

CONFORMED COPY

GEF TRUST FUND TF028315

Global Environment Facility  
Trust Fund Grant Agreement

(Biodiversity Conservation Project)

between

RUSSIAN FEDERATION

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

acting as an Implementing Agency of the  
Global Environment Facility

Dated September 29, 1996

GEF TRUST FUND TF028315

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated September 29, 1996, between RUSSIAN FEDERATION (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank), acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the Global Environment Facility Trust Fund (GET Trust Fund) by certain members of the Bank, as participants of the GEF.

WHEREAS: (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991, of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements are continued in place on the basis set forth in Resolution No. 94-2 (Resolution No. 94-2) of the Executive Directors of the Bank, dated May 24, 1995, establishing the GEF Trust Fund;

(C) 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 Trust Fund in the financing of the Project, and the Bank has determined that such assistance would be in accordance with Resolution No. 94-2;

(D) the Recipient has also requested the Bank to finance the Environmental Management Project (EMP) with which the Project is associated, and, by an agreement dated February 6, 1995 between the Recipient and the Bank (EMP Loan Agreement), as amended, the Bank has agreed to finance the EMP through a loan in an aggregate principal amount equivalent to one hundred ten million Dollars (\$110,000,000) (EMP Loan);

(E) the Recipient intends to benefit from a Swiss government grant (Swiss Grant) in an amount equivalent to \$1,100,000, to assist in the financing of the Project on the terms and conditions to be set forth in an exchange of letters (Swiss Grant Agreement) between the Recipient and the Swiss government; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund grant (the 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 (a), (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: "21. 'Special Drawing Rights' and '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 Bank, acting as an implementing agency of the GEF, 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 Grant;
  - (vi) the term "Loan Account" wherever used in the General Conditions, means the Grant Account;
  - (vii) the second sentence of Section 5.01 is modified to read:

"Except as the Bank and the Recipient shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import to the knowledge of the Bank is prohibited by a decision of the United Nations Security Council, taken under Chapter VII of the Charter of the United Nations"; and

(viii) a new sub-paragraph is added after sub-paragraph (k) in Section 6.02 of the General Conditions, as follows: "(l) An extraordinary situation shall have arisen in which any further disbursement under the Grant would exceed the resources available for disbursement from the GEF Trust Fund."

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) "Commission for Lake Baikal" means the Recipient's Governmental Commission for Lake Baikal, established pursuant to Government of Russia Resolution No. 653 entitled "On Organization of Activity of Governmental Commission for Lake Baikal", dated July 12, 1993, or any successor thereto;

(b) "Component Director" means a senior official of the Recipient appointed by the SCEP to supervise the management and implementation of a Project part, and referred to in Part A.4 of Schedule 4 to this Agreement;

(c) "Component Manager" means a person responsible for day-to-day management of a Project part, and referred to in Part A.5 of Schedule 4 to this Agreement;

(d) "CPPI" means the Recipient's Center for Project Preparation and Implementation, a non-commercial organization founded by the Ministry of Environmental Protection and Natural Resources pursuant to Order No. 247, dated December 2, 1993, and duly registered on December 30, 1993, by the Division on Registration of Noncommercial Organizations, Department of Social and Political Relations, Municipal Government of Moscow, or any successor thereto;

(e) "EMP Loan Agreement" means the agreement dated February 6, 1995 between the Recipient and the Bank, as such agreement may be amended from time to time; and such term includes the "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, as applied to such agreement, and all schedules and agreements supplemental to the EMP Loan Agreement; and the term "EMP Loan" means the loan provided under the EMP Loan Agreement;

(f) "General Consultant" means the general consultant referred to in Part A.3 of Schedule 4 to this Agreement;

(g) "FFS" means the Federal Forest Service of the Recipient, or any successor thereto;

(h) "Inter-regional Subcomponent Manager" means a person selected to perform the day-to-day implementation of inter-regional activities under Part C of the Project, and referred to in Part B.4 of Schedule 4 to this Agreement;

