber products with restoration of tires; 15. Fisheries, including fish processing; 16. Markets with more than 50 seats; 17. Assembly and repair of electrical equipment; 18. Greenhouses with boiler rooms; 19. Factories for the manufacture of confectionery; 20. Refrigeration plants with a capacity of more than 50 tons |
| *IV.* | **Substantial Risk subprojects**  (*objects and activities from the list of the National category IV of the environmental impact*) - **site-specific ESMP is mandatory**\ |
|  | 1. Construction and reconstruction of on-farm water management systems, construction of water pipelines of intra-farm level; 2. Veterinary clinics; 3. Vulcanization and minor car repairs; 4. Garages and parking lots of enterprises, organizations and public use; 5. Small carpet shops; 6. Small weaving and sewing shops; 7. Small carding shops (processing of wool, cotton wool); 8. Mini-mills; 9. Small enterprises for smoking meat and fish products 10. Processing of facing stones; 11. Recreational and civil-purpose facilities, as well as social and cultural facilities that do not have boiler houses and treatment facilities connected to sewers; 12. Points of acceptance and snoring of cocoons; 13. Markets with less than 50 seats; 14. Reconstruction and land reclamation improvement of the old irrigated lands on an area of less than 100 hectares; 15. Bakery, production of bakery and pasta. |

# Annex 6: Business Plan Outline

1. **Applicant information**

* Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Age \_\_\_\_\_\_
* 1) Male / 2) Female
* Number of formal years of education \_\_\_\_\_\_\_\_\_\_\_
* Name of the business you represent (if applicable)? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Farm register number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Date of entry in the register \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* VAT number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Location of your business (town) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Business Profil**

* Number of years that your business has been in operation \_\_\_\_\_\_\_\_\_\_\_
* Legal status of your business 1) natural person, 2) entrepreneur, 3) company, 4) cooperative
* Name of person/people who the business is registered under \_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Relationship to applicant 1) self, 2) wife, 3) husband, 4) other (specify) \_\_\_\_\_\_\_\_\_\_\_\_
* Name of person/people who manage the business
  + Relationship to applicant 1) self, 2) wife, 3) husband, 4) other (specify) \_\_\_\_\_\_\_\_\_\_\_\_
* The business operates 1) full-time, 2) part-time, 3) on a seasonal basis, 4) other ( (specify number of months in operation)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Number of employees hired by the business \_\_\_\_\_\_\_\_\_\_\_
  + Number of full-time \_\_\_\_\_\_\_\_\_\_\_\_\_; number of part-time\_\_\_\_\_\_\_\_\_\_\_\_
  + Number of male \_\_\_\_\_\_\_\_\_\_\_\_; number of female \_\_\_\_\_\_\_\_\_\_\_\_
* List the products and services your business produced/offered in 2021):

|  |  |  |  |
| --- | --- | --- | --- |
| For period | Product/Service | Volume produced  (define unit)  (annual average) | Value (RSD)  (annual average) |
| Q1 |  |  |  |
| Q2 |  |  |  |
| Q3 |  |  |  |
| Q4 |  |  |  |

* List the products and services your business sold in the past year (2021):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Period | Product/Service | Volume sold  (define unit)  (annual average) | Value (RSD)  (annual average) | Location of sale  (use codes that apply) |
| Q1 |  |  |  |  |
| Q2 |  |  |  |  |
| Q3 |  |  |  |  |
| Q4 |  |  |  |  |

Code: 1) at farm-gate, 2) producer sells at local market, 3) producer takes to distibution center, 4) other (specify)

* List the existing capital assets and their value owned by the business? (land, infrastructure (specify) and/or equipment, other (specify)) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What are your existing financial resources? Loans, credit lines, saving etc? (If available, present income statement and/or cash flow statement) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What is your existing bank loan exposure?
  + Value of existing commercial bank loans (in RSD) \_\_\_\_\_\_\_\_\_\_\_\_\_
  + Duration of existing commercial bank loans (in years) \_\_\_\_\_\_\_\_\_
  + Collateral used for loan \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Maturity of commercial bank loans \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Use of commercial bank loans \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Who are your main suppliers/strategic partners for accessing inputs?
* Who are your main suppliers/strategic partners for accessing advice regarding production?
* Who are your main suppliers/strategic partners for accessing technology/equipment?
* Who are your main suppliers/strategic partners for accessing finance?

1. **Market Analysis**

**3.1. Industry trends**

* What are the long-term prospects for the industry? (**Regulatory, socio-cultural, technology, demographic, economic trends**)
* Do you sell fresh and/or processed products? \_\_\_\_\_\_\_\_\_\_\_\_
* Do you sell direct to consumers and/or to other businesses (Wholesalers, Food Processors, Retailers, HoReCa, Other)? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What is the main benefit you deliver to the consumer (daily use, convenience, specialty/indulgence)? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* How many customers do you have at the moment of applying? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Who are the main buyers (top 3-5) among them (in terms of volume and value)?

Buyer 1 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(volume) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (value)

Buyer 2 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(volume) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (value)

Buyer 3 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(volume) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (value)

* Do customers purchase products directly and/or through intermediaries? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Are transactions conducted in person, on physical markets, and/or digital marketplaces? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What are the payment modalities used (cash upon delivery, payment by invoice within 30 days or more upon delivery, forward purchases, long-term contracts)? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Are purchase decisions guided by certain quality standards? (describe) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What type and number of customers that currently does not buy from you could be interested in buying from you in the short term? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What is the typical sales cycle, including average duration, from initial client contact to making a sale? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Who are your main competitors? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What is the main point of difference between your products/service and those of your competitors (e.g. price, service, supply/volume, timing, quality, origin/location etc.)? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Business Strategy**

* Describe the main financial and non-financial goals of the business in the next year or two \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Describe any changes needed in your products/services to achieve the business goals (changes in range, volume, value, and/or type of products/services) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Describe any changes needed in your pricing strategy (changes in product prices/margins based on a comparison between your prices and those charged by competitors) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Describe any changes needed in your target markets (changes in target customers and geographies) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Describe any changes needed in the promotion of your products/services (changes in delivery and distribution channels to better reach your target customers and geographies) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Describe any changes needed in the organization of your business (Changes in the management team, organizational structure, type and number of employees, business procedures (e.g. standards and certification), ICT systems) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Describe and changes needed in your existing network of suppliers/strategic partners \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Investment Project Description**

* Project name (if any) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What would the project invest in? Describe the physical and technical elements/characteristics of the project investments \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Investment amount \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Why do you want to invest in this project? Describe the problem that you intend to solve with this investment \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* How do you plan to implement this investment?

|  |  |  |  |
| --- | --- | --- | --- |
| Key Milestones/Activities | Expected start | Expected completion | Expected Outputs/  Results |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

* Where will this investment be implemented? Location (town) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* How many new employees will be needed to implement and/or manage the investment (if applicable)? Number full time \_\_\_\_\_\_\_\_\_\_\_\_\_; number of part time \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What technical assistance and/or training will be provided to the business to effectively implement and/or manage the investment? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What target customer/market need will this investment help address? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Who is the main partner (e.g. customer, other agricultural holding, entrepreneur, company, cooperative) involved in the proposed project? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* By how much would this investment increase the business turnover? Provide an estimate.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Investment structure and sources of financing**

Tabulate the detailed structure of (i) investments in basic assets, working capital and technical assistance; and (ii) the corresponding amounts of financing from investment loan vs own participation (own funds, other sources) vs public (grant) sources. At a minimum, the table must include: (i) estimated preparation costs; (ii) eligible capital investments; and (iii) technical assistance and/or training activities linked to the eligible capital investments that would ensure successful implementation.

1. **Financial Analysis**

* How would this investment influence your financial/cash flow?

The investment study should show the impact on the financial flow (income/receipts and expenses) of the business.

For example:

* Revenues: (= planned price x planned quantity), it is necessary to show the impact on revenues that will generate this investment, ie how revenues will increase through this investment in the loan repayment period;
* Expenses: show all direct costs, operating expenses, depreciation, and amortization in the loan repayment period ie when the investment comes to life, becomes operational

The analysis can be expressed through a projection of the Profit and Loss Account/Income Statement, Balance Sheet, Cash Flow and/or descriptively.

* Describe the key assumptions underlying the financial analysis

1. **Legal Compliance and Risk Management**

* Describe compliance of the business with applicable regulations/licensing requirements
* Describe insurance policies applicable to the business. Do you plan on purchasing any insurance? If so what type? Do you have any insurance now?

# Annex 7: SITE-SPECIFIC ESMP Content and Format

**General Remarks**. Environmental and Social Management Plan (ESMP) for subprojects should outline the mitigation, monitoring and administrative measures to be taken during project implementation to avoid or eliminate negative environmental impacts. For projects of intermediate environmental risk (Moderate and Substantial risk projects), ESMP may also be an effective way of summarizing the activities needed to achieve effective mitigation of negative environmental impacts (description of Environmental and Social Management Plan is provided in **Attachment 1** below).

**The Management Plan format** provided in **Attachment 2 below.** It represents a model for development of an ESMP. The model divides the project cycle into three phases: construction, operation and decommissioning. For each phase, the preparation team identifies any significant environmental impacts that are anticipated based on the analysis done in the context of preparing an environmental assessment.

For each impact, mitigation measures are to be identified and listed. Estimates are made of the cost of mitigation actions broken down by estimates for installation (investment cost) and operation (recurrent cost). The ESMP format also provides forthe identification of institutional responsibilities for operation of mitigation devices and methods.

To keep track of the requirements, responsibilities and costs for monitoring the implementation of environmental mitigation identified in the analysis included in an environmental assessment for Moderate and Substantial Risk projects, a monitoring plan may be useful. A **Monitoring** **Plan format** is provided in **Attachment 3 below**. Like the ESMP the project cycle is broken down into three phases (construction, operation and decommissioning). The format also includes a row for baseline information that is critical to achieving reliable and credible monitoring. The key elements of the matrix are:

* What is being monitored?
* Where is monitoring done?
* How is the parameter to be monitored to ensure meaningful comparisons?
* When or how frequently is monitoring necessary or most effective?
* Why is the parameter being monitored (what does it tell us about environmental impact)?

In addition to these questions, it is useful to identify the costs associated with monitoring (both investment and recurrent) and the institutional responsibilities.

When a monitoring plan is developed and put in place in the context of project implementation, the PMU will request reports at appropriate intervals and include the findings in its periodic reporting to the World Bank and make the findings available to World Bank staff during supervision missions.

**Attachment 1: Description of the of the Environmental and Social Management Plan**

The Environmental and Social Management Plan (ESMP) identifies feasible and cost-effective measures that may reduce potentially significant adverse environmental impacts to acceptable levels. The plan includes compensatory measures if mitigation measures are not feasible, cost effective, or sufficient. Specifically, the ESMP (a) identifies and summarizes all anticipated significant adverse environmental impacts (including those involving indigenous people or involuntary resettlement); (b) describes--with technical details--each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g. continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; (c) estimates any potential environmental impacts of these measures; and (d) provides linkage with any other mitigation plans (e.g., for involuntary resettlement, indigenous peoples, or cultural property) required for the project.

*Monitoring*

Environmental monitoring during project implementation provides information about key environmental aspects of the project, particularly the environmental impacts of the project and the effectiveness of mitigation measures. Such information enables the borrower and the Bank to evaluate the success of mitigation as part of project supervision and allows corrective action to be taken when needed. Therefore, the ESMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the ESA report and the mitigation measures described in the ESMP. Specifically, the monitoring section of the ESMP provides(a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

*Capacity Development and Training*

To support timely and effective implementation of environmental project components and mitigation measures, the ESMP draws on the EA's assessment of the existence, role, and capability of environmental units on site or at the agency and ministry level.3 If necessary, the ESMP recommends the establishment or expansion of such units, and the training of staff, to allow implementation of EA recommendations. Specifically, the ESMP provides a specific description of institutional arrangements-who is responsible for carrying out the mitigatory and monitoring measures (e.g., for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training). To strengthen environmental management capability in the agencies responsible for implementation, most EMPs cover one or more of the following additional topics: (a) technical assistance programs, (b) procurement of equipment and supplies, and (c) organizational changes.

*Implementation Schedule and Cost Estimates*

For all three aspects (mitigation, monitoring, and capacity development), the ESMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the ESMP. These figures are also integrated into the total project cost tables.

*Integration of ESMP with Project*

The borrower's decision to proceed with a project, and the Bank's decision to support it, are predicated in part on the expectation that the ESMP will be executed effectively. Consequently, the Bank expects the plan to be specific in its description of the individual mitigation and monitoring measures and its assignment of institutional responsibilities, and it must be integrated into the project's overall planning, design, budget, and implementation. Such integration is achieved by establishing the ESMP within the project so that the plan will receive funding and supervision along with the other components.

**Environnemental & Social Management Plan (ESMP)**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(individual project, location, description)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Environmental and Social Elements** | **Impacts** | **Proposed mitigation measures[[24]](#footnote-24)** | **Institutional responsibility for mitigation** | **Cost of mitigation activities[[25]](#footnote-25)** |
| **Construction period** | | | | |
| ***Physical Environment*** | | | | |
| Soils |  |  |  |  |
| Water Resources |  |  |  |  |
| Air Quality |  |  |  |  |
| ***Biological Environment*** | | | | |
| Fauna and Flora |  |  |  |  |
| ***Social Environment*** | | | | |
| Aesthetics and Landscape |  |  |  |  |
| Human Communities |  |  |  |  |
| Traffic |  |  |  |  |
| Land acquisition/resettlement |  |  |  |  |
| Income losses |  |  |  |  |
| Health and safety |  |  |  |  |
| Historical and Cultural Sites |  |  |  |  |
| Safety and health of staff and population |  |  |  |  |
| Labor management |  |  |  |  |
| **Operation period** | | | | |
| ***Physical Environment*** | | | | |
| Soils |  |  |  |  |
| Water Resources |  |  |  |  |
| Air Quality |  |  |  |  |
| ***Biological Environment*** | | | | |
| Fauna and Flora |  |  |  |  |
| ***Social Environment*** | | | | |
| Aesthetics and Landscape |  |  |  |  |
| Human Communities |  |  |  |  |
| Historical and Cultural Sites |  |  |  |  |
| Safety and health of staff and population |  |  |  |  |

**Environmental & Social Monitoring Plan (ESMP)**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(subproject, location, description)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Subproject implementation stage** | **What** parameter is subject to monitoring? | **Where** will monitoring of parameter be carried out? | **How** will monitoring of parameter be carried out/type of monitoring equipment | **When**  will monitoring of parameter be carried out-frequency | **Monitoring cost**  What cost of equipment or expenses of contractor required to conduct monitoring? | **Institutional responsibility for monitoring** | **Date of commencement** | **Date of completion** |
| Construction |  |  |  |  |  |  |  |  |
| Operation |  |  |  |  |  |  |  |  |

# Annex 8: ESMP Checklist Content & Format

A. General Project and Site Information

B. Environmental and Social Impacts Screening

C. Mitigation Measures

D. Monitoring Plan

**PART A: GENERAL PROJECT AND SITE INFORMATION**

|  |  |  |
| --- | --- | --- |
| **SITE DESCRIPTION** | | |
| Name of site |  | |
| Describe site location |  | Attachment 1: Site Map [ ]Y [ ] N |
| Who owns the land? |  | |
| Description of geographic, physical, biological, geological, hydrographic and socio-economic context |  | |
| Locations and distance for material sourcing, especially aggregates, water, stones? |  | |
| **LEGISLATION** | | |
| Identify national & local legislation & permits that apply to project activity |  | |
| **PUBLIC CONSULTATION** | | |
| Identify when / where the public consultation process took place |  | |
| **INSTITUTIONAL CAPACITY BUILDING** | | |
| Will there be any capacity building? | [ ] N or [ ]Y if Yes, Attachment 2 includes the capacity building program | |

**PART B: ENVIRONMENTAL AND SOCIAL SCREENING**

|  |  |
| --- | --- |
| **ENVIRONMENTAL /SOCIAL SCREENING** | |
| Will the site activity include/involve any of the following? | **Activity/Issue Status Triggered Actions** |
| A. Building rehabilitation [ ] Yes [ ] No See Section **A** below |
| B. New construction [ ] Yes [ ] No See Section **A** below |
| C. Individual wastewater treatment system [ ] Yes [ ] No See Section **B** below |
| D. Historic building(s) and districts [ ] Yes [ ] No See Section **C** below |
| E. Acquisition of land\* [ ] Yes [ ] No See Section **D** below |
| F. Hazardous or toxic materials\*\* [ ] Yes [ ] No See Section **E** below |
| G. Impacts on forests and/or protected areas [ ] Yes [ ] No See Section **F** below |
| H. Handling / management of medical waste [ ] Yes [ ] No See Section **G** below |
| I. Traffic and Pedestrian Safety [ ] Yes [ ] No See Section **H** below |

\* Land acquisitions includes displacement of people, negative impact on livelihood, encroachment on private property, land that is purchased/transferred and affects people who are living and/or squatters and/or operate a business (kiosks) on land that is being acquired.

\*\* Toxic / hazardous material includes but is not limited to asbestos, toxic paints, noxious solvents, removal of lead paint, etc.

