
GEF GRANT NUMBER TF0C0778

Global Environment Facility Grant Agreement

(BBSEA: Blueing the Black Sea GEF Regional Project)

between

UNITED NATIONS OFFICE FOR PROJECT SERVICES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

GEF GRANT NUMBER TF0C0778

**GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between UNITED NATIONS OFFICE FOR PROJECT SERVICES (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”). The Recipient and the Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. The Financial Management Framework Agreement (“FMFA”) (as defined in the Appendix to this Agreement) constitutes an integral part of this Agreement. Without limitation to the provisions of the FMFA, in respect to the Recipient:
 - (a) all references in the FMFA to “Letter Agreement(s)” shall be references to this Agreement;
 - (b) all references in the FMFA to “Trust Fund Grant(s)” shall be references to the Grant referred to in Section 2.01 of this Agreement;
 - (c) all references in the FMFA to “the UN” and to a “UN Organization”, including in particular reference in Section 7 of the FMFA, shall be references to “the United Nations Office for Projects and Services (“UNOPS”)”;
 - (d) all references in the FMFA to “the UN Controller” shall be references to the “UNOPS Comptroller”;
 - (e) all references in the FMFA to “the UN Financial Regulations” shall be references to the “UNOPS Financial Regulations and Rules”; and
 - (f) all references in the FMFA to the “Parties” shall be references to the “World Bank” and the “United Nations Office for Projects Services” or, alternatively, to the “World Bank” on the one hand and the “United Nations Secretariat” and all “UN Organizations” (as that term is defined in the FMFA) on the other, if a satisfactory consolidated review mechanism is established.

- 1.03. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix this Agreement.

Article II
The Project

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

Article III
The Grant

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed six million three hundred ninety-two thousand six hundred ninety-four United States Dollars (\$6,392,694) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

- 4.01. ***Additional Events of Suspension.*** The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:
- (a) if, by notice sent to the Recipient pursuant to sub-paragraph (iv) of paragraph 9 of the FMFA, the Bank confirms that it reasonably believes the actions taken previously in accordance with said Section 9 have not been sufficient to fulfill its fiduciary obligations to ensure that the proceeds of the Grant were for eligible expenditures; or
 - (b) if, by notice sent to the Recipient pursuant to sub-paragraph (iii)(a) of paragraph 10 of the FMFA, the Bank confirms that alternative financial

management arrangements mutually acceptable to the Bank and the Recipient were not reached within the period stipulated therein; or

- (c) if, the Bank determines at any time that a reference in either paragraph 1 or paragraph 4 of Section II.B of Schedule 2 to this Agreement to the UNOPS Financial Regulations and Rules is incomplete or inaccurate in any material respect; and/or
- (d) if the Bank for any reason revokes the application of the Alternative Procurement Arrangements set forth in Section III.1 of Schedule 2 to this Agreement.

Article V Effectiveness; Termination

- 5.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the Recipient has prepared the Project Operations Manual under terms satisfactory to the Bank.
- 5.02. By signing the Grant Agreement, the Recipient shall be deemed to represent and warrant that on the Signature Date, the Grant Agreement has been duly authorized by, and executed and delivered on behalf of, the Recipient and is legally binding upon the Recipient in accordance with its terms, except where additional action is required to make such Grant Agreement legally binding. Where additional action is required following the Signature Date, the Recipient shall notify the Bank when such additional action has been taken. By providing such notification, the Recipient shall be deemed to represent and warrant that on the date of such notification the Grant Agreement is legally binding upon the Recipient in accordance with its terms.
- 5.03. Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Regional Director of Europe and Central Asia.

6.02. For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient's address is:

UNOPS Austria
Ares Tower, Donau-City-Strasse 11
17th floor
1220 Vienna
Austria; and

(b) the Recipient's Electronic Address is:

aumco@unops.org

6.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

**UNITED NATIONS OFFICE
FOR PROJECTS SERVICES**

By



Authorized Representative

Name: Tim Lardner

Title: Regional Director, Europe and Central Asia

Date: 24-Sep-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**
acting as an Implementing Agency of the
Global Environment Facility

By



Authorized Representative

Name: Carolina Sanchez-Paramo

Title: ECA Director of Strategy and Operations and

Date: 18-Sep-2024

SCHEDULE 1

Project Description

The objective of the Project is to strengthen preparedness of governments and the private sector in the Project Focus Countries to take actions to reduce pollution in the Black Sea.