(i) "Lake Baikal Supervisory Committee" means a committee responsible for the overall implementation and management of Part C of the Project, and referred to in Part B.3 of Schedule 4 to this Agreement;

(j) "Project Director" means a senior official of the SCEP appointed to chair the Supervisory Committee and referred to in Part A.1 of Schedule 4 to this Agreement;

(k) "Project Implementation Group" means an administrative unit within the CPPI, referred to in Part C.2 of Schedule 4 to this Agreement;

(l) "Project Manager" means a person responsible for day-to-day management of the Project, and referred to in Part A.2 of Schedule 4 to this Agreement;

(m) "Regional Subcomponent Director" means an official of the administration of the Irkutsk Oblast, government of the Republic of Buryatia, and administration of the Chita Oblast appointed by the SCEP in coordination with such regional authorities

to supervise regional and local activities under Part C of the Project, and referred to in Part B.4 of Schedule 4 to this Agreement;

(n) "Regional Subcomponent Manager" means a person selected to perform the day-to-day implementation of regional and local activities under Part C of the Project, and referred to in Part B.3 of Schedule 4 to this Agreement;

(o) "SCEP" means the Recipient's State Committee for Environmental Protection, or any successor thereto;

(p) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(q) "Supervisory Committee" means a committee responsible for the overall coordination and monitoring of the Project, referred to in Part A.1 of Schedule 4 to this Agreement.

## ARTICLE II

### The Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the Grant in an amount in various currencies equivalent to thirteen million eight hundred thousand Special Drawing Rights (SDR 13,800,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank 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 Grant.

(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, 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 June 30, 2002, or such later date as the Bank shall establish. The Bank 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 carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and technical practices, and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Bank 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. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without limitation upon the applicable provisions of Section 9.07 of the General Conditions, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future sustainability of the Project's objectives;

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Bank's comments thereon.

#### 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 Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) 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 Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the 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 Bank has received the audit report for the fiscal year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank'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

##### Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) The exchange of letters related to the Swiss Grant and referred to in Whereas Clause (E) of this Agreement shall not have occurred by June 30, 1996, or such later date as the Bank may agree upon; provided however, that the provisions of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

(b) (i) Subject to subparagraph (ii) of this paragraph:

- (A) the right of the Recipient to withdraw the proceeds of the EMP Loan shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the EMP Loan Agreement, or
  - (B) the EMP Loan shall have become due and payable prior to the agreed maturity thereof.
- (ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

#### ARTICLE VI

##### Effectiveness; Termination

Section 6.01. The following events are specified as condition to the effectiveness of this Agreement:

(a) the Project Implementation Group has been established with functions, procedures, and staffing satisfactory to the Bank; and

(b) the General Consultant has been hired by the CPPI under terms of reference and in accordance with procedures satisfactory to the Bank.

Section 6.02. 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 6.03. This Agreement shall continue in effect until the Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

#### ARTICLE VII

##### Representative of the Recipient; Addresses

Section 7.01. The Chairman of the State Committee for Environmental Protection is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

State Committee for Environmental Protection  
B. Gruzinskaya Street, 4/6  
Moscow, 123812  
Russian Federation

Telex:

411 692 BOREI

For the Bank:

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:

248423 (MCI)  
64145 (MCI)

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

RUSSIAN FEDERATION

By /s/ Yuli Vorontsov

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT Acting as  
Implementing Agency of the Global Environment Facility

By /s/ Johannes Linn

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Grant

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

Category	Amount of the Grant Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Goods:	)	100% of foreign expenditures, 100%
(a) for Part A of the Project	220,000 )	) of local expenditures
(b) for Part B of the Project	1,490,000 )	) (ex-factory cost) and 80% of local ex-
(c) for Part C of the Project	210,000 )	) penditures for other items pro-
(d) for Part D of the Project	70,000 )	) cured locally
(2) Consultants' Services, Training and Study Tours:	)	100%
(a) for Part A of the Project	1,640,000 )	)
(b) for Part B of the Project	4,860,000 )	)
(c) for Part C of the Project	2,440,000 )	)
(d) for Part D of the Project	220,000 )	)
(3) Community Investment Grants for Part C.3 of the Project	1,710,000	100%