**PART C: MITIGATION MEASURES**

|  |  |  |
| --- | --- | --- |
| **ACTIVITY** | **PARAMETER** | **MITIGATION MEASURES CHECKLIST** |
| **0**. General Conditions | Notification and Worker Safety | (a) The local construction and environment inspectorates and communities have been notified of upcoming activities  (b) The public has been notified of the works through appropriate notification in the media and/or at publicly accessible sites (including the site of the works)  (c) All legally required permits have been acquired for construction and/or rehabilitation  (d) The Contractor formally agrees that all work will be carried out in a safe and disciplined manner designed to minimize impacts on neighboring residents and environment.  (e) Workers’ PPE will comply with international good practice (always hardhats, as needed masks and safety glasses,  harnesses and safety boots)  (f) Appropriate signposting of the sites will inform workers of key rules and regulations to follow. |
| **A.** General Rehabilitation and /or Construction Activities | Air Quality | (a) During interior demolition debris-chutes shall be used above the first floor  (b) Demolition debris shall be kept in controlled area and sprayed with water mist to reduce debris dust  (c) During pneumatic drilling/wall destruction dust shall be suppressed by ongoing water spraying and/or installing dust screen enclosures at site  (d) The surrounding environment (sidewalks, roads) shall be kept free of debris to minimize dust  (e) There will be no open burning of construction / waste material at the site  (f) There will be no excessive idling of construction vehicles at sites |
| Noise | (a) Construction noise will be limited to restricted times agreed to in the permit  (b) During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible |
| Water Quality | (a) The site will establish appropriate erosion and sediment control measures such as e.g. hay bales and / or silt fences to prevent sediment from moving off site and causing excessive turbidity in nearby streams and rivers. |
| Waste management | (a) Waste collection and disposal pathways and sites will be identified for all major waste types expected from demolition and construction activities.  (b) Mineral construction and demolition wastes will be separated from general refuse, organic, liquid and chemical wastes by on-site sorting and stored in appropriate containers.  (c) Construction waste will be collected and disposed properly by licensed collectors  (d) The records of waste disposal will be maintained as proof for proper management as designed.  (e) Whenever feasible the contractor will reuse and recycle appropriate and viable materials (except asbestos) |
| **B**. Individual wastewater treatment system | Water Quality | (a) The approach to handling sanitary wastes and wastewater from building sites (installation or reconstruction) must be approved by the local authorities  (b) Before being discharged into receiving waters, effluents from individual wastewater systems must be treated in order to meet the minimal quality criteria set out by national guidelines on effluent quality and wastewater treatment  (c) Monitoring of new wastewater systems (before/after) will be carried out  (d) Construction vehicles and machinery will be washed only in designated areas where runoff will not pollute natural surface water bodies. |
| **C**. Historic building(s) and Cultural Heritage | Cultural Heritage | (a) If the building is a designated historic structure, very close to such a structure, or located in a designated historic district, notification shall be made and approvals/permits be obtained from local authorities and all construction activities planned a nd carried out in line with local and national legislation.  (b) It shall be ensured that provisions are put in place so that artifacts or other possible “chance finds” encountered in  excavation or construction are noted and registered, responsible officials contacted, and works activities delayed or modified to account for such finds. |
| **D**. Acquisition of land | Land Use Criteria | (a) No land will be involuntarily acquired  (b) Land can be purchased, or leased, on a willing buyer-willing seller basis  (c) Works will utilize vacant government land, occur within existing footprint, or follow right -of-way or easements |
| **E**. Toxic Materials | Asbestos management | (a) If asbestos is located on the project site, it shall be marked clearly as hazardous material  (b) When possible, the asbestos will be appropriately contained and sealed to minimize exposure  (c) The asbestos prior to removal (if removal is necessary) will be treated with a wetting agent to minimize asbestos dust  (d) Asbestos will be handled and disposed by skilled & experienced professionals  (e) If asbestos material is being stored temporarily, the wastes should be securely enclosed inside closed containments and marked appropriately. Security measures will be taken against unauthorized removal from the site.  (f) The removed asbestos will not be reused |
| Toxic / hazardous waste management | (a) Temporarily storage on site of all hazardous or toxic substances will be in safe containers labeled with details of composition, properties and handling information  (b) The containers of hazardous substances shall be placed in a leak-proof container to prevent spillage and leaching  (c) The wastes shall be transported by specially licensed carriers and disposed in a licensed facility. (d) Paints with toxic ingredients or solvents or lead-based paints will not be used |
| **F**. Affected forests, wetlands and/or protected areas | Protection | (a) All recognized natural habitats, wetlands and protected areas in the immediate vicinity of the activity will not be damaged or exploited, all staff will be strictly prohibited from hunting, foraging, logging or other damaging activities.  (b) A survey and an inventory shall be made of large trees in the vicinity of the construction activity, large trees shall be marked and cordoned off with fencing, their root system protected, and any damage to the trees avoided  (c) Adjacent wetlands and streams shall be protected from construction site run-off with appropriate erosion and sediment control feature to include by not limited to hay bales and silt fences  (d) There will be no unlicensed borrow pits, quarries or waste dumps in adjacent areas, especially not in protected areas. |
| **G**. Disposal of medical waste | Infrastructure for medical waste management | (a) In compliance with national regulations the contractor will insure that newly constructed and/or rehabilitated health care facilities include sufficient infrastructure for medical waste handling and disposal; this includes and not limited to:  ▪ Special facilities for segregated healthcare waste (including soiled instruments “sharps”, and human tissue or fluids)  from other waste disposal; and  ▪ Appropriate storage facilities for medical waste are in place; and  ▪ If the activity includes facility-based treatment, appropriate disposal options are in place and operational |
| **H** Traffic and Pedestrian Safety | Direct or indirect hazards to public traffic and pedestrians by construction activities | (a) In compliance with national regulations the contractor will ensure that the construction site is properly secured and construction related traffic regulated. This includes but is not limited to  ▪ Signposting, warning signs, barriers and traffic diversions: site will be clearly visible, and the public warned of all potential hazards  ▪ Traffic management system and staff training, especially for site access and near-site heavy traffic. Provision of safe passages and crossings for pedestrians where construction traffic interferes.  ▪ Adjustment of working hours to local traffic patterns, e.g. avoiding major transport activities during rush hours or  times of livestock movement  ▪ Active traffic management by trained and visible staff at the site, if required for safe and convenient passage for the public.  ▪ Ensuring safe and continuous access to office facilities, shops and residences during renovation activities, if the buildings stay open for the public. |

**PART D: MONITORING PLAN**

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| --- | --- | --- | --- | --- | --- | --- |
| **Activity** | **What**  (Is the parameter to be monitored?) | **Where**  (Is the parameter to be monitored?) | **How**  (Is the parameter to be monitored?) | **When**  (Define the frequency / or continuous?) | **Why**  (Is the parameter being monitored?) | **Who**  (Is responsible for monitoring?) |
| 1. Type of activity |  |  |  |  |  |  |
| 2. Type of activity |  |  |  |  |  |  |
| 3. Type of activity |  |  |  |  |  |  |

**Example of an Environmental and Monitoring Plan (EMP) for small scale construction/rehabilitation under selected individual projects**

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **PHASE** | **WHAT**  is the parameter to be monitored? | **WHERE**  is the parameter to be monitored? | **HOW**  is the parameter to be monitored?? | **WHEN**  is the parameter to be monitored? (frequency)? | **WHY**  is the parameter being monitored? | **COST** | **RESPONSIBILITY** |
| **Designing** | Implementation of ESMP guidelines  (RECOMMENDATIONS) | Design project for construction, reconstruction and adaptation. | Review of elaborates and adaptation designs. | Prior approval for construction as part of project monitoring program. | Recommended due to national legislation requiring a construction permit. | Should be part of the Project | CEP Designer, Contractor |

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **PHASE** | **WHAT**  is the parameter to be monitored? | **WHERE**  is the parameter to be monitored? | **HOW**  is the parameter to be monitored?? | **WHEN**  is the parameter to be monitored? (frequency)? | **WHY**  is the parameter being monitored? | **COST** | **RESPONSIBILITY** |
| **Construction** | Parameters given in construction permit - all special conditions of construction issued by different bodies | Main Project documentation | A part of regular inspection by the Committee for Environmental Protection (CEP) and the Construction Inspection | During construction and prior to issuance of the Operation permit | Regular review stipulated in the Law, and if any public complaint is sent to the CEP, or the Construction Inspection. | Included in the construction phase, costs of Contractors | PMU E&S Specialist, inspectorate of the CEP and Construction Inspection |
| Construction waste management (including hazardous) | Supporting documents for waste, which is submitted to the competent communal enterprise | A part of regular inspection by the CEP and Construction Inspection | After reporting on waste management | Needed in accordance with the waste- related regulations | Expenditure of the CEP and the Construction Inspection and low costs for the Contractor | PMU E&S Specialists, inspectorate of the CEP and Construction Inspection |

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **PHASE** | **WHAT**  is the parameter to be monitored? | **WHERE**  is the parameter to be monitored? | **HOW**  is the parameter to be monitored?? | **WHEN**  is the parameter to be monitored? (frequency)? | **WHY**  is the parameter being monitored? | **COST** | **RESPONSIBILITY** |
|  | Cultural Heritage- “chance finds” encountered during excavation or construction. If the building is a designated historic structure, very close to such a structure, or located in a designated historic district, for such finds. | Notification shall be made and approvals/permits are obtained from local authorities and all construction activities planned and carried out in line with local and national legislation. | A part of regular inspection by the CEP and Construction Inspection | During construction as part of project monitoring program. | It shall be ensured that provisions are put in place so that artifacts or other possible “chance finds” encountered in excavation or construction are noted and registered, responsible officials contacted, and works activities delayed or modified to account | Transportation costs for the contractor | NSIFT/PMU branches |
| **Operation** | Waste management | Based on the supporting documents for waste, which is submitted to the CEP | Reports to the CEP | After reporting to the CEP on waste management. | Should be monitored in line with the regulations on waste management. | Costs of the project beneficiary and the CEP | Project beneficiary, competent communal company and the CEP |

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| --- | --- | --- |
| **PART 2: ENVIRONMENTAL /SOCIAL SCREENING** | | |
| **ACTIVITY** | **ENVIRONMENTAL ISSUE/ PARAMETER** | **MITIGATION MEASURES CHECKLIST** |
| **A**. Contractor mobilization (General Conditions) | Notification and Worker Safety | * The local construction and environment inspectorates and communities have been notified of upcoming activities * The public has been notified of the works through appropriate notification in the media and/or at publicly accessible sites (including the site of the works) * All legally required permits have been acquired for construction and/or rehabilitation * All work will be carried out in a safe and disciplined manner designed to minimize impacts on neighboring residents and environment. * Workers’ PPE will comply with international good practice (always hardhats, as needed masks and safety glasses, harnesses and safety boots) * Appropriate signposting of the sites will inform workers of key rules and regulations to follow. |
| **B.** Rehabilitation and /or Construction Activities (civil works) | Air Quality | * Keep demolition debris in controlled area and spray with water mist to reduce debris dust * Suppress dust during pneumatic drilling/wall destruction by ongoing water spraying and/or installing dust screen enclosures at site * Keep surrounding environment (sidewalks, roads) free of debris to minimize dust * There will be no open burning of construction / waste material at the site * There will be no excessive idling of construction vehicles at sites |
| Noise | * Construction noise will be limited to restricted times agreed to in the permit * During operations the engine covers of generators, air compressors and other powered mechanical equipment should be closed, and equipment placed as far away from residential areas as possible |
| Waste management | * Waste collection and disposal pathways and sites will be identified for all major waste types expected from demolition and construction activities. * Mineral construction and demolition wastes will be separated from general refuse, organic, liquid and chemical wastes by on-site sorting and stored in appropriate containers. * Construction waste will be collected and disposed properly by licensed collectors * The records of waste disposal will be maintained as proof for proper management as designed. * Whenever feasible the contractor will reuse and recycle appropriate and viable materials (except asbestos) |
| **C**. Wastewater | Water Quality | * The site will establish appropriate erosion and sediment control measures such as e.g. hay bales and / or silt fences to prevent sediment from moving off site and causing excessive turbidity in nearby streams and rivers. * The approach to handling sanitary wastes and wastewater from building sites (installation or reconstruction) must be approved by the local authorities * Before being discharged into receiving waters, effluents from individual wastewater systems must be treated in order to meet the minimal quality criteria set out by national guidelines on effluent into the water courses/canals without special settling in dams (pools) and without passing through special gravel filters and other processing.quality and wastewater treatment * Monitoring of new wastewater systems (before/after) will be carried out; * Actions of contractors must be accomplished in a way to prevent accidental spilling of wastewater from entering to the reservoirs or into groundwater during processing and mixing of concrete. They must not fall |
| **D.** Cultural Heritage Chance Finds | Cultural Heritage | If any cultural artifacts or other possible archeological “chance finds” are encountered during excavation or construction, work activities will be stopped, the items noted and registered, and responsible Ministry of Culture officials contacted. Work will only be recommenced upon authorization of the responsible officials. |
| **E**. Toxic Materials/ Substances | Asbestos management | * If asbestos is located on the project site, mark clearly as hazardous material * When possible, the asbestos will be appropriately contained and sealed to minimize exposure * The asbestos prior to removal (if removal is necessary) will be treated with a wetting agent to minimize asbestos dust * Asbestos will be handled and disposed by skilled & experienced professionals * If asbestos material is be stored temporarily, the wastes should be securely enclosed inside closed containments and marked appropriately * The removed asbestos will not be reused and should be buried |
| Toxic / hazardous waste management | * Temporarily storage on site of all hazardous or toxic substances will be in safe containers labeled with details of composition, properties and handling information * The containers of hazardous substances should be placed in an leak-proof container to prevent spillage and leaching * The wastes are transported by specially licensed carriers and disposed in a licensed facility * Paints with toxic ingredients or solvents or lead-based paints will not be used |
| Oil substances/wastes | * Car washes and places of mechanisms and machines service must be equipped with sumps and oil and petrol catchers; * Used oil and technical liquids should pour off into containers and then should send to the recovery; * Exclude leakage of petroleum products during transportation; * All the oil wastes of operational materials of maintenance should be collected and stored in specially designated areas with following cleaning in established order. |
| Polychlorinated Biphenyls (PCBs) | * Strictly obey the regulatory documents in terms of getting access and operating while taking oil samples and in particular the “Safety rules for maintaining of electrical equipment” the II edition issued on 1989, Moscow; * Used only glass bottles for oil sampling; * In order to prevent the skin from coming into contact with PCBs, use one-way protective gloves. * Protect eyes against possible oil splashes by wearing goggles; * The sample should be taken by using the drain tap, located at the bottom of the transformer; * As there is a risk that highly toxic dioxins are unintentionally formed and released during the Chlorine identification by using applying the Beilstein Method, testing should only be performed in a laboratory by experienced chemists. * In the case the Chlorine testing show the transformers contain PCBs it is necessary to follow the rules prescribed in the Guidebook on Environmental Sound PCB Management in Electrical Equipment, labelling the polluted equipment, keeping used oil and contaminated transformers in the tanks in a guarded facility, until when the proper utilization/disposal measures will be in place. |
| F. Dismantling/ installing old/new equipment and conducting earthworks | Crane/excavators/ bulldozers operations | * It is strictly imperative to obey the existing national regulations on conducting these activities; * While approaching to the air electrical lines under tension the works should be carried out under the supervision of electricians; * The cranes should be installed and fixed in a stable position to prevent their tipping or spontaneous displacement under the action of its own weight, and the engine. * For mechanized management of earthworks, it is necessary to check the serviceability of machineries, availability of their fencing and safety devices. Working on defective machines is not permitted; * To exclude injuries members of mechanized brigades operating cranes and bulldozers should know and strictly follow all safety engineering rules during operations of relevant machines; * Workers serving machines should be provided with instructions, comprising following: (a) Machine controlling instruction and caring about the workplace; (b) Safety engineering requirements; (c) Guidance of signals system; (d) The maximum loads and speeds of machines; (e) The measures have to be taken by the worker in the case of accident or malfunction of the machines. * To control the machines are allowed people specially trained and have certificate of competence of controlling machines. * The basic requirements of cranes and bulldozers operations are as follows: (a) all rotating parts of machines - gears, chain and temporary transfer, fans, flywheels, etc. must be fenced by casing. Turning on the mechanisms without fences is prohibited; (b) Examination, adjustment, tightening bolts, lubrication and preventive maintenance of the equipment during their work is banned; and (c) In areas where these machines work implementation of any other works and existence of people are not allowed. If in exploit soil will be found large stones, stumps or other objects the machine must be stopped and the objects which can cause an accident should be removed. |
| Welding activities | * Strictly imperative to obey the existing national regulations on conducting these activities; * The personal should have protective equipment, rubber gloves, special boots, as well as special helmets. * Prior to starting welding operations, all workers have to pass labor safety training course. * Use the protective gear which as minimum includes: (a) Respirator/Welders Mask; (b) Protective clothing: All skin areas need to be protected to protect against molten metal and sparks. This includes: Long sleeve shirts; Pants that cover the tops of shoes; Gloves; Shoes or boots; (c) Eye protection devices against injuries from debris and from the effects of the ultraviolet light; (d) Helmets.   Fire protection: prepare and use extinguishers as well as sand and water. |
|  | Dismantling/installing electrical equipment | * Strictly obey the existing national regulations on conducting these activities; * Carry out the routine inspection of the machinery and equipment for the purpose of trouble shooting and observance of the time of repair; * Organize training and instruction of the workers engaged in maintenance of the machinery, tools and equipment on safe methods and techniques of work; * It is prohibited: to distribute faulty or unchecked tools for work performance as well as to leave off-hand mechanical tools connected to the electrical supply network or compressed air pipelines; to pull up and bend the cables and air hose pipes; to lay cables and hose pipes with their intersection by wire ropes, electric cables, to handle the rotating elements of power driven hand tools. |

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| **PART 3: MONITORING PLAN** | | | | | | | |
| **Phase/project activity** | **What**  (Is the parameter to be monitored?) | **Where**  (Is the parameter to be monitored?) | **How**  (Is the parameter to be monitored?) | **When**  (Define the frequency / or continuous?) | **Why**  (Is the parameter being monitored?) | **Cost**  (if not included in project budget) | **Who**  (Is responsible for monitoring?) |
| **During project implementation** | | | | | | | |
| ***Transformer oil testing on PCBs*** | Presence of Chlorine/ safety rules of PCBs testing | At the stations taking samples from transformers and testing the laboratory | Using Belstien method | Once in the beginning at the project implementation | Avoiding health impacts | Covered by MAFWM PMT | MAFWM PMT Environmental Protection Department |
| ***Civil works (construction/ rehabilitation)*** | Parameters given in construction permit - all special conditions of construction issued by different bodies | Project documentation, Construction permits | A part of regular inspection by MAFWM PMT | During construction and prior to issuance of the Operation permit | Regular review stipulated in the construction permits to ensure compliance with the specified by national legislation and EMP environmental requirements | Included in the costs of Contractors | Supervision MAFWM PMT Engineer and Social Specialist |
| Air quality and noise | At the construction site | Visually | During construction phase | To avoid environmental pollution and workers health impacts | PMC expenditures as part of the project implementation costs | MAFWM PMT Environmental Specialist |
| Wastewater | At the construction site | Visually | During construction phase | To avoid environmental pollution and workers health impacts | PMC expenditures as part of the project implementation costs | MAFWM PMT Environmental Department and IP Environment Specialist |
| Construction waste management, hazardous materials and asbestos | At the construction sites and | Visual observations and analyzing supporting documents for waste collection and transportation, which is submitted to the competent communal enterprise; Reporting documents from landfills | During the construction phase and after reporting on waste management | Avoiding environmental pollution and health impacts and needed in accordance with the waste-related national regulations | Expenditure of the MAFWM PMT and operating costs for the Contractor | IP Environmental Specialist |
| ***Dismantling/installing new electrical equipment/ welding operations*** | Labor safety | At the construction site (for dismantling or installing of equipment) | Visual observation and analysis of presented report on conducted works, accidents, if any, reports on conducted training | Before and during construction and per national requirements in terms of ensuring labour safety | Avoiding accidents and health impacts | Contractors expenditure on training and ensuring labour safety, including costs for protective gear; Supervision costs of Environmental Specialist | PMC Environmental Specialist |
| **During operation** | | | | | | | |
| ***Electrical station operation*** | Labor safety | At the electrical stations | Protective gears, obeying of safety rules, conducted training | Periodically per specified in national norms and standards procedures and timing | Avoiding accidents and health impacts to station workers | MAFWM PMT own expenses | Chief Engineer of the station |

# Annex 9: Statement on compliance with provisions of labor legislation and legislation on protection at work

APPLICANT'S STATEMENT ON COMPLIANCE WITH THE PROVISIONS OF THE LEGISLATION ON LABOR AND OHS

**STATEMENT**

I /*full name of declarant/,* /*director – responsible person*/,with headquarters in /*address*/,under material and criminal liability hereby certify that we comply with and will comply with the provisions of the applicable labor and OHS legislation, and I declare the following:

1. All workers are registered for pension, disability and health insurance;
2. All workers regularly receive their salary and compensation during any absences from work;
3. All workers are entitled to breaks and absences as defined by the Labor Law;
4. Any employees aged 15 to 18 are employed upon full compliance with the conditions set forth in the Law;
5. OHS measures are applied in accordance with the job types, and the workers are provided with resources to apply and promote OHS principles.