The Project consists of the following parts:

Part 1. Economic case to Invest in Pollution Prevention and Reduction

1.1: National Policy and Institutional Framework

Assessing the national policy and legal frameworks in Georgia, the Republic of Moldova, and the Republic of Türkiye, examining the alignment with regional and international instruments on pollution related to water management, agriculture, aquaculture, tourism and shipping and technical assistance support to inform legislative and administrative reforms at national and municipal levels, including for improved coordination and pollution control.

1.2: National investment recommendations, knowledge exchange and regional dialogue

- (i) Developing recommendations towards investment opportunities to reduce and manage pollution in Georgia, the Republic of Moldova, and the Republic of Türkiye.
- (ii) Developing and disseminating knowledge products and conducting training to foster knowledge by exchange of best practices and promote regional dialogue amongst key regional stakeholders.
- (iii) Assessing the pollution impacts of Russia's invasion of Ukraine and selecting and preparing small clean-up pilot measures to address the pollution.

Part 2. Green & Innovative Financing

2.1: Eco-Innovation Challenge

- (i) Conducting two competitions to promote innovation to address the eutrophication issue of the Black Sea, providing: (a) Selected Awardees with Eco-Innovation Awards in recognition of early concepts and ideas; and (b) Selected Beneficiaries with Eco-Innovation Grants in order to implement Eco-Innovation Sub-Projects in Georgia, the Republic of Moldova or the Republic of Türkiye.
- (ii) Implementing the Acceleration Program to build the capacity of winners in business development and leadership as well as opportunities of access to finance.

2.2: Preparation of Investment Projects and Implementation of Small Clean-up Pilot Measures

- (i) Preparation of one or more investments either in Georgia, the Republic of Moldova, or the Republic of Türkiye in the area of nutrient pollution treatment, urban wastewater treatment, water depollution, water recycling or reuse, including through identification, selection of viable solutions and locations, preparation of project documentation, such as pre-feasibility studies, economic and financial analysis, initial environmental and social impact assessment.
- (ii) Implementation of small clean-up pilot measures in Ukraine selected and prepared under sub-component 1.2 (iii) and/or, as further described in the Project Operations Manual, provision of targeted technical assistance to Ukraine (e.g., in the form of assessments of national legal and policy frameworks and recommendations for measures to mitigate environmental pollution).

Part 3. Project Management

Supporting the implementation of the Project activities, including financial management and procurement, overall monitoring of Project results, reporting, and environmental and social aspects of the Project, the establishment of a culturally appropriate grievance redress mechanism, through the financing of Operating Costs and Indirect Costs.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Recipient shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, environmental and social standards and practices, and in accordance with the FMFA, the Environmental and Social Commitment Plan (“ESCP”) and the Project Operations Manual, and shall promptly provide the funds, facilities, services, and other resources required for the Project.
2. No later than ninety (90) days after the Effective Date, the Recipient shall establish, and thereafter maintain throughout the period of Project implementation the Project implementation unit based in the Recipient’s office in AUMCO, which shall be responsible for the day-to-day management and implementation of the Project, including *inter alia*: (a) the carrying out of management, procurement, financial management, environmental and social standards, monitoring and reporting activities under the Project; and (b) coordinating with the National Focal Points in the Project Focus Countries to support the implementation of country-level Project activities, as detailed in the Project Operations Manual.
3. No later than six (6) months after the Effective Date, the Recipient shall establish, and thereafter maintain throughout the period of Project implementation:
 - (a) the regional steering committee (“RSC”), with mandate and composition satisfactory to the Bank, including the GEF focal points of the Project Focus Countries, and responsible for, *inter alia*: (i) providing strategic guidance; (ii) identifying linkages to sectoral policies and programs; (iii) assisting in the resolution of conflicts; (iv) suggesting improvements in project operations; and (v) endorsing the Progress Reports and Periodic Work Plans prepared by the Project implementation unit prior to submission to the Bank, as detailed in the Project Operations Manual; and
 - (b) the advisory committee, with mandate and composition satisfactory to the Bank, including relevant international and regional organizations engaged in the Black Sea, and responsible for, *inter alia*: (i) formulating recommendations to the RSC to improve efficiency and outcomes of the Project implementation; and (ii) providing advice to the Project implementation unit to optimize implementation synergies with other projects, as detailed in the Project Operations Manual.