(4)	Incremental Operating Expenses for Part D of the Project	940,000	100% of local expenditures incurred up to June 30, 1998, and 50% of local expenditures thereafter
	TOTAL	13,800,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient;

(b) the term "local expenditures" means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient;

(c) the term "Community Investment Grants" means grants made to qualified recipients under Part C.3 of the Project; and

(d) the term "Incremental Operating Expenditures" means the incremental operating expenditures incurred by the CPPI for Project implementation, on account of incremental staff salaries, office rental and utility costs, communication, stationary and copying expenses.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of :

(a) payments made for expenditures prior to the date of this Agreement;

(b) payments made for expenditures in respect of Categories (1) (a) and (2) (a) of this Schedule, until the executive authorities of at least one subject of the Recipient affected by or involved in the implementation of Part A of the Project shall have agreed, in a manner satisfactory to the Bank, to implement the relevant part of Part A of the Project; and

(c) payments made for expenditures in respect of Categories (1) (c), (2) (c), and (3) of this Schedule, until: (i) the Commission for Lake Baikal shall have issued a general resolution, satisfactory to the Bank, enabling the implementation of Part C of the Project; and (ii) the oblast administrations of Chita and Irkutsk Oblasts and the Government of Buryatia have issued decrees or resolutions satisfactory to the Bank, providing for the implementation of Part C of the Project.

4. If the Bank shall have determined at any time that any payment made from the Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

5. The Bank may permit withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures for goods, individual consultants' services, training and study tours, community investment grants, and incremental operating costs under contracts costing less than \$50,000 equivalent, and for expenditures for consultants' services under contracts with firms costing less than \$100,000, under such terms and conditions as the Bank shall specify by notice to the Recipient.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist the Recipient to maintain optimum levels of biodiversity in accordance with the principles of economic and environmentally sound sustainable development.

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

Part A: Strategic Overview



1. Development of the national and regional biodiversity strategies, through the provision of goods, services and training.
2. Strengthening of the effectiveness of biodiversity strategies through analytical and participatory actions designed to mainstream environmental protection and biodiversity conservation into federal and regional development policies.
3. Establishment of a biomonitoring information system to assist policy makers to take into account biodiversity issues.

Part B: Protected Areas

1. Institutional support through the strengthening of existing institutional mechanisms, improvement of interagency procedures and coordination, training of personnel, establishment of an international expert council on protected areas, and establishment of regional associations of protected areas, through the provision of goods, services and training.
2. Improvement of the administration capacities of the Recipient's national parks and zapovedniks to exercise goal and project oriented planning, monitoring, implementation and evaluation of protection initiatives, through the provision of goods, services and training.
3. Support of public participation and educational programs in the area of biodiversity through establishment of a coordinating center for environmental education and public support, publication of promotional materials and support of promotional programs, and support for development of model ecotourism projects.
4. Enlargement of the protected area system to ensure better representation of key areas required to protect and promote globally significant biodiversity, and development of policies and legislation for the protection services.
5. Development of a comprehensive training program for protected area staff.

Part C: Lake Baikal Regional Program

1. Promotion of inter-regional biodiversity conservation and natural resource management strategies, through analysis of linkages between economics and environmental protection and support of policy and institutional capacity building, including data analysis and collection, and development of uniform legal, environmental, and economic regulatory mechanisms, through the provision of goods, services and training.
2. Support of three model regional biodiversity conservation demonstration projects in the areas of the Goloustnaya river, Tunguy-Sukhara river, and Khilok river watersheds, through the provision of goods, services and training.
3. Promotion and support of local biodiversity activities, through financing of small grants to local institutions, non-governmental organizations, communities, businesses and individuals, through the provision of goods, services and training.

