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07-Dec-2022

Mr. Walter Kling
Secretary General
International Association of Water Supply Companies
in the Danube River Catchment Area (IAWD)
c/o Vienna Waterworks
Grabnergasse 4-6
1060 Vienna, Austria

Re: Grant No. TF0C0185
Danube Water Program Phase IV - Fostering Water Security and Resilient Recovery in the Danube Region Project
Letter Agreement

Dear Sir:

In response to the request for financial assistance made on behalf of the International Association of Water Service Companies in the Danube River Catchment Area ("IAWD") ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, the "Bank"), acting as administrator of grant funds provided under the Danube Region Water Supply and Wastewater Utilities Capacity Building Program Multi-Donor Trust Fund, proposes to extend to the Recipient for the benefit of the Republic of Albania, Bosnia and Herzegovina, the Republic of Bulgaria, the Republic of Croatia, the Republic of Kosovo, the Republic of North Macedonia, the Republic of Moldova, Montenegro, Romania, the Republic of Serbia and Ukraine (each a "Member Country"), a grant in an amount not to exceed one million four hundred thousand Euro (EUR 1,400,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This 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 (as defined in the Annex to this Agreement), 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.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date this Agreement, and returning one duly executed copy to the Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Carolina Sanchez-Paramo
Carolina Sanchez-Paramo
ECA Director of Strategy and Operations and Acting ECA VP

AGREED:

INTERNATIONAL ASSOCIATION OF WATER SERVICE COMPANIES IN THE DANUBE RIVER CATCHMENT AREA (IAWD)

By Walter Kling
Authorized Representative

Name Walter Kling

Title IAWD President

Date 07-Dec-2022

Enclosures:

(1) "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

(2) Disbursement and Financial Information Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

Grant No. TF0C0185
ANNEX

Article I
Standard Conditions; Definitions

1.01. ***Standard Conditions.*** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. ***Definitions.*** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Section:

(a) "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.

(b) "Category" means a category set forth in the table in Section 3.01 of this Annex.

(c) "Danube Learning Partnership" or "D-Leap" means a regional capacity building initiative of national water utility associations and the Recipient, providing a comprehensive curriculum to the staff of water and wastewater utilities located in the Danube region.

(d) "Danube Water Conference" means an international forum organized biennially in Vienna with the objective to share lessons learned and to discuss water management approaches amongst water sector professionals and stakeholders.

(e) "Danube Water Forum" means an international forum organized biennially in a target country of the Danube region with the objective to share lessons learned and to discuss water management approaches amongst water sector professionals and stakeholders.

(f) "Enabling Legislation" means the Statute pursuant to which the International Association of Water Service Companies in the Danube River Catchment Area has been established.

(g) "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated November 2. 2022, 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.

(h) "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 African Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank.

(i) "IAWD Secretariat" means the unit in charge of the day-to-day implementation of the Project as referred to in Section 2.03(a) of this Annex.

(j) "IFI" means an international financial institution.

(k) "Operating Costs" means the reasonable expenditures incurred for the implementation of the Project by the Recipient on account of office rental, utility charges, transportation, office supplies, maintenance of office and equipment, photocopying, translation, printing, advertisements, banking charges, communication services, support for information systems, travel costs, including accommodation and *per diem*, and support staff excluding salaries of officials of the Recipient's staff.

(l) "Participating Countries" means the following countries that can only engage in regional knowledge sharing activities financed by the Project: the Republic of Austria, the Czech Republic, the Republic of Hungary, the Slovak Republic and the Republic of Slovenia.

(m) "Procurement Regulations" means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.

(n) "Project Implementation Manual" means the manual to be updated and adopted by the Recipient as described in Section 2.03(c) of this Annex.

(o) "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 the Appendix.

(p) "Target Countries" means the countries referred to in the first paragraph of this Agreement that may not only financially benefit from the Project, but also engage in the regional knowledge sharing activities financed by the Project.

