

CONFORMED COPY

TF028644

Global Environmental Trust Fund
Grant Agreement

(Biodiversity Protection Project)

between

SLOVAK REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as Trustee of the Global Environment
Trust Fund

Dated September 16, 1993

TF028644

GLOBAL ENVIRONMENT TRUST FUND GRANT AGREEMENT

AGREEMENT, dated September 16, 1993, between SLOVAK REPUBLIC (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as Trustee of grant funds provided by Participants of the Global Environment Facility (GEF) into the Global Environment Trust Fund (GET) (the Trustee).

WHEREAS (A) the International Bank for Reconstruction and Development (the Bank) pursuant to Resolution No. 91-5 of March 14, 1991, of the Executive Directors of the Bank (the Resolution), established the Global Environment Facility consisting of the GET, Cofinancing Arrangements with the GET and the Ozone Projects Trust Fund, to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) certain members of the Bank (the Participants) have provided resources by way of grant into the GET and the Participants have requested and the Bank has agreed, to administer such grant funds as Trustee, for the purposes of, and in accordance with, provisions of the Resolution;

(C) the MacArthur Foundation intends to make available to the Foundation for Eastern Carpathian Biodiversity Conservation (the Foundation), to be established pursuant to an agreement to be entered into by Ukraine, Poland and the Recipient, a grant in the amount of the equivalent of \$300,000;

(D) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested assistance from the resources of the GET in the financing of the Project, and the Trustee has determined that such assistance would be in accordance with the provisions of the Resolution; and

WHEREAS the Trustee has agreed, on the basis, inter alia, of the foregoing, to extend the GET Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 1, 1985, with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (18) and (20), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Section 4.01 and the first sentence of Section 4.09;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (c), (d), (e), (f), (i) and (k), 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) Sections 10.01, 10.03 and 10.04;
 - (x) Article XI; and
 - (xi) Section 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term 'Special Drawing Rights' and the symbol 'SDR' mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
 - (ii) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Trustee except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;
 - (iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
 - (iv) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;
 - (v) the term "Loan" and "loan" wherever used in the General Conditions, means the GET Grant; and
 - (vi) the term "Loan Account" wherever used in the General Conditions, means the GET Grant Account.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "PMCU" means the project management and coordination unit referred to in Section 3.02 of this Agreement;

(b) "Project Area" means the zones of the Eastern Carpathian Mountains, the Tatra Mountains and the Morava Floodplains in the territory of the Recipient;

(c) "Biodiversity Zone" means the East Carpathian Mountains, the Morava Floodplains or the Tatras Mountains;

(d) "Joint Scientific Advisory Committee" means each regional scientific advisory committee referred to in Section 3.04 of this Agreement to be established by the Ministry of Environment within each Biodiversity Zone;

(e) "NGO" means non-governmental organization;

(f) "Tri-national Biosphere Reserve" means the contiguous biosphere reserves located in the territories and on the borders of Ukraine, Poland and the Recipient; and

(g) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

ARTICLE II

The GET Grant

Section 2.01. The Trustee agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GET Grant in an amount in various currencies equivalent to one million seven hundred thousand Special Drawing Rights (SDR 1,700,000).

Section 2.02. (a) The amount of the GET Grant may be withdrawn from the GET Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Trustee shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out the Project and to be financed out of the proceeds of the GET Grant.

(b) The Recipient shall, for the purposes of the Project, open and maintain in dollars in a special deposit account in a bank acceptable to the Trustee on terms and conditions satisfactory to the Trustee, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1996 or such later date as the Trustee shall establish. The Trustee shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall: (i) carry out the Project through the Ministry of Environment with due diligence and efficiency and in conformity with appropriate administrative and financial practices and with due regard to ecological and environmental factors; (ii) maintain in real terms the current level of funding from its own resources for biodiversity protection activities in the Project Area; and (iii) provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Recipient shall make available the equivalent of \$300,000 of the Grant to the Foundation for purposes of supporting its activities under terms and conditions which shall have been approved by the Trustee.

(c) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Trustee shall otherwise agree, the Recipient shall

carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. The Recipient shall maintain the PMCU within the Ministry of Environment, under terms of reference satisfactory to the Trustee, with qualified and experienced staff in adequate numbers, under the supervision of a Project coordinator, whose qualifications and experience shall be satisfactory to the Trustee.

Section 3.03. The Recipient shall, by October 31, 1993, make appropriate administrative and financial arrangements for carrying out Project activities at the Tatras National Park.