B. Project Operations Manual

1. The Recipient shall implement the Project in accordance with the Project Operations Manual under terms satisfactory to the Bank, including the rules, methods, guidelines, and procedures set out in the Project Operations Manual including, inter alia:
 - (a) detailed description of the Project and institutional arrangements for implementing the Project;
 - (b) monitoring, evaluation, reporting, financial management and accounting, and governance procedures for the Project; and
 - (c) implementation of environmental and social instruments referred to in the ESCP.
2. In case of any conflict between the arrangements and procedures set out in the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. Except as the Bank shall otherwise agree, the Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Operations Manual without the prior written agreement of the Bank.

C. Periodic Work Plan and Budget

1. The Recipient shall, by not later than October 31 of each year during Project implementation, prepare and furnish to the Bank an annual work plan and budget (“Periodic Work Plan”) for the Project for the subsequent year, said Periodic Work Plan of such scope and detail as the Bank shall have reasonably requested.
2. The Recipient shall afford the Bank a reasonable opportunity to review such Periodic Work Plan, and, thereafter, the Recipient shall carry out the Periodic Work Plan as shall have been approved by the Bank. Only the activities included in the Periodic Work Plan shall be eligible for financing.
3. The Periodic Work Plan may be revised by the Recipient as required during Project implementation subject to the Bank’s prior written approval.

D. Eco-Innovation Challenge under Part 2.1(i) of the Project

1. Prior to implementing any activities under Part 2.1(i) of the Project, the Recipient shall:
 - (a) adopt a manual (the “Eco-Innovation Challenge Manual”), satisfactory to the Bank, and carry out Part 2.1(i) of the Project in accordance with said

manual; provided that, in the event of any inconsistencies between the Eco-Innovation Challenge Manual and this Agreement, the provisions of this Agreement shall prevail; and

- (b) not amend, revise or waive, nor allow to be amended, revised, or waived any provision of the Eco-Innovation Challenge Manual, whether in whole or in part, without the prior written agreement of the Bank.
2. For the purposes of selecting the beneficiaries of the activities under Part 2.1(i) of the Project, the Recipient shall be responsible for: (a) selecting (*under the regional window*) the eligible recipients of Eco-Innovation Awards (the “Selected Awardees”) in recognition of their ideas, early-stage concepts, and/or technologies that may contribute to addressing the issue of eutrophication of the Black Sea; and (b) selecting (*under the national window*) for financing through Eco-Innovation Grants those Eco-Innovation Subproject proposals, as well as the beneficiaries responsible for the implementation thereof (the “Selected Beneficiaries”), that meet the eligibility criteria set forth in the Eco-Innovation Challenge Manual and in the Environmental and Social Management Framework.
 3. The Recipient shall ensure that Eco-Innovation Awards and Eco-Innovation Grants are awarded and implemented in accordance with the terms and conditions set forth in this Agreement and the Eco-Innovation Challenge Manual.