(q) "Training" means Project related study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers' contracts, including costs of training materials, space and equipment rental, travel, *per diem* costs of trainees and trainers' fees, and interpretation and translation services.

(r) "Utility Benchmarking Program" means a program that allows to significantly raise awareness on the importance of data collection among participating utilities and create a network of utilities working collectively to improve performance.

(s) "Voice of Danube Community" means the network of water sector professional and stakeholders actively participating or benefitting from Danube Water Program activities.

Article II
Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to foster water security and resilient recovery of Target and Participating Countries in the Danube region. The Project consists of the following parts:

Part 1. **Regional Capacity Building Activities for Water Utilities**

Providing participating utility companies and water sector professionals with a comprehensive set of learning and capacity programs by:

(a) Facilitating the expansion of the utility network and the creation of additional hubs at the national level for the exchange and comparison of performance data through the Utility Benchmarking Program.

(b) Strengthening the roll-out of training programs under the Danube Learning Partnership (D-Leap) by (i) assessing relevant technical partners and identifying an appropriate mix of virtual and face-to-face training to reduce costs; (ii) engaging with bilateral donors and IFIs to secure funding for participants; and (iii) further strengthening the link between the hubs and the national institutions supporting the program through regular national roundtables with relevant actors.

(c) Supporting the Recipient's institutional reform and improvement process by assessing different options for institutional arrangements, including the pros and cons for the Recipient's legal structure.

Part 2. Communication, Outreach, and Knowledge Sharing

Increasing community outreach and building community knowledge in the region through:

(a) Organization of the Danube Water Conference and the Danube Water Forum in a virtual or hybrid way, to facilitate knowledge sharing within the regional community.

(b) Improvement of the Voice of the Danube website to make the Voice of Danube Community a community of practice supported by regular virtual networking events, social media channels and promotional activities to increase community outreach.

(c) Development of an awareness campaign in cooperation with relevant partners to highlight the importance of water services in the region.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient shall, throughout Project implementation, maintain the IAWD Secretariat, with a composition, mandate, terms of reference and resources satisfactory to the Bank, to be responsible for the prompt and efficient day-to-day implementation, planning, management and coordination of the Project, including the overall aspect of the Project financial management and procurement.

(b) To that end, the Recipient shall, not later than two (2) months after the Effective Date, recruit an accounting and financial management firm, under terms of reference acceptable to the Bank and in accordance with modalities set out in the Project Implementation Manual to be responsible for Project accounting, record keeping, execution of payment orders and financial reporting.

(c) The Recipient shall update in accordance with terms of reference acceptable to the Bank, and thereafter adopt the Project Implementation Manual, which shall include, *inter alia:* (i) arrangements on financial management under the Project; (ii) procurement management procedures; (iii) institutional administration, coordination and day-to-day execution of the Project; (iv) monitoring and evaluation; (v) reporting; and (vi) such other technical and organizational arrangements and procedures as shall be required for the Project.

(d) The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual, provided, however, that in case of any conflict between the provisions of the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(e) Except as the Bank shall otherwise agree, the Recipient shall not amend, abrogate or waive any provisions of the Project Implementation Manual.

2.04. **Environmental and Social Standards**

(a) 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.

(b) Without limitation upon paragraph (a) 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:

(i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;

(ii) sufficient funds are available to cover the costs of implementing the ESCP;

(iii) 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

(iv) 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.

(c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) The Recipient shall ensure that:

(i) 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*: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and

(ii) 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, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

(e) 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.

2.05. ***Project Monitoring, Reporting and Evaluation.*** The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after each calendar semester, covering the calendar semester.

Article III
Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** 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 EUR**	**Percentage of Expenditures to be Financed (inclusive of Taxes)**

(1) Goods, consulting services, Operating Costs and Training under the Project	1,400,000	100%
TOTAL AMOUNT	1,400,000	

3.02. ***Withdrawal Conditions.*** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that, withdrawals up to an aggregate amount not to exceed EUR 140,000 equivalent may be made for payments made prior to this date but on or after the date falling twelve (12) months prior to the Signature Date, for Eligible Expenditures under Category (1).