Section 3.04. The Recipient shall, by October 31, 1993, establish a Joint Scientific Advisory Committee in each Biodiversity Zone, under terms of reference satisfactory to the Trustee, comprised of members whose qualifications and experience are satisfactory to the Trustee, to meet and review on a semi-annual basis the scientific progress of Project implementation in the respective Biodiversity Zone.

Section 3.05. The Recipient shall ensure that Project activities are carried out only on land owned by the Recipient or on land to which the Recipient has rights under long-term contractual arrangements consistent with the objectives of the Project.

Section 3.06. Except as the Trustee shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the GET Grant shall be governed by the provisions of Schedule 3 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Recipient responsible for carrying out the Project or any part thereof.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Trustee;
- (ii) furnish to the Trustee as soon as available, but in any case not later than four months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Trustee shall have reasonably requested; and
- (iii) furnish to the Trustee such other information concerning said records and accounts and the audit thereof as the Trustee shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GET Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Trustee has received the audit report for the fiscal year in which the last withdrawal from the GET Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Trustee's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the

report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Effectiveness; Termination

Section 5.01. The following events are specified as conditions to the effectiveness of the GET Grant Agreement, namely, the establishment of the PMCU and the appointment of the Project coordinator referred to in Section 3.02 of this Agreement.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.03. This Agreement shall continue in effect until the GET Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance
Stefanovi_ova 5
81308 Bratislava
Slovak Republic

Telex:

923-65

For the Trustee:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Washington, D.C., as of the day and year first above written.

SLOVAK REPUBLIC

By /s/ Lubomira Zimanova

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
as Trustee of the Global Environment
Trust Fund

By /s/ Kemal Dervis

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the GET Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GET Grant, the allocation of the amounts of the GET Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the GET Grant Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	140,000	100%
(2) Goods and equipment	360,000	100%
(3) Consultants' services and training	500,000	100%
(4) Operating costs (salaries, operations and maintenance)	430,000	100%
(5) Unallocated	270,000	
TOTAL	1,700,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made: (a) in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 18,000, may be made in respect of start-up costs for the PCMU, including professional development and training, computer equipment and the establishment of an electronic mail system on account of payments made for expenditures under Part C.5 of the Project before that date but after July 1, 1993; and (b) in respect of the transfer to the Foundation pursuant to Section 3.01 (b) of this Agreement, unless arrangements satisfactory to the Trustee for the establishment and operation of the Foundation have been finalized and an account for the Foundation opened, on terms and conditions satisfactory to the Trustee, in a financial institution, satisfactory to the Trustee, outside the territory of Ukraine, Poland and the Recipient.

SCHEDULE 2

Description of the Project

The objective of the Project is to provide demonstrations to protect and strengthen forest, meadow and wetlands habitats and related ecosystem biodiversity.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Trustee may agree from time to time to achieve such objectives:

Part A: Biodiversity Protection Program

1. Planning - East Carpathians.

(a) Development of an overall management strategy for the Tri-national Biosphere Reserve.

(b) Development of a management plan for the Eastern Carpathians Biosphere Reserve.

2. Biodiversity Management.

(a) Forest Restoration - East Carpathians.

Support for ongoing forest restoration activities, including an assessment of the silvicultural system required to develop a sustainable forest ecosystem and restoration of priority sites.

(b) Alpine Meadow Ecosystems - East Carpathians.

Carrying out of trial management techniques in the form of maintenance of traditional agriculture and mowing of alpine meadows.

(c) Catchment and Water Management - Restoration - East Carpathians.

Development of a plan to address soil erosion and guidelines for the sustainable management of the buffer and transition zones.

(d) Forest Restoration - Tatras National Park.

Provision of extraction and storage equipment and improvements to a greenhouse.

(e) Restoration - Morava Floodplains.

Establishment of a series of model projects to determine the techniques, potentials and benefits of restoration of the Morava River ecosystems.

(f) Planning - Morava Floodplains.

Planning of restoration activities, including the assessment of the biotopes and their appropriate land use, preparation of a biotope mapping program and carrying out of a planning workshop.

3. Professional Development and Training.

A study tour to investigate mechanisms for the determination of carrying capacity, a workshop with other GEF project areas on the management and implementation of geographic information standards and specialist training for GIS managers.

4. Systematic Environmental Investigation and Monitoring at Tatras National Park:

(a) Analysis of bioindicator species, including bird feathers and bones for heavy metals.

(b) Mapping and analysis of mesozoic carbonate rocks and their influence on natural communities of the karst ecosystems.

(c) Establishing the High Tatras Research Center as an international distribution center for information on current activities in conservation environmental science.

(d) Telemetric monitoring of critically endangered species.

Part B: Conservation Program

1. Buffer Zone Strategies - Management and Use.

Developing models for the buffer zone management in the biosphere reserve target areas, especially in their support zones.