Part D: Project Management and Coordination

Support of existing and new structures and organizations required for proper management and coordination of Project-related activities, through the provision of funds for incremental operating expenses of the CPPI.

\* \* \*

The Project is expected to be completed by June 30, 2001.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January 1996 (the Guidelines) and the following provisions

of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Recipient.

Part C: Other Procurement Procedures

1. International Shopping

Goods estimated to cost less than \$300,000 equivalent per contract, up to an aggregate amount not to exceed \$3,000,000 equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$2,600,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods estimated to cost the equivalent of \$100,000 or more, the first contract for goods procured under international shopping and under national shopping procedures, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions 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 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each or (b) contracts for the employment of individual consultants estimated to cost less than

\$50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Bank, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

#### SCHEDULE 4

##### Implementation Program

###### A. Overall Project Implementation

1. The SCEP shall be responsible for the overall implementation of the Project and execution of the Grant. A supervisory committee (Supervisory Committee), to be chaired by a senior official of the SCEP (Project Director), shall be responsible for the overall coordination and monitoring of the Project. The Project Director shall be responsible for approving policies and providing guidance on critical aspects of Project component design, operation, and review. The Chairman of the SCEP shall appoint the Project Director and other officials of the SCEP who shall be members of the Supervisory Committee. The head of the FFS shall appoint a senior official of the FFS to serve as deputy chair of the Supervisory Committee.

2. The Project Director shall be supported by a project manager (Project Manager), selected and hired by the CPPI. The Project Manager shall be supervised by the head of the CPPI with respect to all administrative matters. The Project Manager shall be responsible for the day-to-day management of the Project, including: staff/consultant selection and performance; budget management; planning, organizational federal/regional coordination of the technical work, scheduling and quality control; and reporting and reviewing of work in progress.

3. The Project Director and Project Manager shall be assisted in the management and supervision of the Project by a general consultant (General Consultant), a consultant with substantial experience in the area of international biodiversity conservation, who shall be hired by the CPPI. Services of a special adviser, an independent reputable professional specialist, will be occasionally used by the Project Director, through the CPPI, for project activities' review and quality control.

4. Each part of the Project shall be supervised by a component director (Component Director), who shall be a senior official of the SCEP and shall be appointed by the Chairman of the SCEP. Component Directors shall report to the Project Director. Each Component Director, in consultation and coordination with the Recipient's Federal Forest Service, when appropriate, shall provide operational and policy guidance for his or her respective component activities and facilitate coordinated provision of the agreed-upon Recipient's contribution to the Project.

5. Each Component Director shall be supported by one or more component managers (Component Managers), selected and hired by the CPPI. Component Managers shall report to their respective Component Directors and shall be responsible for component/regional team budgets, work programs and schedules, staff/consultant selection, and performance and progress reporting.

###### B. Component Implementation

###### Part A: Strategic Overview

1. The Component Director of the Part A of the Project (Strategic Overview) shall be appointed by the SCEP and shall be an official of the SCEP responsible for conservation of biological resources. The Component Managers shall be responsible for day-to-day management of activities under Part A of the Project. Activities under Part A of the Project shall be coordinated with activities being performed under the Policy and Regulatory Support Component of the EMP. An international scientific and technical committee, chaired by World Conservation Union (IUCN), would be solicited to provide suggestions drawn from comparable programs around the world.

###### Part B: Protected Areas

2. The Component Director of Part B of the Project (Protected Areas) shall be appointed by the SCEP and shall be an official of the SCEP responsible for protected areas. The Component Director shall prioritize specific Recipient's contributions to the Project, including those provided for under the framework of the "Federal Targeted

Program of the State Support for State Natural Reserves and National Parks for the Period up to 2000". The Component Director shall be responsible for coordinating education and training activities funded under the Swiss Grant. The Component Manager shall report to the Component Director and shall be responsible for the day-to-day management of the activities under Part B of the Project.