Eco-Innovation Grants

4. Upon the selection of an Eco-Innovation Subproject proposal, the Recipient shall enter into an Eco-Innovation Grant Agreement with the respective Selected Beneficiary for the provision of an Eco-Innovation Grant, on terms and conditions approved by the Bank and set forth in the Eco-Innovation Challenge Manual.
5. The Recipient shall ensure that: (a) no Eco-Innovation Grants are extended to finance Eco-Innovation Subprojects that involve the use or potential pollution of international waterways, including the Black Sea, or involve substantial or high social and environmental risks; and (b) no Eco-Innovation Subproject includes any activities and expenditures included in the negative list set forth in the Environmental and Social Management Framework.
6. Unless otherwise agreed with the Bank, the maximum amount of the value of each Eco-Innovation Grant shall not exceed US\$300,000 and the maximum amount of all Eco-Innovation Grants that may be awarded in each eligible country shall not exceed US\$500,000 or higher amount as set forth in the Eco-Innovation Challenge Manual.
7. The Recipient shall obtain rights adequate to protect its interests and those of the Bank, including the following:

- (a) The Recipient shall have the right to suspend or terminate the right of the Selected Beneficiary to use the proceeds of the Eco-Innovation Grant, or obtain a refund of all or any part of the amount of the Eco-Innovation Grant then withdrawn, upon the Selected Beneficiary's failure to perform any of its obligations under the respective Eco-Innovation Grant Agreement; and
- (b) Each Selected Beneficiary shall be required to: (i) carry out the respective Eco-Innovation Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices acceptable to the Bank, including in accordance with the applicable provisions of the Environmental and Social Commitment Plan and the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient with respect to the Bank's right and authority to investigate and sanction third parties as provided in section I.F.4 of Schedule 2 of this Agreement; (ii) procure the goods, works and services to be financed out of the Eco-Innovation Grant in accordance with the provisions of this Agreement and the Eco-Innovation Challenge Manual; (iii) maintain a financial management system and prepare financial reports in accordance with consistently applied accounting standards agreed with the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Eco-Innovation Subproject; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators agreed with the Bank, the progress of the Eco-Innovation Subproject and the achievement of its objectives; (v) enable the Recipient and the Bank to inspect the sites of the Eco-Innovation Subproject, its operation and any relevant records and documents thereof; and (vi) complete all subproject activities on or before the Closing Date.
- (c) At the Bank's request, the Recipient shall cause the Selected Beneficiary to: (i) have the financial reports prepared in accordance with subparagraph (b) (iii) audited by independent auditors agreed with the Bank, in accordance with consistently applied auditing standards agreed with the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank; (ii) prepare and furnish to the Recipient and the Bank all such information as the Bank shall reasonably request relating to the foregoing.
- (d) The Recipient shall exercise its rights under each Eco-Innovation Grant Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Eco-Innovation Grant Agreement or any of its provisions.

E. Preparation of Investment Projects under Part 2.2(i) of the Project

1. For the purposes of implementing Part 2.2 (i) of the Project, the Recipient shall select one or more potential investment projects in accordance with eligibility criteria set forth in the Project Operations Manual.
2. Notwithstanding any activities carried out under Part 2.2 (i) of the Project, the Recipient expressly acknowledges and agrees that the Bank makes no commitment to fund and/or supervise the implementation of the investment projects.

F. Anti-Corruption

1. The Recipient shall carry out the Project subject to the provisions of the Standard Conditions and the following undertakings:
 - (a) In the event that the Recipient or the Bank becomes aware of information that indicates the need for further scrutiny of the implementation of the Project or any expenditures under the proceeds of the Grant (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under the Project) the Recipient or the Bank, as the case may be, shall promptly bring such information to the attention of the appropriate official or officials of the other party, as designated from time to time by each party by written notice to the other party.
 - (b) Without limitation to paragraph (a) above, concurrently with submission of a Project Report under Section II.A, the Recipient's Internal Audit and Investigation Group shall submit to the World Bank Group's Integrity Vice Presidency a statement confirming whether or not, during the reporting period of the Project Report, Recipient has received any non-frivolous allegations referred to in paragraph (a) above, and a brief description of any such allegations received. The information provided in such statement shall be governed by the confidentiality procedures outlined in the memorandum of understanding between the Recipient and the World Bank Group dated September 2, 2019. The costs of preparing such reports will be borne by the Project.
 - (c) Following consultation between the Recipient and the Bank, the Recipient will, to the extent the information relates to actions within the authority or accountability of the Recipient, take timely and appropriate action in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information. For greater clarity on this matter, the Recipient and the Bank agree and acknowledge that the Recipient has no

authority over, and accordingly shall have no responsibility to investigate, any government official or officials or consultants of the Bank.