By signing this statement, I confirm that the above data are correct and complete, and that I am aware that providing untrue and incorrect information may result in termination of the contract and refunding of the received financial means.

Place and date:

Name:

Signature and seal:

# ANNEX 10: GRANT AGREEMENT TEMPLATE

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| Republic of Serbia  MINISTRY OF AGRICULTURE,  FORESTRY AND WATER MANAGEMENT  -Directorate for Agrarian Payments -  Number: (contract number)  Date: (contract date)  Belgrade  22-26 Nemanjina Street |

The Parties:

1. Republic of Serbia, Ministry of Agriculture, Forestry and Water Management, 22-26 Nemanjina Street, Directorate for Agrarian Payments, 84 Bulevar kralja Aleksandra Street, Belgrade, represented by Acting Director Marko Kesić (hereinafter: The Directorate),

and

2. (Name and surname / name of the Grant Beneficiary) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with residential address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_ (municipality), \_\_\_\_\_\_\_\_ (city), with Personal ID No. / Company Reg. No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Tax ID No. \_\_\_\_\_\_\_\_\_\_ (if applicable) and BPG number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter: the Beneficiary),

entered into

**GRANT AGREEMENT**

The Contracting Parties jointly acknowledge the following:

Article 1

The subject to the Grant Agreement is the realization of an individual project implemented by the Grant Beneficiary and financed from the Loan of the International Bank for Reconstruction and Development (World Bank), commercial bank funds and the Beneficiary's own funds under the Serbia Competitive Agriculture Project (hereinafter: the Project).

Article 2

The Grant Beneficiary undertakes to implement the approved individual project in accordance with the terms of this Agreement, the Operational Manual for Grants and the Rulebook on Grants within the Competitive Agriculture Project ("Official Gazette of the RS", No. 30 of 26 March 2021) (hereinafter: the Rulebook), and Annexes 1,2,3 of the Agreement.

Article 3

The following Annexes form an integral part of this Agreement:

Annex 1: Guide for the Grant Beneficiaries

Annex 2: Procurement Guide

Annex 3: Instructions for preparing the report

Article 4

For the needs of the individual project, whose total value is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ EUR (*insert amount in letters and numbers*), the Directorate shall allocate non-refundable funds in the amount of 50% of the approved investment value, which is \_\_\_\_\_\_\_\_\_\_\_\_\_ EUR (*insert amount in letters and numbers*).

These funds shall be paid to a dedicated account of the Grant Beneficiary in dinars at the exchange rate of 1 EUR = \_\_\_\_ RSD

The total amount of the investment is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_RSD (in words RSD), and the payable grant amount is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ RSD (in RSD)

Article 5

For the purposes of implementing the individual project, the Grant Beneficiary shall open a dedicated dinar (RSD) account in a commercial bank after signing the Grant Agreement with the Directorate.

Article 6

The total grant value, which is equal to 50% of the approved investment, shall be paid into the Grant Beneficiary’s dedicated account, after the Grant Beneficiary deposits its own funds in the amount of 10% of the individual project value, and the commercial bank disburse the loan in the amount of 40% of the individual project value.

The funds shall be paid in dinars. The amount in dinars, which is equivalent to the amount of the individual project, shall be calculated per buy exchange rate of the National Bank of Serbia on the day of conversion, which is \_\_\_\_\_\_\_.

The Directorate shall pay the grant funds in one installment, after the confirmation of the commercial bank that the Grant Beneficiary has deposited its own funds to a dedicated account, and that the commercial bank has disbursed the total amount of the loan.

Article 7

Payments from the dedicated account shall be made after the submission of documentation confirming that the procurement in the project was made in accordance with the World Bank rules. The Directorate shall give Consent to the procurement and approve the Request for Payment.

Article 8

The Request for Payment submitted by the Grant Beneficiary to the Directorate shall be executed after the Directorate approves the procurement conducted by the Beneficiary.

The Grant Beneficiary may use the funds on the dedicated account only in accordance with the business plan and approved investments specified in the Decision on project approval.

The Grant Beneficiary shall conduct all procurements of goods and services contemplated by the individual project in accordance with the World Bank rules and procedures, using the documents provided in Annex 2 hereof: Procurement Guide.

Article 9

The Grant Beneficiary shall submit reports on the progress of the individual project to the Directorate, in the format given in Annex 3: Progress reporting instructions.

The Grant Beneficiary shall submit the following reports to the Directorate on the implementation of the individual project:

* The project progress report shall be submitted after 6 months from the date of signing the Agreement;
* The final report on the realization of the project shall be submitted after the completion of the project.

The project progress report shall be submitted no later than 28 days and 6 months after the signing date hereof; The progress report must confirm compliance with social and environmental standards.

The project progress report and final report must include verifiable financial reporting, such as, but not limited to, project financial inflows (revenues) and project financial outflows (expenditures).

The final report on the realization of the project shall be submitted at the end of the project, after the completion of all investments and fulfillment of contractual obligations, and no later than 28 calendar days from the date of completion of project activities.

If the Agreement is realized within the period shorter than 6 months, the Grant Beneficiary shall be required to submit the Final Report only.

Enclosed with the Final Report on the implementation of the project, the Grant Beneficiary shall submit to the Directorate the proof of entering into a new contract or business relationship with at least one buyer of her/his agricultural products, as a result of this project. It must be demonstrated that this contract is entered into: i.) either with a completely new buyer; or ii.)that it pertains to a new type of agricultural products sold to a buyer with whom a business relationship had also existed prior to the project; or iii.) a contract with new terms (and increased volumes) with an existing buyer/buyers.Submission of this proof is to be considered a major precondition for the approval of the Final Report and the overall final eligibility of the Grant Beneficiary and the accompanying investment. The following shall be deemed the proof of the business cooperation: the sale contract and/or original invoices and/or purchase certificate.

The Grant Beneficiary is required to submit all the above reports. Failure to submit the report shall be deemed non-performance of contractual obligations, and the Grant Beneficiary shall be required to return the funds received.

Article 10

In accordance with the Rulebook, the Directorate shall perform periodic controls of the individual project implementation.

The implementation control of approved projects shall be performed on a random basis, during the Project implementation period, as well as during the five-year period after the last payment by the Directorate.

The Directorate controls the implementation of the project at the place of investment, in accordance with the Agreement and the Rulebook, at any given time, and at least once during the individual project period.

If the Directorate notices certain irregularities during the control, it shall inform the appropriate inspection bodies within the Ministry in charge of agricultural affairs.

The implementation control of approved projects can also be performed by independent auditors, as part of the independent implementation audits.

Article 11

The Grant Beneficiary shall:

1. earmark, refrain from disposal and prevent other persons to use the subject investments procured from the Project funds within five (5) years from the last payment within the realization of the individual project.
2. keep the documentation related to the implementation of the individual project for a period of five (5) years from the completion of the Agreement.

If it is determined that the procured investments were used inappropriately, the Directorate shall terminate the Agreement and initiate the procedure for return of the paid funds used inappropriately.

Article 12

If after the completion of the individual project and approval of the Final Report, there are unused funds on the Beneficiary’s dedicated account, these funds shall be distributed as follows:

1. 50% of the remaining funds shall be paid into the account of the Serbia Competitive Agriculture Project;
2. 40% of the remaining funds shall be returned to the loan account in the commercial bank;
3. 10% of the remaining funds to the RSD account of the Beneficiary as notified to the commercial bank.

In order for the remaining funds from the dedicated account to be distributed in the prescribed manner, the Grant Beneficiary must issue an order to close the dedicated account.

Article 13

Closing of the dedicated account shall be possible after the Directorate confirms to the commercial bank that the Grant Beneficiary has submitted, and the Directorate has approved the Final Report on the project implementation. The dedicated account shall be closed by the Grant Beneficiary.

Article 14

The Grant Beneficiary shall submit to the Directorate a copy of each notice / newspaper article / news published in the press in connection with the Serbia Competitive Agriculture Project or the results of the activities.

In all the press releases related to the Project and the publications relating to the grant award (including press, video and audio recordings, electronic mail, etc.), the Grant Beneficiary or the Directorate must cite the following: "The implementation of this project is supported by a loan from the International Bank for Reconstruction and Development. The views expressed herein reflect the views of the author and do not necessarily represent the views of the Ministry of Agriculture, Forestry, and Water Management or the International Bank for Reconstruction and Development.”

Article 15

This Grant Agreement shall enter into force on the date of its signing by the Grant Beneficiary and the Directorate. The Agreement shall be valid until the end of the implementation of the individual project, and no later than one year from the date of its signing.

Article 16

The Grant Beneficiary shall enable representatives of the Ministry of Agriculture, Forestry and Water Management, the Directorate, the World Bank and independent auditors to review and audit any procurement, as well as other documentation related to the implementation of the approved individual project and this Agreement.

Any non-compliance with the obligations stipulated in Paragraph 1 of this Article shall constitute the cause for the Agreement termination and/or sanctioning on the part of the World Bank in accordance with the current World Bank sanctions procedures.

Article 17

If the Directorate determines that the Grant Beneficiary and/or any of its technical consultants, suppliers or their employees are involved in corrupt, fraudulent, coercive or obstructive actions, as defined in the applicable World Bank Anti-Corruption Guidelines, during the procurement process or the implementation of the procurement contract, the Directorate may terminate the said Contract under which the procurement is financed.

If it finds that the Grant Beneficiary was involved in the above actions, the Directorate shall inform the competent authorities.

Article 18

Any use of the allocated funds in a manner not provided for in the Agreement shall be deemed non-compliance and may lead to the termination of the Agreement and the initiation of the process for the return of paid funds.

The Directorate may terminate this Agreement:

* if the funds awarded to the Grant Beneficiary have been spent for non-eligible expenses;
* if the Grant Beneficiary fails to perform its obligations in accordance with the provisions of this Agreement.
* if it is determined that the Grant Beneficiary started the investments and activities envisaged by the project before signing the Agreement, except for the activities that are considered as preparatory costs.
* due to the objective impossibility to fulfill contractual obligations (force majeure, administrative measures, etc.) arising with one or both Parties;
* in the event of fraud and corruption as specified in Article 17 hereof.

Article 19

The Agreement may be terminated in accordance with the following procedures:

* by a written agreement between the Parties prior to the expiry of the contracted period;

or

* unilaterally, by one of the Parties sending a written notification due to non-performance of contractual obligations of the other Party, with a 30-day termination notice;

Article 20

This Agreement is made in 6 (six) identical copies, of which two are for the Grant Beneficiary and 4 (four) for the Directorate.

|  |  |
| --- | --- |
| FOR THE DIRECTORATE  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Marko Kesić  Acting Director | FOR THE GRANT BENEFICIARY  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

***ANNEX 1 GRANT BENEFICIARY GUIDE***

The Ministry of Agriculture, Forestry and Water Management / Directorate for Agrarian Payments (Directorate) reserves the right to:

(1) suspend or revoke the right of the Beneficiary to use the grant or receive a refund of all or any part of the amount of funds withdrawn so far, if the Beneficiary fails to fulfill any of its obligations under the Agreement; and

(2) require each Beneficiary to:

(A) carry out its Individual project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines and Safeguards Documents applicable to the Beneficiary;

(B) provide, promptly as needed, the resources required for the purpose;

(C) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement;

(D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Individual project and the achievement of its objectives;

(F) enable the Directorate and the World Bank to inspect the Individual project, its operation and any relevant records and documents; and

(G) prepare and deliver to the Directorate and the World Bank all such information as the Republic of Serbia, Ministry of Finance or the World Bank shall reasonably request relating to the foregoing.

***ANNEX 2 PROCUREMENT GUIDE***

* 1. *Guide to Direct Contracting - investments under EUR 30,000.00*
  2. *Guide to the Request for Quotation - investments from EUR 30,000.00 and above*
  3. *Table 1- table of approved investments*

***2.1) GUIDE TO DIRECT CONTRACTING - INVESTMENTS UNDER 30,000 EUR***

The procurement begins after the signing of the Agreement between the Ministry of Agriculture, Forestry and Water Management / Directorate for Agrarian Payments (hereinafter: the Directorate) and the Beneficiary and the opening of a dedicated account in a commercial bank.

The procurement process started before the signing of the Agreement with the Directorate shall not be accepted for funding. The only procurement that can start before signing of the Agreement with the Directorate is the procurement of professional and technical assistance.

* The Guide Objectives

This Guide aims to provide the Beneficiary a step-by-step assistance for carrying out the procurement process envisaged by its project. The Guide lists the documentation that the Beneficiary should prepare and submit to the Directorate after the completion of the procurement, in order for the procurement to be approved and paid for.

The documents package to be prepared and submitted to the project team by the Beneficiary after the completion of the procurement, includes the following:

1. Technical specification

2. Quotation

3. Contract with the Supplier

4. Record of receipt of goods with photographs of delivered goods and warranty

5. Invoice

6. Shipping document

7. Request for payment

**PROCUREMENT PROCESS**

***FOR THE PURPOSE OF PROCUREMENT - THE TERM BENEFICIARY IS CHANGED TO CLIENT***

***STEP 1: PREPARATION OF TECHNICAL SPECIFICATION***

In accordance with the requirements of the Business Plan and the Decision on project approval, in the document “Technical Specification” the Client describes the goods it plans to procure.

The description of the goods should be in accordance with the description given in Table 2.3 - Eligible Investments, attached to this Guide.

In the Technical Specification, in addition to the above descriptions, the Client shall also enter the date of preparation of the specification. The date entered must be after the date of signing the Agreement with the Directorate.

The Client shall select the Bidder by contacting a company registered for the sale of agricultural equipment. The Bidder in its sales range must offer/sell the equipment that the Client wants to procure. The offered goods must correspond to the technical specification, and the price of the goods must be lower or equal to the price stated in the business plan.

***STEP 2:* REQUEST FOR QUOTATION**

The Client shall prepare Request for Quotation (RFQ).

The Client shall select the one Supplier/Bidder registered for the sale of agricultural equipment. The Bidder in its sales range must offer/sell the equipment that the Client wants to procure.

The RFQ is prepared by the Client filling in the document Request for Quotation. This document consists of 5 forms, as follows: Request for Quotation, Draft Contract, Terms and Conditions of Procurement, Bid Form and Technical Specification.

Before sending the RFQ, the Client shall check with the Supplier/Bidder what are the realistic delivery deadlines, in order to enter such information in the RFQ. After the preparation, the Client shall send the RFQ to the Supplier/Bidder.

The Client must have a confirmation of the sent RFQ, as follows:

* If the RFQ is sent by mail, it must be sent with a receipt confirmation. The receipt confirmation must be kept, since it is a part of the documentation submitted when sending the Request for payment.
* If the RFQ is sent by e-mail, the Client shall print emails with the sent RFQs, because they include the address of the Bidder and the date of sending.

In both cases, the cover letter sent by the Client should read:

To whom it may concern:

I, the undersigned, am a signatory of the Agreement with the Ministry of Agriculture, Forestry and Water Management / Directorate for Agrarian Payments for the Serbia Competitive Agriculture Project. In order to procure goods from the approved funds, it is necessary to carry out the procurement procedure according to the rules of the World Bank.

I am sending you the Request for Quotation, which contains the conditions for the purchase of goods sold by your company. Please, fill in the document in the places marked in red.

If you are interested, please submit the Bid within 10 calendar days,

To the address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (enter the address) or email (enter email).

Signature of the Client

Upon receipt of the Invitation, the Bidder/Supplier shall prepare and submit the Bid/quotation by the deadline defined in the RFQ and shall submit bid in dinars (RSD).

***STEP 3: RECEIPT OF QUOTATIONS***

***STEP 4: CONTRACT WITH SUPPLIER***

After the selection of the Bidder, the Client and the Bidder shall sign the Contract.

Thus, the Bidder becomes the Supplier.

In the attached draft Contract, the Client shall insert the required information in the places marked in blue.

The contract **must** be signed, because it defines the price, delivery time, payment terms, warranty, servicing, etc.

***STEP 5: RECORD OF RECEIPT OF GOODS***

The Client shall insert the requested information in the attached record.

Photographs of purchased goods are integral part of the Record. The photographs must show the information given in the Record.

The manufacturer's warranty should be enclosed to the Record.

***STEP 6: INVOICE AND SHIPPING DOCUMENT***

Upon the delivery of goods, the Client shall receive an invoice and the shipping document from the Supplier.

The invoice and the shipping document are issued in the name of the Client, with an indication: The Serbia Competitive Agriculture Project

The invoice must include VAT.

The invoice shall be in dinars, with 60 days value date.