2. Carrying Capacity and Revenue Generating Mechanisms.

Examination and determination of the appropriate carrying capacities of selected environments and examination of the mechanisms, institutional, legal and practical

arrangements to use economic measures to maintain carrying capacity at an acceptable level.

Part C: Institutional Infrastructure Improvement Program

1. Protected Area Facilities.

(a) Establishment of park radio communications systems for the East Carpathian National Park and Tatras National Park.

(b) Completion of the nature center at Tatras National Park.

(c) Establishment of an education and research facility at the East Carpathian National Park.

2. Computerization, Monitoring and Data Management.

Development of an integrated system of monitoring and data management, including strengthening the conservation data base and development of information-data management systems, and development of a computer-based information exchange system.

3. Joint Scientific Advisory Committees - Morava Floodplains, East Carpathian Mountains, and Tatras National Park.

Establishment of joint scientific and advisory committees for Morava Floodplains, East Carpathian Mountains and Tatras National Park to make recommendations regarding common conservation and management objectives for each region.

4. Environmental NGO Small Grants Program.

Establishment and administration of an NGO small grants program to support the implementation of small biodiversity protection projects.

5. Project Management.

Strengthening of Project management through the establishment of the PMCU within the Ministry of Environment.

* * *

The Project is expected to be completed by June 30, 1996.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

1. Goods estimated to cost less than the equivalent of \$200,000 per contract, up to an aggregate amount not to exceed the equivalent of \$400,000, may be procured under contracts awarded on the basis of comparison of price quotations from at least three suppliers from at least three different countries eligible under the "Guidelines for Procurement under IBRD and IDA Credits" published by the Bank in May 1992 (the Guidelines), in accordance with procedures satisfactory to the Trustee.

2. Goods estimated to cost less than the equivalent of \$5,000 per contract, up to an aggregate amount not to exceed the equivalent of \$200,000, may be procured under contracts awarded on the basis of comparison of price quotations from at least three qualified suppliers eligible under the Guidelines, in accordance with procedures satisfactory to the Trustee.

3. Goods of a proprietary nature estimated to cost up to an aggregate amount not to exceed the equivalent of \$200,000 may be purchased from suppliers on the basis of negotiated contracts in accordance with procedures satisfactory to the Trustee.

4. Civil works for Part C.1 (c) of the Project estimated to cost up to an aggregate amount not to exceed the equivalent of \$135,000 may be procured under contracts awarded on the basis of comparison of price quotations from at least three qualified suppliers eligible under the Guidelines, in accordance with procedures satisfactory to the Trustee.

5. Civil works for Part A.2 (e) of the Project estimated to cost up to an aggregate amount not to exceed the equivalent of \$125,000 may be carried out by the Recipient through force account.

Section II. Employment of Consultants

The Recipient shall employ management, environmental and other consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Trustee. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Trustee on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by The World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Implementation Program

1. The Ministry of Environment shall be responsible for overall coordination of the Project.

2. The PMCU shall be responsible for implementing the technical and scientific activities of the Project to be carried out in the Project Area and shall coordinate said activities with the coordinating office in each Biodiversity Zone and with the Foundation. This unit shall be staffed by the Project coordinator, a scientific adviser and an accounts specialist/administrative assistant.

3. The PMCU shall expedite disbursements from the Special Account, facilitate international communications, coordinate international professional development training, monitor and evaluate Project progress and collate and forward quarterly and annual progress reports to the Trustee on Project progress.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GET Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$200,000 to be withdrawn from the GET Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Trustee has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Trustee a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Trustee shall, on behalf of the Recipient, withdraw from the GET Grant Account and deposit in the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Trustee requests for deposits into the Special Account at such intervals as the Trustee shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Trustee the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Trustee shall, on behalf of the

Recipient, withdraw from the GET Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Trustee from the GET Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Trustee shall reasonably request, furnish to the Trustee such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Trustee shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Trustee shall have determined that all further withdrawals should be made by the Recipient directly from the GET Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the GET Grant allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Trustee pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GET Grant Account of the remaining unwithdrawn amount of the GET Grant allocated to the eligible Categories shall follow such procedures as the Trustee shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Trustee shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Trustee shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Trustee, the Recipient shall, promptly upon notice from the Trustee: (A) provide such additional evidence as the Trustee may request; or (B) deposit into the Special Account (or, if the Trustee shall so request, refund to the Trustee) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Trustee shall otherwise agree, no further deposit by the Trustee into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Trustee shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Trustee, refund to the Trustee such outstanding amount.

(c) The Recipient may, upon notice to the Trustee, refund to the Trustee all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Trustee made pursuant to paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the GET Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.