- (d) To the extent such investigation confirms the allegations and to the extent that remedial action is within the authority of the Recipient, the Recipient will take timely and appropriate action in response to the findings of such investigation, in accordance with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures.
 - (e) To the extent consistent with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures, it will keep the Bank regularly informed by agreed means of actions taken pursuant to Section I.F.1(c) immediately above, and the results of the implementation of such actions, including where relevant, details of any recovery of funds or writing-off of losses. The Recipient will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Recipient will, in consultation with the Bank, credit any funds so recovered to the Bank or agree with the Bank to use these funds for a purpose mutually agreed upon.
2. In the event that the Bank reasonably believes that timely and appropriate action has not been taken by the Recipient under Section I.F.1 above, the Bank may request direct consultations at a senior level between the bank and the Recipient in order to obtain assurances that the Recipient's oversight and accountability mechanisms have been and are being fully applied in connection with such allegations. The Recipient and the Bank take note of the provisions of Article VIII of the United Nations Financial Regulations and Rules and the Recipient's corresponding relevant provisions in UNOPS Financial Regulations and Rules.
 3. The Bank may, following consultation with the Recipient, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals of the proceeds of the Grant if the Bank reasonably believes the actions taken by the Recipient under Section I.F.1 above have not been sufficient to fulfill its fiduciary obligation with respect to the Grant.
 4. The Bank has the right and authority, pursuant to the Anti-Corruption Guidelines, to investigate allegations or other information relating to possible corrupt, fraudulent, coercive, or collusive practices (as defined in Section I.F.7 below) by any third party, and to sanction any such third party which the Bank has determined to have engaged in such practices; provided, however, that in this Section, "third party" does not include the Recipient. To the extent consistent with the Recipient's oversight framework, including its regulations, rules, policies and procedures, and if requested by the Bank, the Recipient shall cooperate with the Bank in the conduct of such investigations.

5. Without limitation to the provisions of paragraph F.1 of this Section, the Bank retains the right to conduct an investigation in connection with the information referred to in paragraph F.1(a) of this Section and any information provided to the Recipient regarding allegations of corrupt, fraudulent, coercive, or collusive practice in connection with the bidding process, the award, or implementation of any contract to be or being financed out of the proceeds of the Grant, except that the Bank may not investigate the Recipient or other United Nations agency. In all such investigations, the Recipient agrees to facilitate such investigations.
6.
 - (a) The Recipient will require any third-party commercial entity with which it has a long-term arrangement or to which it intends to issue a purchase order or a contract financed with the proceeds of the Grant to disclose to the Recipient whether it is subject to any sanction or temporary suspension imposed by any organization within the World Bank Group. The Recipient will give due regard to such sanctions and temporary suspensions, as disclosed to it when issuing contracts during the implementation of the Project.
 - (b) If the Recipient intends to issue a contract in connection with the Project with a party that has disclosed to the Recipient that it is under sanction or temporary suspension by the World Bank Group, the following procedure will apply: (i) the Recipient will so inform the Bank, before signing such contract; (ii) the Bank then may request direct consultations at a senior level, if required, between the Bank and the Recipient to discuss the Recipient's decision; and (iii) if after such consultation, the Recipient elects to proceed with the issuance of the contract, the Bank may inform the Recipient by notice, that the proceeds of the Grant may not be used to fund such contract.
 - (c) Any portion of the proceeds of the Grant received by the Recipient under this Agreement that may have been used to fund a contract in respect of which the World Bank Group has exercised its right under paragraph 6(b)(iii) immediately above, shall be used to defray the amounts requested by the Recipient in any subsequent Withdrawal Application, if any, or will be treated as a balance in favor of the Recipient in the calculation of the final balances prior to the Closing Date.
7. For the purposes of the provisions of this Section I.F, the following definitions of sanctionable practices shall apply:
 - (a) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

- (b) “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- (c) “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; and
- (d) “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.