The invoice and the shipping document must bear the date and the signature of the Supplier.

The invoice and the shipping document may be issued as one document.

***STEP 7: PAYMENT REQUEST***

The Client shall fill in the Request for payment.

***STEP 8: SUBMISSION OF DOCUMENTS***

The documents submitted by the Beneficiary / Client to the Directorate are listed in steps 1 to 6. In order to prepare the required documents, the Beneficiary / Client should scan the documents one by one, in the order in which they are listed at the beginning of the Guide.

**The Beneficiary shall deliver the scanned documents to the e-mail: nabavke@scap.rs.**

**Procurement forms shall be available on the website (scap.rs, www.uap.gov.rs)**

***2.2) GUIDE TO THE PROCUREMENT PROCEDURE - INVITATION FOR QUOTATION - INVESTMENTS FROM 30,000.00 EUR and ABOVE***

The procurement may begin after the signing of the Agreement between the Ministry of Agriculture, Forestry and Water Management / Directorate for Agrarian Payments (hereinafter: the Directorate) and the Beneficiary and the opening of a dedicated account in a commercial bank.

The procurement is carried out by the Beneficiary who has acquired the right to financing from the project. In the procurement process, the Beneficiary becomes the Client.

The procurement process started before the signing of the Agreement with the Directorate shall not be accepted for funding. The only procurement that may start before the signing of the Agreement with the Directorate is the procurement of professional and technical assistance.

* **The Guide Objectives**

This Guide aims to provide the Beneficiary a step-by-step assistance for carrying out the procurement process envisaged by its project. The Guide contains a list of documentation that the Beneficiary should prepare and submit to the Directorate upon completion of the procurement, in order for the procurement to be approved and paid for.

The documents package to be prepared and submitted to the project team by the Beneficiary after the completion of the procurement, includes the following:

1. Technical specification
2. Request for Quotation
3. Collected offers
4. Bid Evaluation Report
5. Contract with the Supplier
6. Record of receipt of goods with photographs of goods and warranty
7. Invoice
8. Shipping document
9. Request for payment

**PROCUREMENT PROCESS**

***FOR THE PURPOSE OF PROCUREMENT - THE TERM BENEFICIARY IS CHANGED TO CLIENT***

***STEP 1: PREPARATION OF TECHNICAL SPECIFICATION***

In accordance with the requirements of the Business Plan and the Decision on project approval, in the document “Technical Specification” the Client describes the goods it plans to procure.

The description of the goods should be in accordance with the description given in Table 1 - Eligible Investments, attached to this Guide.

In the Technical Specification, in addition to the above descriptions, the Client shall also enter the date of preparation of the specification. The date entered must be after the date of signing the Agreement with the Directorate.

***STEP 2:* REQUEST FOR QUOTATION**

The Client shall prepare Request for Quotation (RFQ).

The Client shall select the Bidders by contacting at least three companies registered for the sale of agricultural equipment. The Bidder in its sales range must offer/sell the equipment that the Client wants to procure.

The RFQ is prepared by the Client filling in the document Request for Quotation. This document consists of 5 forms, as follows: Request for Quotation, Draft Contract, Terms and Conditions of Procurement, Bid Form and Technical Specification.

The Client must prepare at least three copies of the RFQ, one for each Bidder. Before sending the RFQ, the Client shall check with the Bidders what are the realistic delivery deadlines, in order to enter such information in the RFQ. After the preparation, the Client shall send the RFQ to the addresses of the potential Bidders.

The Client shall send the RFQ to each Bidder with **the same conditions and purchase requirements.** RFQs are sent **on the same day** by mail or e-mail.

The Client must have a confirmation of the sent RFQ, as follows:

* If the RFQ is sent by mail, it must be sent with a receipt confirmation. The receipt confirmation must be kept, since it is a part of the documentation submitted when sending the Request for payment.
* If the RFQ is sent by e-mail, the Client shall print emails with the sent RFQs, because they include the address of the Bidder and the date of sending.

In both cases, the cover letter sent by the Client should read:

To whom it may concern:

I, the undersigned, am a signatory of the Agreement with the Ministry of Agriculture, Forestry and Water Management / Directorate for Agrarian Payments for the Serbia Competitive Agriculture Project. In order to procure goods from the approved funds, it is necessary to carry out the procurement procedure according to the rules of the World Bank.

I am sending you the Request for Quotation, which contains the conditions for the purchase of goods sold by your company. Please, fill in the document in the places marked in red.

If you are interested, please submit the Quotation within 10 calendar days,

To the address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (enter the address) or email (enter email).

Signature of the Client

***STEP 3: COLLECTION OF QUOTATIONS***

Upon receipt of the Invitation, the Bidder shall prepare and submit the Quotations by the deadline defined in the Invitation. Bidders shall submit bids in dinars (RSD).

***STEP 4: EVALUATION REPORT***

Evaluation Report is prepared as part of the documentation.

The Client shall fill in the form (which can be found on the website www.scap.rs) by entering all the required information (in places marked in blue).

Quotations are evaluated by first checking whether the offered goods are in accordance with the technical specification. Then the Quotation, in which the specified goods are technically compliant with the request, are compared by price.

The Bidder who submitted the technically adequate goods with the lowest price is selected.

In the Report, the Client shall state the delivery deadline offered by the Bidder.

The Client shall state whether the warranty period for the goods is at least 2 years.

If a request is not met, the Client shall state this fact in the notes.

In the end, the Client shall determine the selected Bidder.

***STEP 5: CONTRACT WITH SUPPLIER***

After the selection of the best Bidder, the Client signs the Contract with the best Bidder.

Thus, the Bidder becomes the Supplier.

In the draft Contract (provided at www.scap.rs), the Client shall insert the required information in the designated places.

The contract **must** be signed, because it defines the price, delivery time, payment terms, warranty, servicing, etc.

The contract is expressed in dinars (RSD).

***STEP 6: RECORD OF RECEIPT OF GOODS***

The Client shall enter the required information in the Record of receipt of goods.

Photographs of purchased goods are integral part of the Record.

The photographs must show the information given in the Record.

The manufacturer's warranty should be enclosed to the Record.

***STEP 7: INVOICE AND SHIPPING DOCUMENT***

Upon the delivery of goods, the Client shall receive an invoice and the shipping document from the Supplier.

The invoice and the shipping document are issued in the name of the Client, with an indication: The Serbia Competitive Agriculture Project

The invoice must include VAT.

The invoice shall be in dinars, with 60 days value date.

The invoice and the shipping document must bear the date and the signature of the Supplier.

The invoice and the shipping document may be issued as one document.

***STEP 8: PAYMENT REQUEST***

The Client shall fill in the Request for payment.

***STEP 9: SUBMISSION OF DOCUMENTS***

The documents submitted by the Beneficiary / Client to the Directorate are listed in steps 1 to 8. In order to prepare the required documents, the Beneficiary / Client should scan the documents one by one, in the order in which they are listed at the beginning of the Guide.

**The Beneficiary shall deliver the scanned documents to the e-mail: nabavke@scap.rs.**

**Procurement forms shall be available on the website (scap.rs, www.uap.gov.rs)**

**2.3 TABLE 1 - ELIGIBLE INVESTMENTS**

|  |  |  |  |
| --- | --- | --- | --- |
| ***ELIGIBLE INVESTMENTS WITHIN THE SUPPORT PROGRAM*** | ***SUBGROUPS OF ELIGIBLE INVESTMENTS WITHIN THE SUPPORT PROGRAM*** | | ***ELIGIBLE COSTS*** |
| Investments aimed at improving the competitiveness of the primary production of fruit, vegetables, grapes and flowers. | Investments to improve production in a protected area | Procurement, installation and equipping of greenhouses for the production of vegetables, fruits and flowers, as well as for the production of seedlings | 1. constructions for greenhouses (aluminum, galvanized steel, steel and plastic); 2. perennial, multi-layer foils for covering greenhouses; 3. equipment for ventilation, cooling, i.e. heating (centrifugal or axial fans, heat exchangers, compressors, condensers, valves, boilers / burners and air circulation pumps); 4. equipment and devices for artificial pollination of plants; 5. irrigation systems with the possibility of fertilization and humidification of the space by micro-spraying (distribution pipes, laterals, micro-sprayers, sprayers, sprinklers, couplings, filters, valves and taps); 6. box pallets; 7. equipment for testing the parameters of the protected area:  * instruments for measuring carbon dioxide levels indoors, * instruments for measuring temperature and humidity of soil, substrate and air, * instruments for measuring the electrical conductivity of water and nutrient solution (ES meters), * instruments for measuring soil and substrate acidity (pH meters). |
| Procurement of new equipment for artificial pollination of plants | 1. equipment and devices for artificial pollination of plants; |
| Procurement of new equipment and devices for additional lighting and shading of the protected area | 1. foils for shading and preventing heat loss, excluding mulch foils; 2. facility shading nets; 3. equipment and devices for additional lighting in a protected area. |
| Procurement of new equipment and devices for soil preparation and substrate for plant cultivation | 1. machines for sowing / planting and mulching in protected areas; 2. potting machines; 3. flower substrate producing machines; 4. motor cultivators up to 10 kw; 5. trimmers. |
| Procurement of new equipment and devices for hydroponic plant cultivation | 1. equipment and devices for hydroponic plant production in a protected area. |
| Procurement of new equipment and devices for plant protection and soil sterilization | 1. plant protection and sterilization equipment and devices |
| Procurement of new equipment for carbon dioxide enrichment (so-called carbon dioxide fertilization during production in a protected area) | 1. equipment for carbon dioxide enrichment (so-called carbon dioxide fertilization during production in a protected area). |
| Investments in the procurement of new machines and equipment for general and special purposes, for the production of plants in the open field | Procurement of new equipment for pruning, grinding, cutting and removal of residues after fruit pruning | 1. tractor mounted mowers, and mowing and shredding machines between rows in the orchard and vineyard; 2. rotary tiller; 3. attachment machinery for chopping and collecting and briquetting residues after harvest / pruning (balers, cutters / mills, briquetting machines up to 500 kg / hour); 4. plant pruning and shaping machinery and equipment 5. motor cultivators up to 10 kW; 6. trimmers. |
| Procurement and installation of hail protection systems in perennial plantations (erection of anti-hail nets), as well as protection of crops from excessive insolation | 1. anti-hail net; 2. anti-hail net support; 3. support props for fruit and grape plantations (concrete, metal or wooden poles), with accompanying equipment; 4. hail cannon; 5. materials for covering vegetable crops and flowers, as protection against frost - agrofabric; 6. materials for covering vegetables and flowers, as protection against high temperatures - shading net. |
| Procurement and installation of wire fences around perennial plantations | 1. poles for fencing orchards and vineyards; 2. wire fence for fencing orchards and vineyards. |
| Procurement of new equipment, machines and devices for irrigation | 1. irrigation pumps; 2. aggregates for starting pumps (diesel, petrol, electric and renewable energy sources); 3. drip irrigation systems: polidrip pipes, drip tapes (only for strawberries, vegetables and flowers), pipes, venturi pipes, venturi kits, fertilizer dispensers, filters, mesh filter cartridges, disc filter cartridges, drippers, drip fasteners, polidrip holders, sleeves, tensioners, buckles, teflon tapes, taps, pressure regulators, air vents, pipe drills, manometers, coupling wrenches, fittings (nipples, couplings, elbow joints, reducers, manifolds, union flat joint, couplings, clamps, rubber bands, closures, end elements, starters, valves, collars, fittings, leads, extensions); 4. artificial rain irrigation systems: pivot systems, water cannons, hose reels and sprinklers; 5. accumulation cover; 6. tanks for the transport of irrigation water; 7. water tanks. |
| Procurement of new equipment / machines for frost protection systems | 1. materials for covering vegetable and vineyard crops, as protection against frost - agrofabric; 2. materials for covering orchards and vineyards as protection against high temperatures - shading net; 3. irrigation systems distribution pipes, laterals, micro-sprayers, sprayers, sprinklers, couplings, filters, valves and taps; 4. frostbuster burners (attachment machine); 5. foggers. |
| Procurement of new machines for basic tillage | 1. procurement of machines for basic tillage (plows, cultivators, rippers, disc harrows). |
| Procurement of new machines for additional tillage | 1. procurement of machines for additional tillage (cultivators, grubers, deep subsoilers, cultivators for sowing preparation, spike tooth harrows); 2. rotary choppers and rotary cutters; 3. rollers for post-sowing tillage; 4. inter row cultivators. |
| Procurement of new fertilization machines | 1. procurement of soil fertilization machines (mineral fertilizer spreaders with a minimum capacity of 500 liters). |
| Procurement of new sowing machines | 1. mounted seed drills. |
| Procurement of new planting machines, as well as planting with mulching (mulch foil) | 1. three-year mulch foil - only for strawberries, as well as for vegetables and flowers; 2. mounted planters for planting plants. |
| Procurement of new plant protection machines | 1. procurement of plant protection machines (tractor sprayers, atomizers, machines for pesticide application in rows). |
| Procurement of a new tractor up to 80 kW | 1. New tractor with a maximum power less than or equal to 80 kW. |
| Investments in the procurement of new machinery and equipment for harvesting, transport and preparation of agricultural products for the market | Procurement of new machines for harvesting fruits, grapes, vegetables and flowers | 1. shakers or other pickers for fruit and vines; 2. nut picking machines; 3. mobile and towed harvesting platforms; 4. vegetables and flower field harvesting machines; 5. elevators - scoops for loading extracted vegetables in the field; 6. cut flower tying machines. |
| Procurement of new machines for transport of agricultural products | 1. machines for transport of agricultural products - tractor trailers. |
| Procurement of new box pallets for transport and storage of products | 1. boxing pallets. |
| Procurement of new equipment for cleaning and washing products | 1. polishers; 2. equipment - product cleaning and washing line. |
| Procurement of new equipment for sorting and calibration of products | 1. calibrators; 2. classification machine; 3. sorting machine. |
| Procurement of new equipment for product packaging and marketing | 1. equipment - line for packaging and marking products 2. packers with automatic scales 3. box pallets for transport and storage of products, frame pallets and pallet racks 4. metal detectors 5. weighbridge. |

|  |  |  |
| --- | --- | --- |
|  | ***INNOVATION*** | ***ELIGIBLE COSTS*** |
| 1.1 | Investments in the procurement and installation of new equipment for the use of renewable energy sources and the improvement of energy efficiency in order to improve competitiveness within the relevant sector | 1. Solar energy equipment (solar energy) 2. Wind energy equipment 3. Equipment for the use of energy obtained by burning biomass |
| 1.2. | Investments in the procurement of new equipment for digitalization and/or automation of production systems, including the procurement of adequate software with accompanying hardware | 1. Equipment for automatic and/or digitized management of production parameters; 2. Adequate system management software for automatic / digitized management of production parameters and processes; 3. Associated hardware required to install system management software for automatic / digitized management of production parameters and processes; 4. Navigation equipment (GPS navigation for tractors) |

***ANNEX 3 INSTRUCTIONS FOR PREPARING THE REPORT***

1. General

The reports shall be prepared by the Beneficiary, and they should cover all project activities in the appropriate reporting period. Late submission of any report, or submission of an incomplete report to the Directorate may lead to termination of the Agreement.

All reports should be clearly and logically formulated. At the same time the reports should not be too detailed. In the case of delay of reports’ submission, the Beneficiary should present written notification to the Directorate and explain the reasons.

2. Project Progress Reports

The Beneficiary shall submit a project progress report after the end of the first 6 months of the project, and the Final Project Report after the end of the project. The purpose of the project progress report is to describe the technical and financial status of the project and indicate to the PMT any constraints limiting project progress. The progress report should contain information on: a) the status of implementation of the project activities planned for the respective period; b) the achievement results/outputs planned for the period; c) the main technical and financial problems/issues/constraints faced during this period, way they were resolved /overcome and what is recommended to be done to resolve/overcome these problems/issues. A draft format for narrative progress reporting is attached hereto.

3. Final Report

The final report should be prepared by the Applicant and submitted within maximum 28 days after completion of the project. The final report links all findings from the project so that final achievements and impact of the project could be assessed.

**PROJECT PROGRESS REPORT / FINAL REPORT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| I. REPORT FORM | | | | |
| Project name: |  | | | |
| Project registration number |  | County: |  | |
| City: |  | |
| Period covered by the project: | [day / month / year - day / month / year] | | | |
| Total project amount: | [as in the Agreement]  RSD \_\_ \_\_ , \_\_ \_\_ \_\_ | Total grant amount | | RSD\_\_ \_\_, \_\_ \_\_ \_\_ |
| Beneficiary: |  | | | |
| Description of progress / description of the final report | 1. Enter a narrative progress report | | | |
| Date: |  | | | |

Content of the narrative report:

1. NARRATIVE PROGRESS REPORT

The narrative part of the progress report should have 2 pages and should contain the following sections:

1. Executive Summary

[*Briefly summarize the most important results achieved and positive and negative things happened during the reporting period.*]

2. Implementation of Technical Activities

[*Present the situation with implementation of technical aspects of the project during the reporting period.* *If all planned activities for this period are not implemented state reason why, measures taken to address them*]

3. Implementation of Investment Activities

[*Present the list of investment activities carried out during this period*]

4. Project Outputs and Results

[*Summarize project achievements in relation to the objectives and against the performance indicators and milestones agreed to be achieved during that period.*]

5. Partnership and Cooperation

[*Explain how the cooperation between the partners was; how much service providers supported you; explain the involvement of other entities in project implementation.*]

6. Problems and Possible Solutions

*[List the issues, problems and difficulties that arose during this period; ways you resolved or overcame them and recommendations for the rest of the project*.]

7. Recommendations and requirements to the Directorate

[*Make any recommendation you fin necessary and describe any further work, intervention, change or improvement the need for which has become apparent during the project implementation and the preparation of reports.* *In addition, you may list the manner in which the Directorate can assist in promoting project implementation.*]

***ANNEX. 4 [To the Contract] Invitation to Quote - Shopping For Goods Template***

Project Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Source of Funding:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Contract Ref:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

To:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Dear Supplier,

1. You are invited to submit your price quotation(s) for the supply of the following items:

(i)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Information on technical specifications and required quantities are attached.*

2. You must quote for all the items under this Invitation. Price quotations will be evaluated for all the items together and contract awarded to the firm offering the lowest evaluated total cost of all the items.