Part C: Lake Baikal Regional Program

3. Part C of the Project (Lake Baikal Regional Program) shall be implemented under the direction of a supervisory committee (Lake Baikal Supervisory Committee) reporting to the Commission for Lake Baikal and to the Supervisory Committee. The Lake Baikal Supervisory Committee shall meet at least four times a year and shall be chaired by the executive secretary of the Commission for Lake Baikal who shall also be the Component Director for Part C of the Project. The Lake Baikal Supervisory Committee shall also include a total of six representatives of the administrative bodies of the Republic of Buryatia and Irkutsk and Chita Oblasts and six representatives of the Baikal region's non-governmental organization (NGO) community. The six administrative representatives shall include the Regional Subcomponent Directors nominated by the government of the Republic of Buryatia and administrations of Irkutsk and Chita Oblasts and appointed by the SCEP. The heads of the regional bodies of the SCEP or their designees in the Republic of Buryatia and Irkutsk and Chita Oblasts shall be among these six representatives. The six NGO representatives would be nominated by the NGO community for a one-year term on a rotation basis.

4. Each regional subcomponent manager (Regional Subcomponent Manager), selected and hired by the CPPI, shall be supervised by the respective Regional Subcomponent Director. The Regional Subcomponent Directors and Regional Subcomponent Managers shall be responsible for the regional and local activities under Part C of the Project. The inter-regional activities under Part C of the Project shall be supervised and directed by the Lake Baikal Supervisory Committee. An inter-regional subcomponent manager (Inter-regional Subcomponent Manager), selected from outside the region and hired by the CPPI, shall be responsible for day-to-day inter-regional activities under Part C of the Project, and shall be supervised by the Component Director of Part C of the Project.

C. CPPI

1. The CPPI shall be responsible for day-to-day administrative aspects of Project implementation. The CPPI shall be responsible for procurement, accounting, disbursement, auditing, reporting and monitoring, and evaluation activities under the Project. The CPPI shall engage consultants who shall assist the CPPI in the area of procurement, financial management and information systems, and general advice and services, Project performance and progress evaluation. The CPPI perform its functions under the Project in accordance with rules and procedures established by the SCEP, and shall liaise with the Recipient's ministries and agencies, other parties and sub-component implementing teams regarding Project activities. The CPPI shall be responsible for the hiring of the Project Manager, Component Managers, and other technical personnel responsible for Project implementation.

2. To fulfill its responsibilities under the Project, the CPPI shall create an administrative unit within the CPPI (Project Implementation Group). The Biodiversity Project Implementation Group shall be headed by the Project Manager. The CPPI's accounting and procurement units shall work together with the Project Manager on issues related to staff/consultants selection and performance; consolidation of the overall project budget and financial records; management of the Project's Special Account and payment of invoices that have been approved by the Project Manager under the budget; provision of procurement and logistics services for the Project; information management and reporting; and, bilateral donor program coordination.

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 \$750,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$500,000 until the aggregate amount of withdrawals from the Grant Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 2,750,000.

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 Bank 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 Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into 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 Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank 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 Bank shall, on behalf of the Recipient, withdraw from the 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 Bank from the 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 Bank shall reasonably request, furnish to the Bank 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 Bank shall not be required to make further deposits into the Special Account:

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

(b) if the Recipient shall have failed to furnish to the Bank within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Grant allocated to the eligible Categories for the Project, minus the total amount of all outstanding special commitments entered into by the Bank 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 Grant Account of the remaining unwithdrawn amount of

the Grant allocated to the eligible Categories of the Project shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank 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 Bank 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 Bank, the Recipient shall, promptly upon notice from the Bank (A) provide such additional evidence as the Trustee may request, or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank 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 Bank 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 Bank, refund to the Bank such outstanding amount.

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

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