G. Environmental and Social Standards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds from the Grant are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the

environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, inter alia, sexual exploitation and abuse, sexual harassment and violence against minors, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
 6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.
 7. The Recipient shall, upon the Bank's request, promptly furnish to the Bank all plans, reports, and contract documents with contractors, including *inter alia*, reports from contractors, relevant to the implementation of the Environmental and Social Standards for the Project, in such detail as the Bank shall request, with redactions of confidential information as needed.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester, or with such frequency as the Bank and the Recipient shall agree in writing. The Recipient shall ensure that each Project Report contains an update on the implementation of the activities under the Procurement Plan.

2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

B. Financial Management; Financial Reports; and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, adequate to reflect the transactions related to the Project, in accordance with the requirements of the UNOPS Financial Regulations and Rules. In accordance with Article 10 of the FMFA, the Recipient shall notify the bank of any changes to the UNOPS Financial Regulations and Rules, that occur after the signing of this Agreement within thirty (30) days of their adoption and shall make them available via Recipient's external website.
2. The Recipient shall maintain records ("Ledger Account") and accounts that provide a complete, true and faithful record of all the expenditures from the proceeds of the Grant and of all the expenditures paid from such proceeds, in a manner that allows for the clear and separate identification of the activities financed by the Bank.
3. The Recipient shall prepare periodic financial statements in accordance with UNOPS Financial Regulations and Rules and accounting standards acceptable to the Bank. The financial statements will be submitted to the Bank in accordance with the provisions of Section II. Financial Reports and Audits of the Disbursement and Financial Information Letter referred to in Section IV.B.2.
4. The Recipient shall ensure that the audit of the Project is: (a) carried out pursuant to the UNOPS Financial Regulations and Rules; and governed by (b) the Financial Management Framework Agreement. In addition, as agreed by the Recipient and the Bank, the Recipient shall carry out any additional due diligence activities as agreed by the Recipient and the Bank in separate terms of reference.
5. The Recipient shall retain, and shall cause the Selected Beneficiaries to retain, until at least one year after the Bank has received the final interim unaudited financial report referred to in the Disbursement and Financial Information Letter referenced in Section IV.A of this Schedule all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals of the proceeds of the Grant were made.

Section III. Procurement

1. All works, goods, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in

accordance with the applicable procurement policies, procedures, regulations, and practices of the Recipient, as such procurement policies, procedures, regulations, and practices have been assessed and found to be acceptable by the Bank, and the Procurement Plan, found to be satisfactory to the Bank as part of the Periodic Work Plan.

2. If the Bank determines that the procurement policies, procedures, regulations, or practices of the Recipient have been modified, suspended, or waived such that they are no longer acceptable to the Bank, the Bank may, in addition to the Bank’s other rights under the Agreement, revoke the procurement provisions set out in paragraph 1 of this Section III.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services (including audits), and Training under Parts 1 and 2.2 of the Project	1,784,159	100%
(2) Goods, consulting services, and Training under Part 2.1(i)(a) and 2.1(ii), and Eco-Innovation Grants under Part 2.1(i)(b) of the Project	2,997,898	100%
(3) Operating Costs under Part 3 of the Project	1,310,865	100%
(4) Indirect Cost under Part 3 of the Project (4.92% of the Grant)	299,772	100%
TOTAL AMOUNT	6,392,694	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) under Category (2), unless and until the Recipient has adopted the Eco-Innovation Challenge Manual in a manner satisfactory to the Bank.
2. All withdrawals shall be made on the basis of the interim unaudited financial reports referred to in II.B.3 of this Schedule and under such other terms and conditions as the Bank shall specify by notice to the Recipient contained in the Disbursement and Financial Information Letter addressed or to be addressed by the Bank to the Recipient for purposes of the Grant.
3. Without prejudice to the provisions of Section 4.05 of the Standard Conditions, in the event that the Bank requests a refund of any portion of the proceeds of the Grant that has been used in a manner inconsistent with the provisions of this Agreement, the Bank and the Recipient will adopt the procedures set forth in paragraph 9 of the FMFA.
4.
 - (a) It is understood that the Recipient shall not be responsible for, and shall have no obligation to initiate or continue implementation of, the pertinent activities under the Project unless the proceeds of the Grant allocated to such activities have been made available to the Recipient.
 - (b) It is further understood that the Recipient shall not be responsible for, and shall have no obligation to initiate or continue implementation of, Parts 1.2(iii) and 2.2(ii) of the Project unless the Recipient has determined, in consultation with the Bank, that the security situation in Ukraine permits such initiation or implementation.
 - (c) If, at any time, the Recipient determines that the security situation in Ukraine does not allow for such initiation or implementation, the Bank may: (i) reallocate Grant amounts in accordance with Section 3.08 of the Standard Conditions for the implementation of activities under the Eco-Innovation Challenge; and/or (ii) cancel the corresponding portion of the unwithdrawn amount of the Grant in accordance with Section 4.03(b) of the Standard Conditions, and the Recipient shall refund any of such amount that has already been provided to it as an advance.
5. The Closing Date is September 30, 2028.