3. Your price quotation in the form attached shall consist of Invitation to Quote, Terms and Conditions of Supply (filled in and signed), Technical Specification (filled in and signed) and Form of Quotation (filled in and signed), and may be submitted by facsimile or electronically at the following address:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Fax: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. Your quotation should be accompanied by adequate technical documentation and catalogue(s) and other printed material, including names and addresses of firms providing service facilities.

5. The deadline for receipt of your quotation (s) by the Purchaser at the address indicated in Paragraph 3 is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. Your quotation(s) should be submitted as per the following instructions and in accordance with the attached Contract. The attached Terms and Conditions of Supply is an integral part of the Contract.

(i) PRICES: The prices should be quoted in \_\_\_\_\_\_\_\_\_\_\_, for the Total Cost at final destination insert, which includes all taxes, VAT, customs, duties, inland transportation and insurance, loading and unloading.

(ii) EVALUATION OF QUOTATIONS: Offers determined to be substantially responsive to the technical specifications will be evaluated by comparison of their total prices at final destination.

In evaluating the quotations, the Purchaser will determine for each proposal the evaluated price by adjusting the price quotation by making any correction for any arithmetical errors as follows:

(a) where there is a discrepancy between amounts in figures and in words, the amount in words will govern;

(b) where is a discrepancy between the unit rate and the line item total resulting from multiplying the unit rate by the quantity, the unit rate as quoted will govern;

(c) if a Supplier refuses to accept the correction, his quotation will be rejected.

(iii) AWARD OF PURCHASE ORDER: The award will be made to the bidder offering the lowest evaluated price and that meets the required standards of technical and financial capabilities. The successful bidder will sign a Contract as per attached form of contract and terms and conditions of supply.

(iv) VALIDITY OF THE OFFER: Your quotation(s) should be valid for a period of forty five (45) days from the deadline for receipt of quotation(s) indicated in Paragraph 5 of this Invitation to Quote.

7. Further information can be obtained from:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Fax: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

E-mail: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. Inspections and Audits

8.1 The Supplier shall carry out all instructions of the Purchaser which comply with the applicable laws where the destination is located.

8.2 The Supplier shall permit, and shall cause its Subcontractors and consultants to permit, the World Bank (Bank) and/or persons appointed by the Bank to inspect the Supplier’s offices and all accounts and records relating to the performance of the Contract and the submission of the bid, and to have such accounts and records audited by auditors appointed by the Bank if requested by the Bank. The Supplier’s and its Subcontractors and consultants’ attention is drawn to Clause 5 Fraud and Corruption of the Form of Contract, which provides, inter alia, that acts intended to materially impede the exercise of the Bank’s inspection and audit rights constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank’s prevailing sanctions procedures).

9.Please confirm by fax/e-mail the receipt of this invitation and whether or not you will submit the price quotation(s).

Sincerely,

**FORM OF CONTRACT**

**THIS AGREEMENT number \_\_\_\_\_ made on \_\_\_\_\_\_\_\_\_, \_\_\_ 2019, between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called “the Purchaser”) on the one part and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called “the Supplier”) on the other part.**

WHEREAS the Purchaser has invited quotation for \_\_\_\_\_\_\_\_\_\_\_\_\_\_(description of goods) to be supplied by Supplier, viz. Contract \_\_\_\_\_, (hereinafter called “Contract”) and has accepted the Bid by the Supplier for the supply of goods under Contract at the sum of \_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) hereinafter called “the Contract Price”.

The Contract will be effective from the date of signing and will last until the finalization of the delivery upon Purchaser request, as specified in Terms and Conditions of supply.

NOW THIS AGREEMENT witnessethes as follows:

1. The following documents shall be deemed to form and be read and construed as part of this agreement, viz:
2. **Form of Quotation; Term and Conditions of Supply, Technical Specification;**
3. **Addendum (if applicable);**
4. Taking into account payments to be made by the Purchaser to the Supplier as hereinafter mentioned, the Supplier hereby concludes an Agreement with the Purchaser to execute and complete the supply of Contract and remedy any defects therein in conformity with the provisions of Contract.
5. The Purchaser hereby covenants to pay in consideration of the goods supply and acceptance of Contract and remedying of defects therein, the Contract Price in accordance with Payment Conditions prescribed by Contract.
6. **Termination**

4.1 Termination for Default

(a) The Purchaser, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the Supplier, may terminate the Contract in whole or in part:

* + - 1. if the Supplier fails to deliver any or all of the Goods and Services within the period specified in the Contract, or within any extension thereof granted.
      2. if the Supplier fails to perform any other obligation under the Contract; or
      3. if the Supplier, in the judgment of the Purchaser has engaged in fraud and corruption, as defined in Clause 5 below, in competing for or in executing the Contract.

(b) In the event the Purchaser terminates the Contract in whole or in part, the Purchaser may procure, upon such terms and in such manner as it deems appropriate, Goods or Related Services similar to those undelivered or not performed and the Supplier shall be liable to the Purchaser for any additional costs for such similar Goods or Related Services. However, the Supplier shall continue performance of the Contract to the extent not terminated.

4.2 Termination for Insolvency.

(a) The Purchaser may at any time terminate the Contract by giving notice to the Supplier if the Supplier becomes bankrupt or otherwise insolvent. In such event, termination will be without compensation to the Supplier, provided that such termination will not prejudice or affect any right of action or remedy that has accrued or will accrue thereafter to the Purchaser.

4.3 Termination for Convenience.

(a) The Purchaser, by notice sent to the Supplier, may terminate the Contract, in whole or in part, at any time for its convenience. The notice of termination shall specify that termination is for the Purchaser’s convenience, the extent to which performance of the Supplier under the Contract is terminated, and the date upon which such termination becomes effective.

(b) The Goods that are complete and ready for shipment within twenty-eight (28) days after the Supplier’s receipt of notice of termination shall be accepted by the Purchaser at the Contract terms and prices. For the remaining Goods, the Purchaser may elect:

* + - 1. to have any portion completed and delivered at the Contract terms and prices; and/or
      2. to cancel the remainder and pay to the Supplier an agreed amount for partially completed Goods and Related Services and for materials and parts previously procured by the Supplier.

1. **Fraud and Corruption**

If the Purchaser determines that the Supplier and/or any of its personnel, or its agents, or its Subcontractors, consultants, service providers, suppliers and/or their employees has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices (as defined in the prevailing World Bank’s sanctions procedures), in competing for or in executing the Contract, then the Purchaser may, after giving 14 days’ notice to the Supplier, terminate the Supplier's employment under the Contract and cancel the contract, and the provisions of Clause 4 shall apply as if such expulsion had been made under Sub-Clause 4.1.

1. **Inspections and Audits**
   1. The Supplier shall carry out all instructions of the Purchaser which comply with the applicable laws where the destination is located
   2. The Supplier shall permit, and shall cause its Subcontractors and consultants to permit, the Bank and/or persons appointed by the Bank to inspect the Supplier’s offices and all accounts and records relating to the performance of the Contract and the submission of the bid, and to have such accounts and records audited by auditors appointed by the Bank if requested by the Bank. The Supplier’s and its Subcontractors and consultants’ attention is drawn to Clause 5 Fraud and Corruption, which provides, inter alia, that acts intended to materially impede the exercise of the Bank’s inspection and audit rights constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank’s prevailing sanctions procedures).

|  |  |
| --- | --- |
| **Signature and seal of the Purchaser:**  FOR AND ON BEHALF OF  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name of Authorized Representative | **Signature and seal of the Suppler:**  FOR AND ON BEHALF OF  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name of Authorized Representative |

**Terms and Conditions of Supply**

Project Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Purchaser:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Contract Ref. No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Prices and Schedules for Supply

No. Item No. Quantity Unit Price Total Price Delivery Time

1.

2.

{Note: In case of discrepancy between unit price and total derived from unit price, the unit price shall prevail}

Spare Parts }

Tools and Accessories }

Manuals } specify, if applicable.

Maintenance Requirements }

1. Fixed Price: The prices indicated above are firm and fixed and not subject to any adjustment during contract performance.
2. The Purchaser reserves the right at the time of contract finalization to increase or decrease by up to 15% the quantity of goods and services originally specified without any change in unit prices as other terms and conditions.
3. Delivery Schedule: The delivery should be completed as per above schedule but not exceeding \_\_\_\_\_\_ months from contract signature or, when applicable, from the date of signing of contract.
4. Insurance:The Goods supplied under the Contract shall be fully insured in a freely convertible currency against loss of damage incidental to manufacture or acquisition, transportation, storage and delivery. The insurance shall be in an amount equal to 110 percent of the CIP/EXW value of the Goods from «Warehouse» to «Warehouse» on «All risks» basis, including «War Risks». The Supplier shall arrange and pay for cargo insurance, naming the Purchaser as the beneficiary.
5. Applicable Law:The Contract shall be interpreted in accordance with the laws of the Republic of Serbia.
6. Resolution of Disputes:The Purchaser and the Supplier shall make every effort to resolve amicably by direct informal negotiation any disagreement or dispute between them under or in connection with the Contract. In the case of a dispute between the Purchaser and the Supplier, the dispute shall be settled in accordance with the country provisions.
7. Payment for your invoice will be made against delivery and issuing of Acceptance Certificate by the Purchaser.
8. Warranty: Goods offered should be covered by manufacturer’s warranty for at least 12 months from the date of delivery to the Purchaser. Please specify warranty period and terms in detail.
9. Packaging and Marking Instructions: The Supplier shall provide standard packing of the Goods as required to prevent their damage or deterioration during transit to their final destination, as indicated in the Contract.
10. Defects:All defects will be corrected by the Supplier without any cost to the Purchaser within 30 day from the date of notice by Purchaser. Name and address of service facility which the defects are to be corrected by the supplier within the warranty period:

Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NAME OF SUPPLIER\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorized Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Place:

Date:

**FORM OF QUOTATION**

(Date)

To:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Purchaser’s Name)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Purchaser’s Address)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

We offer to execute the\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(name and number of Contract) in accordance with the Conditions of Contract accompanying this Quotation for the Contract Price of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(amount in words and numbers) (\_\_\_\_\_\_\_\_\_\_\_\_\_\_) (name of currency)\_\_\_\_\_\_\_\_\_\_\_\_\_. We propose to complete the delivery of Goods described in the Contract within a period of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_months from the Date of Signing of the Contract.

This Quotation and your written acceptance will constitute a binding Contract between us. We understand that you are not bound to accept the lowest or any Quotation you receive.

We hereby confirm that this Quotation complies with the Validity of the Quotation required by the proposal documents.

Authorized Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name and Title of Signatory\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Supplier: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Phone Number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Fax Number, if any \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Annex 1**

**Technical Specification**

**(Filled Annex 1 TO BE INCLUDED IN THE QUOTATION)**

| **Type** | **Quantity** | **Description** | **Minimal Technical requirement** | **Offered**  **(Bidder shall comment in details each description and insert manufacture and model name)** |
| --- | --- | --- | --- | --- |
| **1.1 *insert*** | ***insert*** | ***insert*** | ***insert*** | *insert* |
| ***insert*** | ***insert*** | *insert* |
| ***insert*** | ***insert*** | *insert* |
| **1.2 *insert*** | ***insert*** | ***insert*** | ***insert*** | *insert* |
| ***insert*** | ***insert*** | *insert* |
| ***insert*** | ***insert*** | *insert* |
| **1.3 *insert*** | ***insert*** | ***insert*** | ***insert*** | *insert* |
| ***insert*** | ***insert*** | *insert* |
| ***insert*** | ***insert*** | *insert* |

***ANNEX. 5 [To the Contract] Invitation to Quote - Shopping For WORKS Template***

Project Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Source of Funding:

Contract Ref: \_\_\_\_\_\_\_\_\_\_

Date of Issue of Invitation: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

To: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Dear Contractor,

1. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Employer) hereby invites you to submit a quotation for the following works: ……………………………………………………………………………………………………………………………………………………………………………………………………

(Brief description of works)

2. To assist you in the preparation of your price quotation we enclose the necessary specifications, bill of quantities and drawings, form for submitting the quotation and a draft contract form.

Your price quotation in the form attached may be submitted by facsimile or electronically at the following address]:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Employer’s Address)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. You must have experience as a prime contractor in the construction of at least one work of the nature and complexity equivalent to the works included in this Invitation, over the last three years and provide evidence of financial resources to successfully complete the works.

4. Each bidder shall submit only one quotation, either individually, or as a partner in a joint venture. All quotations submitted in violation of this rule shall be rejected. Partners in a joint venture shall be jointly and severally liable for the execution of the contract. In the case of a joint venture the lead partner should demonstrate work experience under paragraph 3 above. Financial resources of all the partners in the joint venture will be combined to determine adequacy of resources.

5. In evaluating the quotations, the Employer will determine for each proposal the evaluated price by adjusting the price quotation by making any correction for any arithmetical errors as follows:

(a) where there is a discrepancy between amounts in figures and in words, the amount in words will govern;

(b) where there is a discrepancy between the unit rate and the line item total resulting from multiplying the unit rate by the quantity, the unit rate as quoted will govern;

(c) if a Contractor refuses to accept the correction, his quotation will be rejected.

6. Your quotation shall be valid for a period of forty-five (45) days from \_\_\_\_\_\_\_\_\_\_\_\_ (deadline for submission of the quotation).

7. Your quotation shall be for the whole works and based on the unit and total price indicated in the Bill of Quantities for a fixed unit rate contract. Currency of quoted prices and payment shall be Serbian Dinars (RSD). The quotation shall include all duties, local taxes and other levies payable by the contractor in accordance with the local laws.

8. The Employer will award the contract to the Contractor whose quotation has been determined to be substantially responsive to this invitation to quote and who has offered the lowest evaluated price quotation.

9. The contract will be governed by the terms and conditions of the attached draft Contract.

10. Your quotation should be submitted by \_\_\_\_\_\_\_\_\_\_\_\_\_\_(date and time).

11. Inspections and Audits

11.1 The Supplier shall carry out all instructions of the Purchaser which comply with the applicable laws where the destination is located.

11.2 The Supplier shall permit, and shall cause its Subcontractors and consultants to permit, the World Bank (Bank) and/or persons appointed by the Bank to inspect the Supplier’s offices and all accounts and records relating to the performance of the Contract and the submission of the bid, and to have such accounts and records audited by auditors appointed by the Bank if requested by the Bank. The Supplier’s and its Subcontractors and consultants’ attention is drawn to Clause 5 Fraud and Corruption of the Form of Contract, which provides, inter alia, that acts intended to materially impede the exercise of the Bank’s inspection and audit rights constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank’s prevailing sanctions procedures).

Sincerely,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Employer)

**SECTION 1 - SPECIFICATIONS**

**SECTION 2 –BILL OF QUANTITIES/PRICED ACTIVITY SCHEDULE**



**SECTION 3 - DRAWINGS**

**FORM OF CONTRACT**

**Project Name:**

Name of Contract: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Contract Number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

This Contract is made this \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_2019 between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_on the one part (hereinafter called the Employer) and \_\_\_\_\_\_\_\_\_\_\_ (hereinafter called the Contractor) on the other part.

Whereas the Employer has called for quotations for (name and identification number of the contract) and the Contractor has submitted a quotation for the above work and the Employer has accepted the Contractor’s Quotation dated \_\_\_\_\_\_\_\_ for the execution and completion of such works and the remedying of any defects therein.

Now this Contract witnesses as follows:

1. The Contractor hereby covenants to execute the works fully detailed in the Bill of Quantities included in the Contractor’s Quotation which constitute an integral part of this Contract (Annex 1) in a professional and workmanship like manner in accordance with the following Conditions of Contract:
   * 1. Remedy all defects within 30 days of notification by the Engineer in charge during the period of execution of the contract and thereafter defects notified within the defect liability period.
     2. The Employer reserves the right to terminate the contract due to unsatisfactory performance 21 days after giving a written notice. If the Contract is frustrated by the outbreak of war or by any other event entirely outside the control of either the Employer or the Contractor, the Engineer in charge shall certify that the contract has been frustrated. In such an event, both the Employer and Contractor will have a right to terminate the contract by giving 21 days’ notice to the other party without any financial repercussions on either side.
     3. All material and construction equipment on site, temporary works, and Works shall be deemed to be the property of the Employer if the contract is terminated due to fault of the Contractor.
     4. The Contractor will in all cases abide by the directions of the Engineer in charge.
     5. The Contractor shall submit to the Engineer in charge, a program within 7 days after signing the contract describing general methods and schedule to complete the works.
     6. Contract completion period \_\_\_\_\_\_\_\_ (months) after signing of the contract.
     7. In case of variations in quantities, unit rates under the contract will be used to support the variation order. New items of work performed as ordered by the Engineer in charge will be paid at the mutually agreed rate and in case of any disagreement between the Contractor and the Engineer in charge the latter will fix the unit rates that will be binding on the Contractor.
     8. The Law governing the contract shall be applicable laws of the Republic of Serbia.
     9. The Contractor shall be responsible for the safety of all the activities on the Site.
     10. During execution of works the Engineer in charge \_\_\_\_\_\_\_\_ (name) will carry out inspection of works at site to verify that works are executed by the Contractor in accordance with the specifications and required quality as per specifications. Engineer in charge will reject works not performed to the required specifications and the Contractor shall take immediate actions to rectify all defects in accordance with subparagraph (a) above.
     11. Either party may terminate the Contract by giving a 30 days’ notice to the other for unforeseen events such as wars and acts of Gods such as earthquake, floods fires etc. In such case the payments will be made to the date of termination of contract.
     12. The Contractor is responsible for all taxes, duties, levies, etc. in accordance with the laws of the Republic of Serbia.
     13. The disputes between the Employer and the Contractor arising between them under or in connection the Contract shall be resolved amicably. In the event the dispute remains unresolved either party may refer the dispute to \_\_\_\_\_\_\_\_\_\_ (name the authority in the country such as Engineering Institute, Legal Institute, etc.) in accordance with the law governing the contract.
2. In consideration thereof the Employer covenants to pay the Contractor the contract price of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (in words and figures) in the following manner and installments:

(A) An advance payment of 15 percent of the Contract sum will be paid upon the Contractor bringing at the work site the following items and Engineer in charge certifying it: 1/ at least one half of all materials to be incorporated in the works or all materials to be consumed within three months whichever is less, and 2/ all equipment required for the construction.

(B) All four subsequent installment payments will be made at the rate of 20 percent of the contract amount. Each installment payment will be due for payment within 21 days of submission of invoice when the value of the work actually performed, calculated on the basis of unit prices and quantities, reaches 20 percent of the contract amount.