3.03. ***Withdrawal Period.*** The Closing Date is December 31, 2025.

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) The Recipient's Enabling Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under the Project.

(b) An extraordinary situation has arisen which makes it improbable that the Recipient shall be able to perform its obligations under the Project.

Article V
Effectiveness; Termination

5.01. The Additional Conditions of Effectiveness consists of the following, namely, the Recipient has updated and adopted the Project Implementation Manual in form and substance acceptable to the Bank.

5.02. 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.

5.03. *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. ***Recipient's Representative***. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Secretary General.

6.02. ***Recipient's Address***. For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient's Address is:

International Association of Water Supply Companies
in the Danube River Catchment Area (IAWD)
c/o Vienna Waterworks
Grabnergasse 4-6
1060 Vienna, Austria; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+43 1 599 59 7311	office@iawd.at

6.03. ***Bank's Address***. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
International Development Association
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

APPENDIX
Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Paragraph 18 of the Appendix (Definitions) is modified to read as follows:

"18. "Member Country" means a member of the World Bank in whose territory the Project is carried out or any of such member's political or administrative subdivisions and refers separately to each such member."

2. Section 3.07 is modified to read as follows:

"Section 3.07. *Financing Taxes*

(a) The Grant Agreement may specify that the proceeds of the Grant may not be withdrawn to pay for Taxes levied by, or in the territory of, a Member Country on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply. In such case, if the amount of any such Taxes decreases or increases, the World Bank may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Grant specified in the Grant Agreement, as required to ensure consistency with such limitation on withdrawals."

3. Section 4.02 is amended as follows:

(i) Paragraph (a) is amended to read as follows:

"(a) *Interference.* If the Grant has been made to a Recipient which is not a Member Country, a Member Country has: (i) taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Grant Agreement; or (ii) failed to afford a reasonable opportunity for representatives of the Bank to visit any part of its territory for purposes related to the Grant or the Project."

(ii) Paragraphs (c) and (d) are amended to read as follows:

"(c) *Fraud and Corruption.* At any time, the Bank determines that any representative of the Recipient (or any Member Country, if the Recipient is not the Member Country, or any other recipient of any of the proceeds of the Grant) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Grant, without the Recipient (or any such Member Country or any other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.

(d) *Cross Suspension*. IBRD or IDA has suspended in whole or in part the right of the Recipient (or of any Member Country, if the Recipient is not the Member Country) to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Recipient (or by any such Member Country) to perform any of its obligations under such agreement or any other agreement with IBRD or IDA."

(iii) Paragraph (h) is amended to read as follows:

"(h) *Membership.* A Member Country: (i) has been suspended from membership in or ceased to be a member of IBRD or of IDA; or (ii) has ceased to be a member of the International Monetary Fund."

(iv) The first sentence of paragraph (i) is amended to read as follows:

"(i) *Condition of Recipient.* If the Grant has been made to a Recipient which is not a Member Country:"

(v) Paragraph (j) is amended to read as follows:

"(j) *Ineligibility*. IBRD or IDA has declared the Recipient (other than a Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier."

4. Paragraph (c) of Section 4.03 is modified to read as follows:

"(c) *Fraud and Corruption.* At any time, the Bank determines, with respect to any amount of the proceeds of the Grant, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient (or any Member Country, if the Recipient is not a Member Country, or any other recipient of the proceeds of the Grant), without the Recipient (or any such Member Country or other recipient of the proceeds of the Grant) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur."

5. Paragraph (a)(ii) of Section 4.05 is modified to read as follows:

"(ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount, or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Recipient (or any Member Country, if the Recipient is not a Member Country, or other recipient of such amount of the Grant), in either case without the Recipient (or any such Member Country, or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur."

6. Paragraph (k) of Section 5.03 is modified to read as follows:

"(k) If, within thirty days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Grant Agreement. Notwithstanding the foregoing, if the Recipient is the Member Country, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section."