APPENDIX

Section I. Definitions

1. “Acceleration Program” means the program of capacity building activities, including mentoring from experts, study tour, business development training, to be provided by the Recipient in accordance with Eco-Innovation Challenge Manual.
2. “Alternative Procurement Arrangements” means the procurement arrangements set forth in Section III of Schedule 2 to this Agreement, as permitted by the Bank’s “Procurement Regulations for IPF Borrowers”, dated November 2020.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January, 2011, and as of July 1, 2016.
4. “AUMCO” means the Recipient’s multi-country office in the Republic of Austria.
5. “Category” means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.
6. “Eco-Innovation Award” means the non-monetary support provided to Selected Awardees in recognition of innovative idea, early-stage concepts, and technologies in the form of promotional activities of the concept/idea, participation in study tours, or capacity building, including mentoring from innovation business experts, all in accordance with the Eco-Innovation Challenge Manual.
7. “Eco-Innovation Challenge” means the competition to be launched under Part 2.1(i) of the Project in accordance with the provisions of the Eco-Innovation Challenge Manual.
8. “Eco-Innovation Challenge Manual” means the manual for Part 2.1(i) of the Project to be adopted by the Recipient, describing the detailed eligibility criteria, procedures and terms and conditions for the selection of beneficiaries of Eco-Innovation Awards and Eco-Innovation Grants, including a list of activities excluded from financing under Eco-Innovation Subprojects, as such manual may be amended from time to time by written agreement of the Bank.
9. “Eco-Innovation Grant” means a grant to be made out of the proceeds of the Grant to Selected Beneficiaries for financing the cost of implementing an Eco-Innovation Subproject; all in accordance with the terms and conditions, selection criteria and procedures set forth in the Eco-Innovation Challenge Manual.

10. “Eco-Innovation Grant Agreement” the written agreement to be entered into by the Recipient and each Selected Beneficiary for the provision of an Eco-Innovation Grant for the financing of an Eco-Innovation Subproject pursuant to Section I.D.4 of Schedule 2 to this Agreement and the Eco-Innovation Challenge Manual.
11. “Eco-Innovation Subproject” means the activities eligible to be financed by an Eco-Innovation Grant to support further adaptations and/or testing of the innovative technologies and business models for demonstration purposes in accordance with the guidelines set forth in the Eco-Innovation Challenge Manual.
12. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated July 22, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
13. “Environmental and Social Management Framework” means the Recipient’s environmental and social management framework dated October 2023, setting forth the guiding principles, standards and procedures for screening, managing and monitoring environmental and social impacts under the Project; as such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Bank, and such term includes any annexes or schedules to such framework.
14. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
15. “Financial Management Framework Agreement” or “FMFA” means the Financial Management Framework Agreement between the World Bank and UNOPS, dated

October 20, 2008. For purposes of the FMFA, the “World Bank” means the International Development Association and the Bank.