(C) The final payment of remaining 5 percent of the contract amount shall be

made upon completion of the works certified by the Engineer in Charge.

(D) The defect liability period will be \_\_\_\_\_\_ (months) after taking over of

completed works by the Employer.

1. **Termination**

3.1 Termination for Default

(a) The Employer, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the Contractor, may terminate the Contract in whole or in part:

* + - 1. if the Contractor fails to deliver any or all of the Goods and Services within the period specified in the Contract, or within any extension thereof granted.
      2. if the Contractor fails to perform any other obligation under the Contract; or
      3. if the Contractor, in the judgment of the Employer has engaged in fraud and corruption, as defined in Clause 5 below, in competing for or in executing the Contract.

(b) In the event the Employer terminates the Contract in whole or in part, the Employer may procure, upon such terms and in such manner as it deems appropriate, Goods or Related Services similar to those undelivered or not performed and the Contractor shall be liable to the Employer for any additional costs for such similar Goods or Related Services. However, the Supplier shall continue performance of the Contract to the extent not terminated.

3.2 Termination for Insolvency.

(a) The Employer may at any time terminate the Contract by giving notice to the Contractor if the Contractor becomes bankrupt or otherwise insolvent. In such event, termination will be without compensation to the Contractor, provided that such termination will not prejudice or affect any right of action or remedy that has accrued or will accrue thereafter to the Employer.

3.3 Termination for Convenience.

(a) The Employer, by notice sent to the Contractor, may terminate the Contract, in whole or in part, at any time for its convenience. The notice of termination shall specify that termination is for the Employer’s convenience, the extent to which performance of the Contractor under the Contract is terminated, and the date upon which such termination becomes effective.

(b) The Goods that are complete and ready for shipment within twenty-eight (28) days after the Contractor’s receipt of notice of termination shall be accepted by the Employer at the Contract terms and prices. For the remaining Goods, the Employer may elect:

* + - 1. to have any portion completed and delivered at the Contract terms and prices; and/or
      2. to cancel the remainder and pay to the Contractor an agreed amount for partially completed Goods and Related Services and for materials and parts previously procured by the Contractor.

1. **Fraud and Corruption**

If the Employer determines that the Contractor and/or any of its personnel, or its agents, or its Subcontractors, consultants, service providers, suppliers and/or their employees has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices (as defined in the prevailing Bank’s sanctions procedures), in competing for or in executing the Contract, then the Employer may, after giving 14 days’ notice to the Contractor, terminate the Contractor's employment under the Contract and cancel the contract, and the provisions of Clause 3 shall apply as if such expulsion had been made under Sub-Clause 3.1.

1. **Inspections and Audits**

5.1 The Contractor shall carry out all instructions of the Employer which comply with the applicable laws where the destination is located.

The Contractor shall permit, and shall cause its Subcontractors and consultants to permit, the Bank and/or persons appointed by the Bank to inspect the Contractor’s offices and all accounts and records relating to the performance of the Contract and the submission of the bid, and to have such accounts and records audited by auditors appointed by the Bank if requested by the Bank. The Contractor’s and its Subcontractors and consultants’ attention is drawn to Clause 4 Fraud and Corruption, which provides, inter alia, that acts intended to materially impede the exercise of the Bank’s inspection and audit rights constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank’s prevailing sanctions procedures).

In witness whereof the parties thereto have caused this Contract to be executed the day and year first before written.

|  |  |
| --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Signature (on behalf of the Employer)  In the presence of: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (Signature) Name and designation (Witness) | Name of the Contractor.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Signature on behalf of Contractor  In the presence of: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (Signature) Name and Address (Witness) |

**FORM OF QUOTATION**

(Date)

To:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Employer’s Name)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Employer’s Address)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

We offer to execute the\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(name and number of Contract) in accordance with the Conditions of Contract accompanying this Quotation for the Contract Price of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(amount in words and numbers) (\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ) (name of currency)\_\_\_\_\_\_\_\_\_\_\_\_\_. We propose to complete the Works described in the Contract within a period of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_months from the Date of Signing of the Contract.

This Quotation and your written acceptance will constitute a binding Contract between us. We understand that you are not bound to accept the lowest or any Quotation you receive.

We hereby confirm that this Quotation complies with the Validity of the Quotation required by the proposal documents.

Authorized Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name and Title of Signatory\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Contractor: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Phone Number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Fax Number, if any \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***ANNEX. 6 [To the Contract] SAMPLE CONTRACT FOR SMALL ASSIGNMENT CONSULTING SERVICES (LUMP SUM)***

**CONTRACT No. *[insert]***

THIS CONTRACT (“Contract”) is entered into this *[insert starting date of assignment]*, by and between *[insert Client’s name]* (“the Client”) having its principal place of business at *[insert Client’s address]*, and *[insert Consultant’s name]* (“the Consultant”) having its principal office located at *[insert Consultant’s address[[26]](#footnote-26)].*

WHEREAS, the Client wishes to have the Consultant perform the services hereinafter referred to, and

WHEREAS, the Consultant is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

|  |  |
| --- | --- |
| **1. Services** | (i) The Consultant shall perform the services specified in Annex A, “Terms of Reference and Scope of Services,” which is made an integral part of this Contract (“the Services”).  (ii) The Consultant shall provide the personnel listed in Annex B, “Consultant’s Personnel,” to perform the Services.  (iii) The Consultant shall submit to the Client the reports in the form and within the time periods specified in Annex C, “Consultant’s Reporting Obligations.” |
| **2. Term** | The Consultant shall perform the Services during the period commencing *[insert starting date]* and continuing through *[insert completion date]*, or any other period as may be subsequently agreed by the parties in writing. |
| **3. Payment** | A. Ceiling  For Services rendered pursuant to Annex A, the Client shall pay the Consultant an amount not to exceed *[insert amount]*. This amount has been established based on the understanding that it includes all of the Consultant's costs and profits as well as any tax obligation that may be imposed on the Consultant.  B. Schedule of Payments  The schedule of payments is specified below[[27]](#footnote-27):  *[insert detailed list of payments specifying amount of each installment, deliverable/output for which the installment is paid and currency]*  C. Payment Conditions  Payment shall be made in *[specify currency]*, no later than 30 days following submission by the Consultant of invoices in duplicate to the Coordinator designated in paragraph 4.  Payments shall be made to Consultant’s bank account *[insert banking details. If payment by bank wire is not possible, prior Bank approval to apply cash payments option shall be obtained]* |
| **4. Project Administration** | A. Coordinator.  The Client designates Mr./Ms. *[insert name and job title]* as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment.  B. Reports.  The reports listed in Annex C, “Consultant's Reporting Obligations,” shall be submitted in the course of the assignment and will constitute the basis for the payments to be made under paragraph 3. |
| **5. Performance Standards**  **6. Inspections and Auditing** | The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.  The Consultant shall permit, and shall cause its Sub-Consultants to permit, the Bank and/or persons or auditors appointed by the Bank to inspect and/or audit its accounts and records and other documents relating to the submission of the Proposal to provide the Services and performance of the Contract. Any failure to comply with this obligation may constitute a prohibited practice subject to contract termination and/or the imposition of sanctions by the Bank (including without limitation s determination of ineligibility) in accordance with prevailing Bank’s sanctions procedures. |
| **7. Confidentiality** | The Consultants shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client. |
| **8. Ownership of Material** | Any studies, reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software[[28]](#footnote-28). |
| **9. Consultant Not to be Engaged in Certain Activities** | The Consultant agrees that, during the term of this Contract and after its termination, the Consultants and any entity affiliated with the Consultant, shall be disqualified from providing goods, works or services (other than consulting services that would not give rise to a conflict of interest) resulting from or closely related to the Consulting Services for the preparation or implementation of the Project |
| **10. Insurance** | The Consultant will be responsible for taking out any appropriate insurance coverage. |
| **11. Assignment** | The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent. |
| **12. Law Governing Contract and Language** | The Contract shall be governed by the laws of *[insert government]*, and the language of the Contract shall be[[29]](#footnote-29) *[insert language]* |
| **13. Dispute Resolution[[30]](#footnote-30)** | Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Client's country. |
| **14. Termination** | The Client may terminate this Contract with at least ten (10) working days prior written notice to the Consultant after the occurrence of any of the events specified in paragraphs (a) through (d) of this Clause:  (a) If the Consultant does not remedy a failure in the performance of its obligations under the Contract within seven (7) working days after being notified, or within any further period as the Client may have subsequently approved in writing;  (b) If the Consultant becomes insolvent or bankrupt;  (c) If the Consultant, in the judgment of the Client or the Bank, has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices (as defined in the prevailing Bank’s sanctions procedures) in competing for or in performing the Contract.  (d) If the Client, in its sole discretion and for any reason whatsoever, decides to terminate this Contract. |

**15. Fraud and Corruption**

If the Client determines that the Consultant has engaged in corrupt, fraudulent, collusive, or obstructive practices, in competing for or in executing the contract, the Client may, after giving 14 days’ notice to the Consultant, terminate the Consultant’s services under the contract. For the purposes of this paragraph, the terms set forth below are defined as follows:

(i) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

(ii) "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

(iii) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

(iv) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

(v) "obstructive practice" is

(aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or

(bb) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 24.

FOR THE CLIENT FOR THE CONSULTANT

Signed by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**List of Annexes**

Annex A: Terms of Reference and Scope of Services

Annex B: Consultant’s Personnel and corresponding unit rates

(1) Remuneration of Staff

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Key Staff | Name | Rate  (per month/day/ hour in currency) | Time spent  (number of month/day/hour) | Total  (currency) |
| (a) Team Leader |  |  |  |  |
| (b) |  |  |  |  |
| (c) |  |  |  |  |
|  |  |  |  | Sub-Total (1) |

(2) Reimbursables

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rate | Days | Total |
| (a) International Travel |  |  |  |
| (b) Local Transportation |  |  |  |
| (c) Per Diem |  |  |  |
| etc. |  |  | Sub-total (2) |

TOTAL COST \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Annex C: Consultant’s Reporting Obligations

***ANNEX. 7 [To the Contract] – SAMPLE CONTRACT FOR SMALL ASSIGNMENT CONSULTING SERVICES (TIME-BASED PAYMENTS)***

**CONTRACT No. *[insert]***

THIS CONTRACT (“Contract”) is entered into this *[insert starting date of assignment]*, by and between *[insert Client’s name]* (“the Client”) having its principal place of business at *[insert Client’s address]*, and *[insert Consultant’s name]* (“the Consultant”) having its principal office located at *[insert Consultant’s address[[31]](#footnote-31)].*

WHEREAS, the Client wishes to have the Consultant performing the services hereinafter referred to,

and

WHEREAS, the Consultant is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

|  |  |
| --- | --- |
| **1. Services** | (i) The Consultant shall perform the services specified in Annex A, “Terms of Reference and Scope of Services,” which is made an integral part of this Contract (“the Services”).  (ii) The Consultant shall provide the reports listed in Annex B, “Consultant's Reporting Obligations,” within the time periods listed in such Annex, and the personnel listed in Annex C, “Cost Estimate of Services, List of Personnel and Schedule of Rates” to perform the Services. |
| **2. Term** | The Consultant shall perform the Services during the period commencing *[insert start date]* and continuing through *[insert completion date]* or any other period as may be subsequently agreed by the parties in writing. |
| **3. Payment** | A. Ceiling  For Services rendered pursuant to Annex A, the Client shall pay the Consultant an amount not to exceed a ceiling of *[insert ceiling amount].* This amount has been established based on the understanding that it includes all of the Consultant’s costs and profits as well as any tax obligation that may be imposed on the Consultant. The payments made under the Contract consist of the Consultant's remuneration as defined in sub-paragraph B below and of the reimbursable expenditures as defined in sub-paragraph C below.  B. Remuneration  The Client shall pay the Consultant for Services rendered at the rate(s) per man/month spent[[32]](#footnote-32)1(**or** per day spent **or** per hour spent, subject to a maximum of eight hours per day) in accordance with the rates agreed and specified in Annex C, “Cost Estimate of Services, List of Personnel and Schedule of Rates.”  C. Reimbursables  The Client shall pay the Consultant for reimbursable expenses, which shall consist of and be limited to:  (i) normal and customary expenditures for official travel, accommodation, printing, and telephone charges; official travel will be reimbursed at the cost of less than first class travel and will need to be authorized by the Client’s coordinator;  (ii) such other expenses as approved in advance by the Client’s coordinator.[[33]](#footnote-33)2  D. Payment Conditions  Payment shall be made in *[specify currency]* not later than 30 days following submission of invoices in duplicate to the Coordinator designated in paragraph 4.  Payments shall be made to Consultant’s bank account *[insert banking details. If payment by bank wire is not possible, prior Bank approval to apply cash payments option shall be obtained]* |
| **4. Project Administration** | A. Coordinator  The Client designates Mr./Ms. *[insert name and job title]* as Client’s Coordinator; the Coordinator shall be responsible for the coordination of activities under the Contract, for receiving and approving invoices for payment, and for acceptance of the deliverables by the Client.  B. Timesheets  During the course of their work under this Contract, including field work, the Consultant’s employees providing services under this Contract may be required to complete timesheets or any other document used to identify time spent, as well as expenses incurred, as instructed by the Project Coordinator.  C. Records and Accounts  The Consultant shall keep, and shall cause its Sub-Consultants to keep, accurate and systematic records and accounts in respect of the Services, which will clearly identify all charges and expenses. The Client reserves the right to audit, or to nominate a reputable accounting firm to audit, the Consultant’s records relating to amounts claimed under this Contract during its term and any extension, and for a period of three months thereafter. |
| **5. Performance Standard**  **6. Inspections and Auditing** | The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.  The Consultant shall permit, and shall cause its Sub-Consultants to permit, the Bank and/or persons or auditors appointed by the Bank to inspect and/or audit its accounts and records and other documents relating to the submission of the Proposal to provide the Services and performance of the Contract. Any failure to comply with this obligation may constitute a prohibited practice subject to contract termination and/or the imposition of sanctions by the Bank (including without limitation a determination of ineligibility) in accordance with prevailing Bank’s sanctions procedures. |
| **7. Confidentiality** | The Consultants shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client’s business or operations without the prior written consent of the Client. |
| **8. Ownership of Material** | Any studies, reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software.[[34]](#footnote-34)3 |
| **9. Consultant Not to be Engaged in Certain Activities** | The Consultant agrees that, during the term of this Contract and after its termination, the Consultants and any entity affiliated with the Consultant, shall be disqualified from providing goods, works or services (other than consulting services that would not give rise to a conflict of interest) resulting from or closely related to the Consulting Services for the preparation or implementation of the Project. |
| **10. Insurance** | The Consultant will be responsible for taking out any appropriate insurance coverage. |
| **11. Assignment** | The Consultant shall not assign this Contract or Subcontract any portion of it without the Client's prior written consent. |
| **12. Law Governing Contract and Language** | The Contract shall be governed by the laws of *[insert government]*, and the language of the Contract shall be[[35]](#footnote-35)4*[insert language].* |
| **13. Dispute Resolution**[[36]](#footnote-36)5  **14. Termination** | Any dispute arising out of this Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Client’s country.  By the Client:  The Client may terminate the Contract with at least 10 working days written notice to the Consultant after the occurrence of any of the events specified in sub-paragraphs (a) through (d) of this Clause:  (a) if the Consultant does not remedy a failure in the performance of their obligations under the Contract within seven working days from the date of written notification or within any further period as may be further agreed with the Client in writing;  (b) if the Consultant becomes insolvent or bankrupt;  (c) if the Consultant, in the judgment of the Client, has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices (as defined in the prevailing Bank’s sanctions procedures) in competing for or in executing the Contract  (d) if the Client, in its sole discretion, decides to terminate the Contract.  By the Consultant:  Consultant has the right to terminate the contract within 30 working days with a written notice to the Client in case of the occurrence of any of the events specified in paragraphs (a) through (d) of this Clause.  (a) If the Client fails to pay any money due to the Consultant pursuant to this Contract and not subject to dispute pursuant to Clause 13 within forty-five (45) calendar days after receiving written notice from the Consultant that such payment is overdue.  (b) If, as the result of Force Majeure, the Consultant is unable to perform a material portion of the Services for a period of not less than sixty (60) calendar days.  (c) If the Client fails to comply with any final decision reached as a result of arbitration pursuant to Clause 13.  The Client may terminate this Contract with at least ten (10) working days prior written notice to the Consultant after the occurrence of any of the events specified in paragraphs (a) through (d) of this Clause:  (a) If the Consultant does not remedy a failure in the performance of its obligations under the Contract within seven (7) working days after being notified, or within any further period as the Client may have subsequently approved in writing;  (b) If the Consultant becomes insolvent or bankrupt;  (c) If the Consultant, in the judgment of the Client or the Bank, has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices (as defined in the prevailing Bank’s sanctions procedures) in competing for or in performing the Contract.  (d) If the Client, in its sole discretion and for any reason whatsoever, decides to terminate this Contract. |

**15. Fraud and Corruption**

If the Client determines that the Consultant has engaged in corrupt, fraudulent, collusive, or obstructive practices, in competing for or in executing the contract, the Client may, after giving 14 days’ notice to the Consultant, terminate the Consultant’s services under the contract. For the purposes of this paragraph, the terms set forth below are defined as follows:

(i) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

(ii) "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

(iii) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

(iv) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

(v) "obstructive practice" is

(aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or

(bb) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 24.

FOR THE CLIENT FOR THE CONSULTANT

Signed by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**List of Annexes**

Annex A: Terms of Reference and Scope of Services

Annex B: Consultant’s Reporting Obligations

Annex C: Cost Estimate of Services, List of Personnel and Schedule of Rates

**Annex C**

Cost Estimate of Services, List of Personnel and Schedule of Rates

(1) Remuneration of Staff

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Name | Rate  (per month/day/ hour in currency) | Time spent  (number of month/day/hour) | Total  (currency) |
| (a) Team Leader |  |  |  |  |
| (b) |  |  |  |  |
| (c) |  |  |  |  |
|  |  |  |  | Sub-Total (1) |

(2) Reimbursables[[37]](#footnote-37)6

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rate | Days | Total |
| (a) International Travel |  |  |  |
| (b) Local Transportation |  |  |  |
| (c) Per Diem |  |  |  |
|  |  |  | Sub-total (2) |

TOTAL COST \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Physical Contingency[[38]](#footnote-38)7 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CONTRACT CEILING \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# Annex 11: Standard Verification Report

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **I. Project Information** *[to be completed in office]* | | | | | | | | |
| **Project Number** |  | | **District:** | | |  | | |
| **Location:** | | |  | | |
| **Project Title:** |  | | | | | | | |
| **Principal Applicant:** |  | | **Service Provider**: | | | |  | |
| **Contact information of Principal Applicant:** | [*address, phone, fax, email*] | | | | | | | |
| **Project Total Cost:** | EUR \_\_ \_\_ , \_\_ \_\_ \_\_ | | | **CGS Grant:** | | | EUR \_\_ \_\_ , \_\_ \_\_ \_\_ | |
|  |  | **Beneficiary Contribution:** | | | | | EUR \_\_ \_\_ , \_\_ \_\_ \_\_ | |
| **Starting period:**  [*in months*] |  | **Project start:**  *[mm, yy]* | | |  | | **Project Completion:**  *[mm, yy]* |  |

|  |  |
| --- | --- |
| **II. Verification results** | |
| **Things to be verified:**  [*to be completed in office*] | **Result of the verification:**  [*to be completed in the field*] |
| 1. |  |
| 2. |  |
| 3. |  |
| 4. |  |
| 5. |  |
| 6. |  |
| …. |  |

|  |  |  |
| --- | --- | --- |
| **III. Additional notes and comments** | | |
| **The verification team** | **For the beneficiary** | |
|  |  | |
|  | | |
| **Verification Team:**  ***Name1 and Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***  ***Name2 and Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***  ***Name3 and Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***    Date \_\_\_\_\_\_/\_\_\_\_/20\_\_ | | **Principal Applicant:**  ***Name1 and Signature:***  ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***  Date \_\_\_\_\_\_/\_\_\_\_/20\_\_ |

# Annex 12: Labor Management and OHS Compliance Report

**Project**: Serbia Competitive Agriculture Project

**Name of Beneficiary that is Submitting the Report**:

**Report number**:

**Reporting period**:

**Date of report**:

**General**

Name of registered holder of the family holding:

Owner of the land used by the family holding (if land is leased):

Number of members of the family holding: Above 18 Below 18

Number of members with access to health insurance out of total members: XXX/XXX

Number of the members with access to pension insurance: M F

How many members of the family holding have a source of income other than agriculture out of total and disaggregated by gender? T M F

Are all members of the family holding paid for agricultural work they perform?

*If yes, specify and explain/ If no, explain their source of income If no explain who is not covered*

**Company employees\* statistics**:

Total number of employees (gender disaggregated)1: M\_\_\_\_\_\_\_\_\_\_F\_\_\_\_\_\_\_

|  |  |  |  |
| --- | --- | --- | --- |
| Number of employees who have a labor contract (of the total number of employees) | Number of employees who have other grounds for labor engagement (for example, an authorship contract) (of the total number of employees) | Number of employees who are registered for pension, disability and health insurance (of the total number of employees) | Number of employees who receive compensation / salary at least once a month (of the total number of employees) |
|  |  |  |  |
| Number of employees who have left the company in the reporting period (of the total number of employees) | Number of new employees who are engaged in the company in the reporting period | Average number of hours of work in one month per one employee | Average number of hours of overtime work in one month per one employee |
|  |  |  |  |
| Number of injuries at work (in the reporting period and cumulatively since the entry of the grant agreement into effect) | Number of fatalities at work (u in the reporting period and cumulatively since the entry of the grant agreement into effect) | Number of visits of the labor inspectorate |  |
|  |  |  |  |

\*For the requirements of this report, an employee shall pertain to any natural person who is employed or in any manner engaged to work for or to provide services for the employer, regardless of the type of contract (contract on temporary work, contract on permanent work, authorship contract etc.)

\*Employee is a natural person other than holding family member employed or engaged to work or perform service for the employer

1 The number of employees refers to the actual number/headcount on the date of the report.

2 The numbers imply the total number of incidents in the reported period.

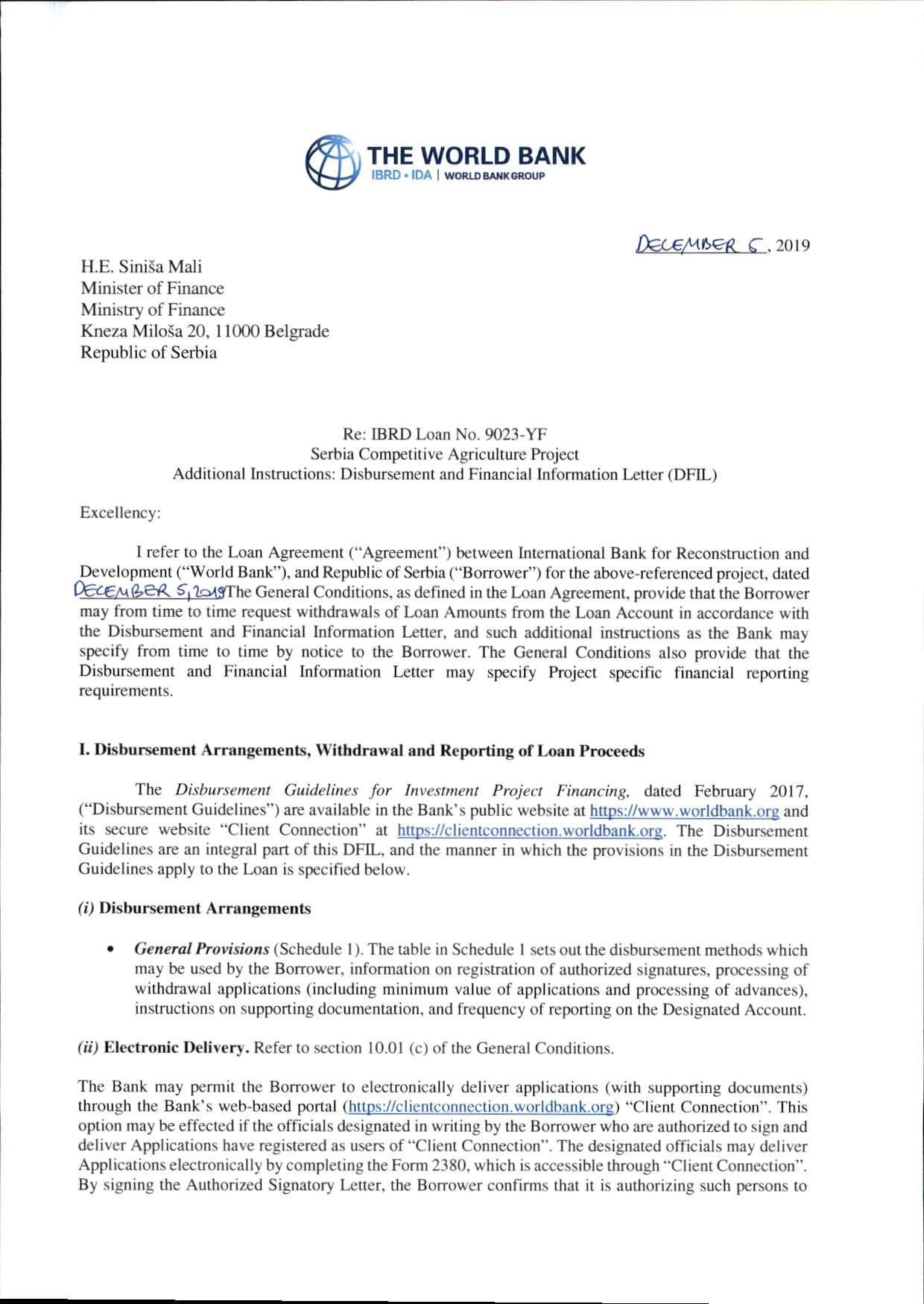
**Project workers statistics**:

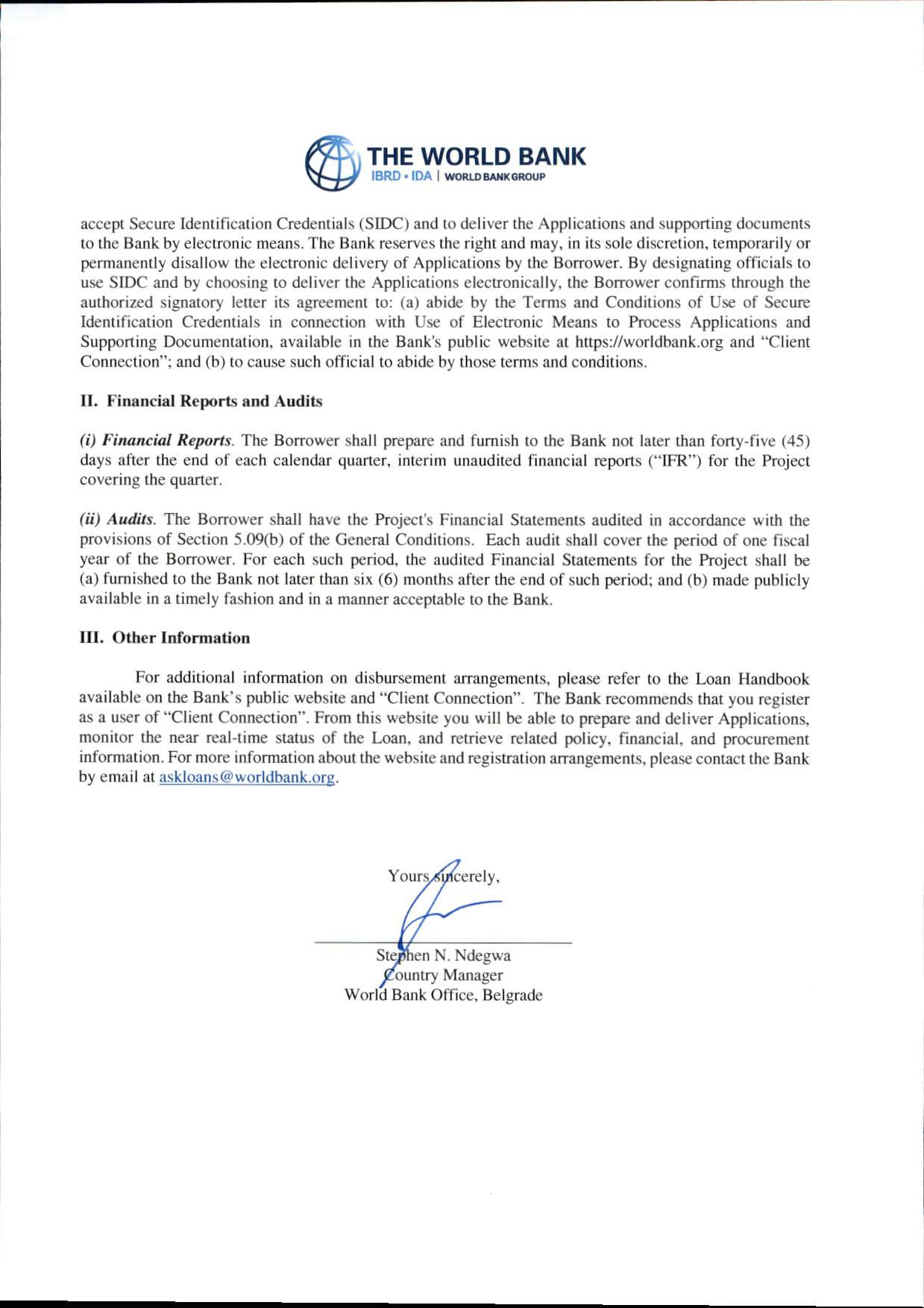
|  |  |  |  |
| --- | --- | --- | --- |
| Total number of project workers\*\*: | Number of project workers with an employment contract: | Number of project workers without an employment contract | Number of project workers with access to social security, pension and health insurance verified by confirmation from registry |
|  |  |  |  |
| Number of seasonal workers engaged in the reported period and cumulatively since the matching grant receipt | How many seasonal workers were registered through the e-portal managed by the Tax Administration? (if more than 0 provide evidence of registration) | How many days on average per year was one seasonal worker engaged? | How many hours on average did a seasonal worker work a day? |
|  |  |  |  |

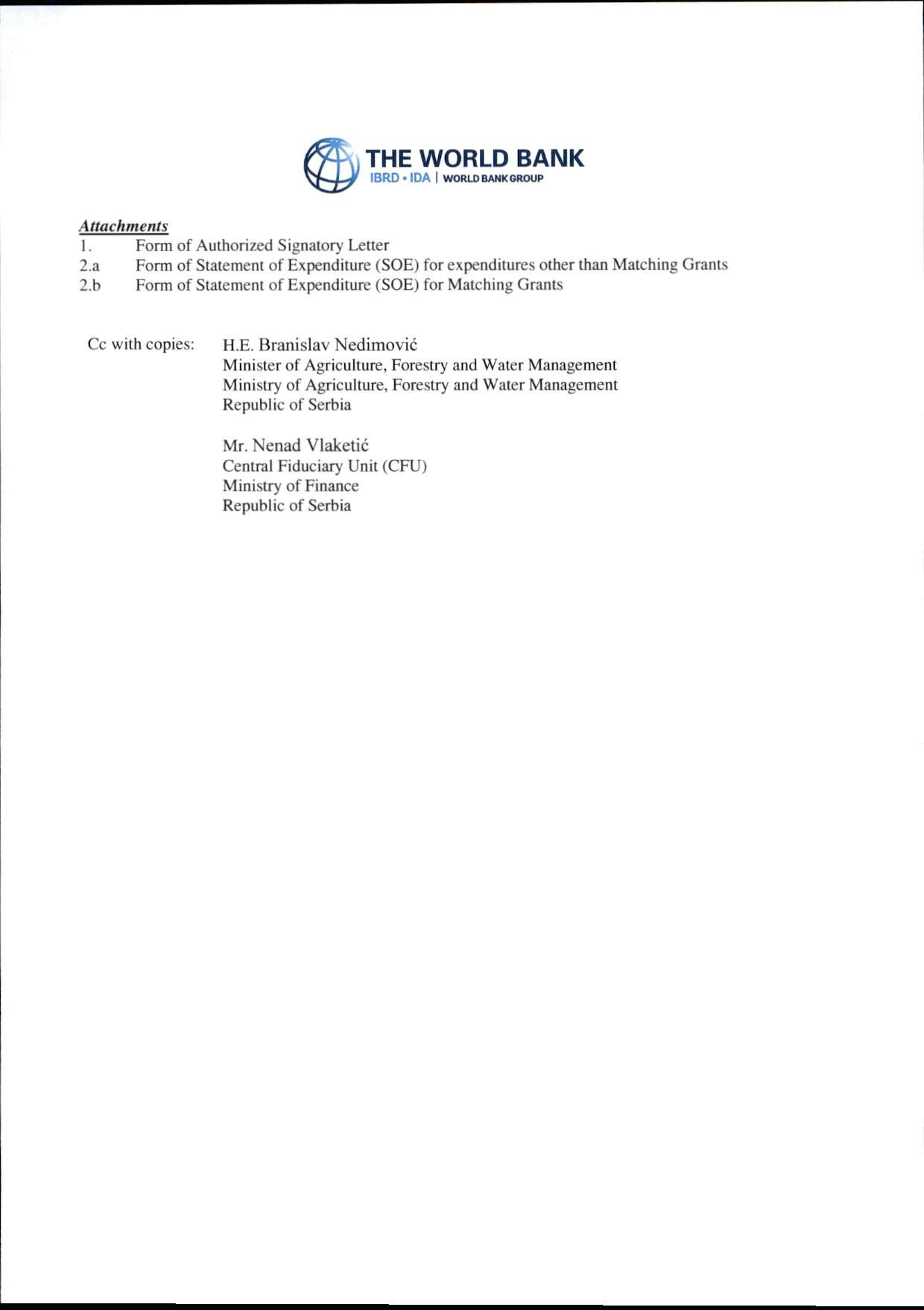
**Working and Labor Conditions Screening Check List**