16. “Indirect Costs” means the indirect costs incurred by the Recipient as a function and in support of the Project, which cannot be traced unequivocally to the deliverables and technical outputs of the Project.
17. “National Focal Points” means the officials of the Partner Agencies responsible for facilitating the implementation of Project activities in the Project Focus Countries.
18. “Operating Costs” means the reasonable incremental costs incurred on account of the implementation, management and monitoring of the Project, including office supplies, office space rental, equipment maintenance and repair, vehicle operation and maintenance, utilities, communication charges, mass media and printing services, translation, and interpretation charges, bank charges, charges for transporting cash into the country, travel and lodging allowances, per diems, incremental salaries of contracted employees, but excluding salaries and allowances of the Member Country’s civil service.
19. “Partner Agencies” means the Ministry of Environmental Protection and Agriculture of Georgia, the Ministry of Environment of the Republic of Moldova, the Ministry of Environment, Urbanization and Climate Change and the Ministry of Agriculture and Forestry of the Republic of Türkiye, and the Ministry of Environmental Protection and Natural Resources of Ukraine; and any successors thereto.
20. “Periodic Work Plan” means the work plan prepared annually by the Recipient in accordance with Section I.C of Schedule 2 to this Agreement; “Periodic Work Plans” means more than one such Periodic Work Plan.
21. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
22. “Project Focus Countries” means Georgia, the Republic of Moldova, the Republic of Türkiye, and Ukraine.
23. “Project Operations Manual” means the manual to be adopted by the Recipient in a manner satisfactory to the Bank and containing a detailed set of policies, rules,

procedures, and protocols necessary for carrying out the Project; as the same may be amended from time to time with the prior written agreement of the Bank.

24. “Selected Awardee” means an individual selected to receive an Eco-Innovation Award in accordance with the criteria and procedures acceptable to the Bank and further detailed in the Eco-Innovation Challenge Manual.
25. “Selected Beneficiary” means an entity or individual that is selected to receive an Eco-Innovation Grant in accordance with the criteria and procedures acceptable to the Bank for the implementation of an Eco-Innovation Subproject, as further detailed in the Eco-Innovation Challenge Manual.
26. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to “the date of the Grant Agreement” in the Standard Conditions.
27. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019, with the modifications set forth in Section II of this Appendix.
28. “Training” means the reasonable cost of study tours, training courses, seminars, workshops and other training activities related to the Project, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.
29. “UNOPS Financial Regulations and Rules” means the means the Recipient’s financial regulations and rules entitled “Executive Office Directive Ref. EOD.ED.2017.04 Financial Regulations and Rules dated March 13, 2017” as may be amended from time to time.
30. “World Bank Group” means the Bank, the International Development Association, the International Finance Corporation, the International Centre for the Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Section 2.05 (*Plans; Documents; Records*), 2.07 (*Financial Management; Financial Statements; Audits*), 2.11 (*Procurement*), 2.12 (*Anti-Corruption*) are deleted in their entirety, and the remaining sections in Article II are renumbered accordingly.

2. Section 5.01 (*Enforceability*) is modified to read as followed:

“The rights and obligations of the Recipient and the Bank under the Grant Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or of any of its political subdivisions to the contrary. Neither the Recipient nor the Bank shall be entitled in any proceeding under this Article to assert any claim that any provision of these Standard Conditions or of the Grant Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of IBRD or IDA, or the constitutive documents of the Recipient.”
3. Section 5.03 (*Arbitration*) under Article V is deleted and replaced with the provisions of Section 21 of the FMFA.
4. The Appendix (*Definitions*) is modified as follows:
 - (a) Paragraph 3 (“Arbitral Tribunal”), 12 (“Financial Statements”), and 27 (“Umpire”) are deleted in their entirety and the remaining paragraphs in the Definitions are renumbered accordingly.
 - (b) Renumbered paragraph 16 (“Member Country”) is modified to read as follows:

“16. “Member Country” means the member of the Bank in whose territory the Project is carried out or any such member’s political or administrative subdivisions. If such activity is carried out in the territory of more than one such member, “Member Country” refers separately to each such member.”