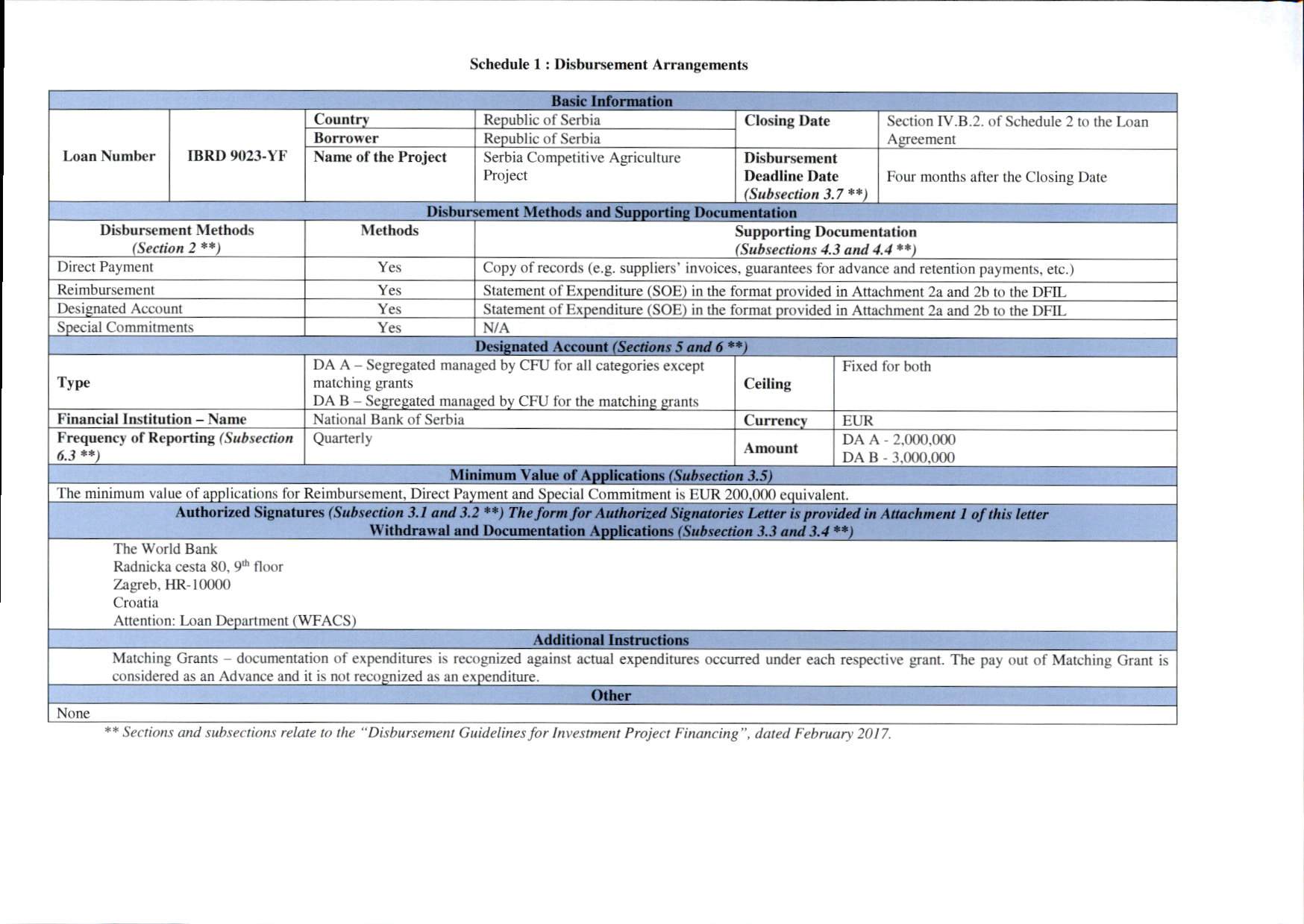
|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Requirements** | **Yes** | **No** | **Notes** |
| 1 | All project workers have concluded a written contract on their labor engagement (labor contract, authorship contract etc.)? |  |  | If the answer is “no”, kindly explain. |
| 2 | All project workers are registered to pension, disability and health insurance? |  |  | If the answer is “no”, kindly explain. |
| 3 | All project workers are 18 years old or older? |  |  | If employees of age 15 to 18 are engaged, please state under which conditions they are engaged (whether all the requirements of the Labor Code have been fulfilled that concern employment of minors of age 15-18?). |
| 4 | All project workers are paid for their work at least once a month? |  |  | If the answer is “no”, kindly explain. |
|  | The number of working hours in a week for all the project workers is in compliance with provisions of the Labor Code? |  |  | If the answer is “no”, kindly explain what is the average number of hours of overtime per employee and whether all the project workers have received increased compensation for working overtime. |
| 5 | All project workers have rest as envisaged under the Labor Code (rest during working hours, daily rest, weekly rest, annual holidays)? |  |  | If the answer is “no”, kindly explain. |
| 6 | One or more workers have been served with notices? |  |  | If the answer is “yes”, kindly state under which conditions the notices had been served (whether the requirements of the Labor Code that concern deadlines and the manner of giving notice to employees have been met?). |
| 7 | Project workers (all or some) are working in jobs that require a special type of protection at work? |  |  | If the answer is “yes” please answer the following questions, too: Training on safety and protection at work had been organized for project workers and the test of the workers’ knowledge was taken after the training?  All the measures of protection at work prescribed under the Law are being applied (including use of personal protective equipment)? |
| 8 | At the start of their engagement, were seasonal workers informed on work-related risks, measures for their prevention and provision of first aid, including specific information on and OHS training? |  |  | If yes, specify and explain |
| 8 | Project workers have sustained injuries at work, occupational disease, or there have been fatalities? |  |  | If the answer is “yes” please provide the number of injured / diseased / deceased workers and explain circumstances under which that had occurred.  In addition, state whether the labor inspectorate had been informed of the case. |
| 9 | Workers are acquainted with the Project Grievance Mechanism? |  |  | If the answer is “no”, kindly explain. |
|  | The labor inspectorate has visited the employer during the reporting period? |  |  | If the answer is “yes” please provide the number of visits and the potential instructions / warnings of the inspectorate.  *Please attach minutes of the labor inspectorate to this report.* |

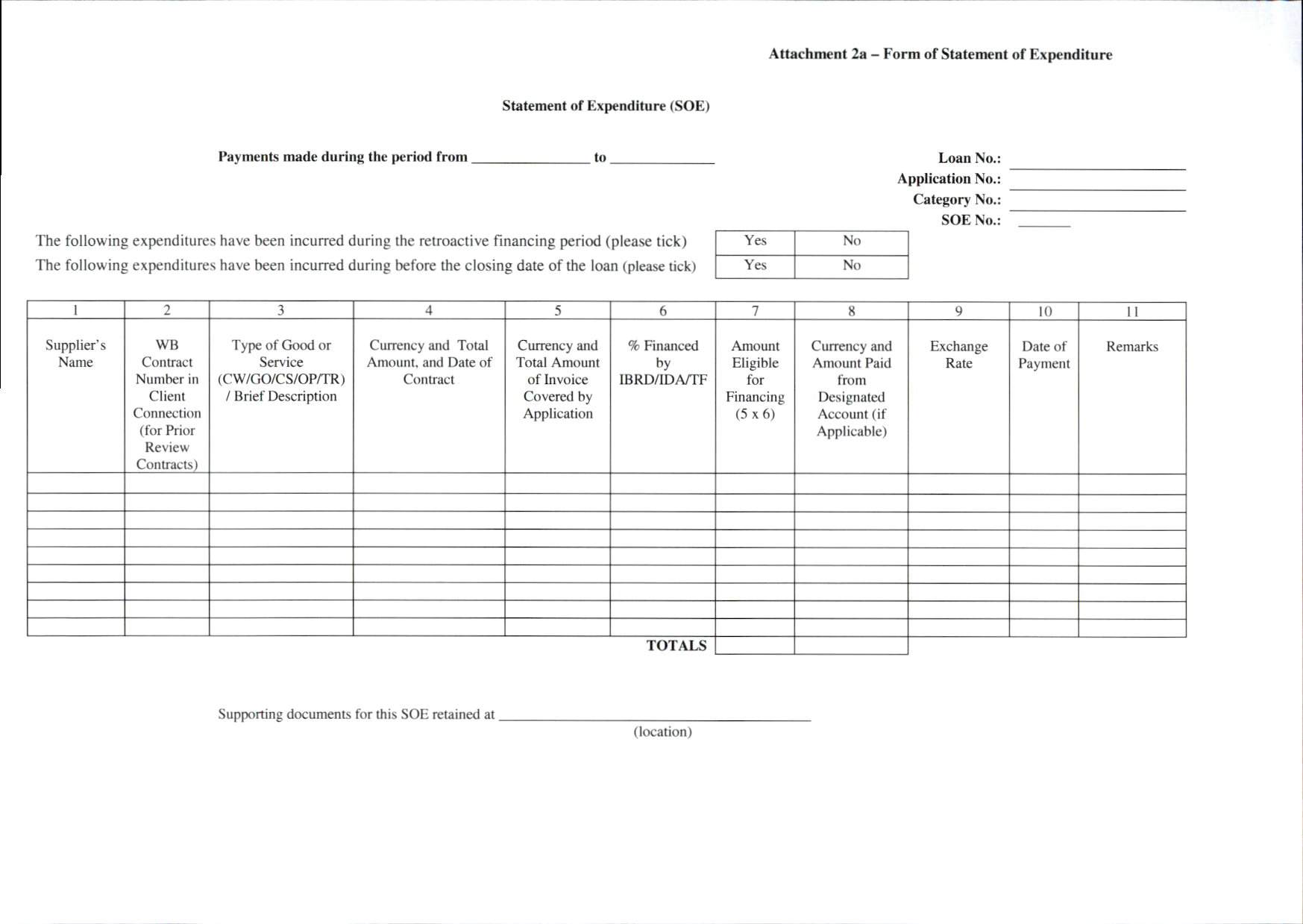
# ANNEX 13: Disbursement and Financial Information Letter

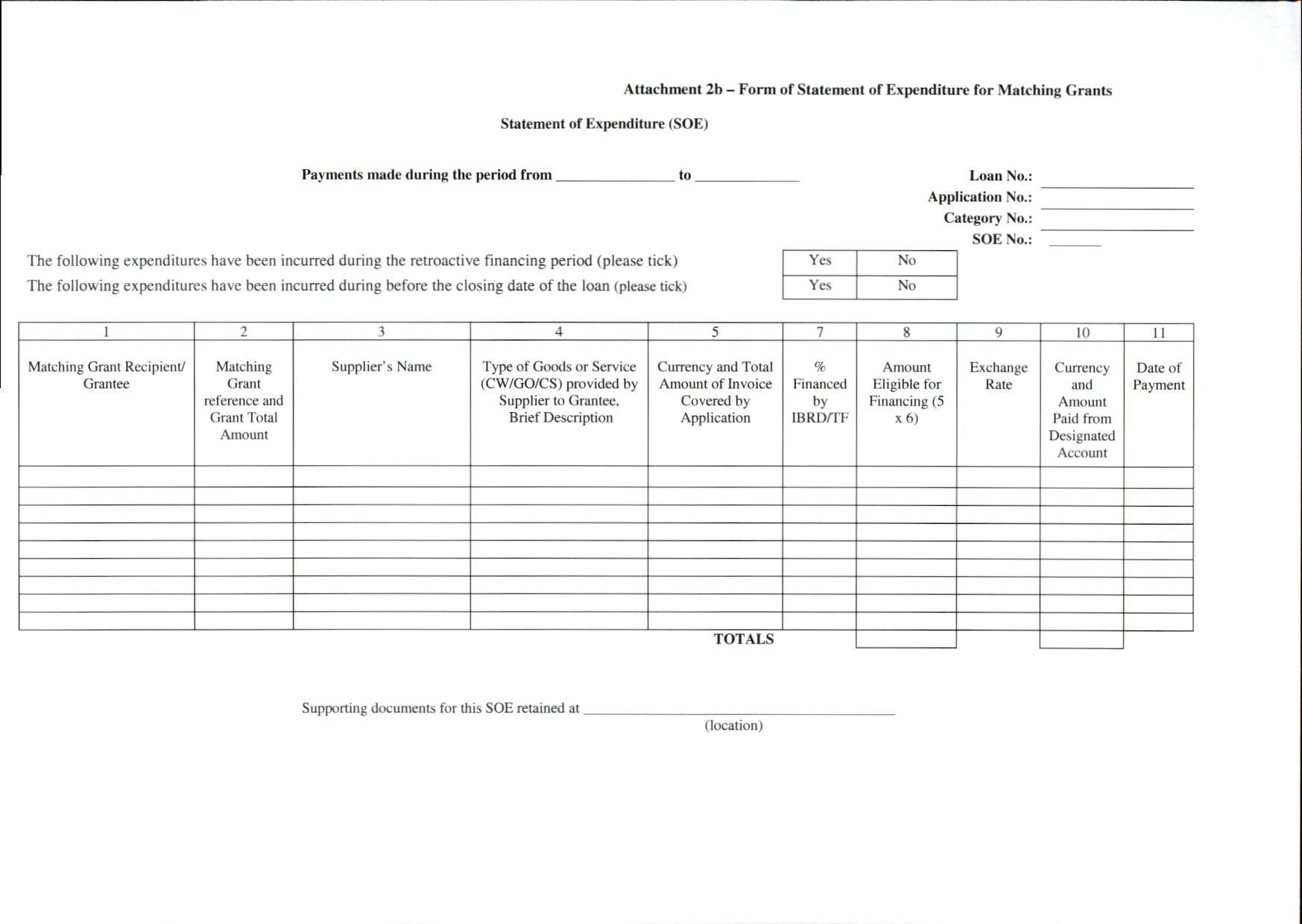












1. Criticized for not relying on objective and valid baseline indicators, as well as the poor definition of eligibility criteria (Bogdanov et al., 2017) [↑](#footnote-ref-1)
2. It is noted that leased agricultural land is excluded from farm support (Bogdanov, 2016). [↑](#footnote-ref-2)
3. In the context of Serbia, “producer groups” are defined as legally constituted agricultural cooperatives and farmer associations. [↑](#footnote-ref-3)
4. Accredited measures in 2018 are: Measure1-*Investments in Physical Assets of Agricultural Holdings* and Measure 3-*Investments in Physical Assets for Processing and Marketing of Agriculture and Fisheries Products*. In 2020 Serbia received accreditation for two more measures: Measure 7-*Farm diversification and business development* and Measure 9-*Technical assistance*. [↑](#footnote-ref-4)
5. Support under the “Cooperation” measure of the European Agricultural Fund for Rural Development (EAFRD) is granted in order to promote forms of co-operation involving at least two entities and in particular: (a) co-operation approaches among different actors in the Union agriculture sector, forestry sector and food chain and other actors that contribute to achieving the objectives and priorities of rural development policy, including producer groups, cooperatives and inter-branch organizations; (b) the creation of clusters and networks; (c) the establishment and operation of operational groups of the EIP for agricultural productivity and sustainability. [↑](#footnote-ref-5)
6. These demarcations will be revised when IPARD III is officially adopted by the Government of Serbia. [↑](#footnote-ref-6)
7. Aggregator is an entrepreneur, company, or agricultural cooperative that purchases primary agricultural products from agricultural holdings for the purpose of processing, storage, preparation for the market, or processing, as well as further sales and marketing. This is a working definition adopted under this Grant Operational Manual as there is no legal definition for “aggregator” in the Republic of Serbia. [↑](#footnote-ref-7)
8. This includes individual projects categorized as high-risk (nr 4) under the ESMF developed for the SCAP. [↑](#footnote-ref-8)
9. Forced labor is all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. [↑](#footnote-ref-9)
10. Private consultants in the context of this project are individuals or companies registered for providing consultancy services to project beneficiaries. The list of private consultants who participated in the trainings organized under the SCAP project will be published on both the website of the SCAP project and DAP. This list is of an informative nature and its role is only to provide information to EOI applicants during public calls. [↑](#footnote-ref-10)
11. Without any processing of fresh fruits and vegetables in terms of changing the physical and/or chemical characteristics of primary products, such as freezing, cutting, heat treatment and similar. [↑](#footnote-ref-11)
12. SCAP will only finance individual projects with Substantial Risk or lower with proper mitigation measures identified. A “High Risk” rating generally would entail the following impacts (a) significant impact on human populations, including settlements and local communities (b) significant involuntary displacement of people and other significant social disturbances. [↑](#footnote-ref-12)
13. Sensitive issues may include (but are not limited to) involuntary resettlement. [↑](#footnote-ref-13)
14. There are a number of ways in which magnitude can be measured, such as the absolute amount of a resource or ecosystem affected, the amount affected relative to the existing stock of the resource or ecosystem, the intensity of the impact and its timing and duration. In addition, the probability of occurrence for a specific impact and the cumulative impact of the proposed action and other planned or ongoing actions may need to be considered. [↑](#footnote-ref-14)
15. Only EOI packages that obtain a predetermined number of points based on these scoring and ranking criteria will be submitted by the PMT to the MAFWM Selection Committee (see Section 5.2) for review and formal pre-approval. The threshold will be determined before each call for proposals. [↑](#footnote-ref-15)
16. If needed, Applicant may hire experts/consultants to prepare necessary documentation. [↑](#footnote-ref-16)
17. Or similar document which provides clear indication of the commertial bank’s intent to finance the project [↑](#footnote-ref-17)
18. The requests for data to be provided by the applicant will be modified and tailored to particular Calls and years. The survey here - sections II, III, IV, V and VI, is to be considered as a general approach [↑](#footnote-ref-18)
19. *Please enter data on areas and quantities produced in 2019 and 2020, for 2021 enter only those quantities that were harvested at the time of filling in the Application* [↑](#footnote-ref-19)
20. *Please enter data on the category of animals, the number of heads you own and the quantities produced in 2019 and 2020, for 2021 enter only those quantities that were realized at the time of filling in the Application* [↑](#footnote-ref-20)
21. *Please enter data on the number of heads and the quantities produced in 2019 and 2020, for 2021 enter only those quantities that were realized at the time of filling in the Application* [↑](#footnote-ref-21)
22. *Add more rows as needed* [↑](#footnote-ref-22)
23. It is not necessary to enter the names of household members, only enter data under ordinal numbers [↑](#footnote-ref-23)
24. Activities requiring financial expenses are to be included in BoQ. [↑](#footnote-ref-24)
25. Cost of mitigation activities is defined by a contractor in relevant items in bidding documents. [↑](#footnote-ref-25)
26. Avoid use of *“P.O. Box” address* [↑](#footnote-ref-26)
27. Fill in based on required outputs as described in Annex A (Terms of Reference) and Annex C (Reporting Requirements). Avoid front-loaded payments. Advance payments in contracts with firms require a bank guarantee for the same amount. [↑](#footnote-ref-27)
28. Restrictions about the future use of these documents and software, if any, shall be specified at the end of paragraph 8. [↑](#footnote-ref-28)
29. The law selected by the Client is usually the law of its country. However, the Bank does not object if the Client and the Consultant agree on another law. The language shall be English, French, or Spanish, unless the Contract is entered into with a domestic firm, in which case it can be the local language. [↑](#footnote-ref-29)
30. In case of a Contract entered into with a foreign Consultant, the following provision may be substituted for paragraph 13: “Any dispute, controversy or claim arising out of or relating to this Contract or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force.” [↑](#footnote-ref-30)
31. Avoid use of *“P.O. Box” address*  [↑](#footnote-ref-31)
32. 1 Select the applicable rate and delete the others. [↑](#footnote-ref-32)
33. 2 Specific expenses can be added as an item (iii) in paragraph 3.C. [↑](#footnote-ref-33)
34. 3 Restrictions about the future use of these documents and software, if any, shall be specified at the end of Article 8. [↑](#footnote-ref-34)
35. 4 The law selected by the Client is usually the law of its country. However, the Bank does not object if the Client and the Consultant agree on another law. The language shall be English, French, or Spanish, unless the Contract is entered into with a domestic firm, in which case it can be the local language. [↑](#footnote-ref-35)
36. 5 In the case of a Contract entered into with a foreign Consultant, the following provision may be substituted for paragraph 13: “Any dispute, controversy or claim arising out of or relating to this Contract or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force.” [↑](#footnote-ref-36)
37. 6 To include expenses for international travel, local transportation, per diem, communications, reporting costs, visas, inoculations, routine medical examinations, porterage fees, in-and-out expenses, airport taxes, and other such travel related expenses as may be necessary; reimbursable at cost with supporting documents/receipts; except for per diem (which is fixed and includes housing and \_\_\_\_\_\_ expenses). [↑](#footnote-ref-37)
38. 7 From 0 to 15 percent of total cost; use of contingency requires prior approval of the Client. [↑](#footnote-ref-38)