
GRANT NUMBER TF0C1898

**European Commission – World
Bank Partnership Programme Part
III for Europe and Central Asia
Programmatic Single-Donor Trust
Fund Grant Agreement**

(Improvement and Rehabilitation of Irrigation Systems Project)

between

REPUBLIC OF KOSOVO

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the European Commission – World Bank Partnership
Programme Part III for Europe and Central Asia Programmatic Single-Donor
Trust Fund

GRANT NUMBER TF0C1898

**EUROPEAN COMMISSION – WORLD BANK PARTNERSHIP PROGRAMME
PART III FOR EUROPE AND CENRAL ASIA PROGRAMMATIC
SINGLE-DONOR TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF KOSOVO (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the European Commission – World Bank Partnership Programme Part III for Europe and Central Asia Programmatic Single-Donor Trust Fund. The Recipient and the Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix this Agreement.

**Article II
The Project**

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

**Article III
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed nine million one hundred fifty thousand Euro (EUR 9,150,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.

- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness; Termination

- 4.01. The Additional Conditions of Effectiveness consist of the following, namely, the Recipient, through MAFRD, has established a Project Implementation Unit (PIU) with composition, resources, and terms of reference satisfactory to the Bank.
- 4.02. 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 4.01 of this Agreement ("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.
- 4.03. 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 V
Recipient's Representative; Addresses

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance, Labor, and Transfers.
- 5.02. For purposes of Section 7.01 of the Standard Conditions:
- (a) the Recipient's address is:
- Ministry of Finance, Labor and Transfers
New Government Building
Mother Teresa Street
10000 Pristina
Republic of Kosovo; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+383-38-213-113	debtunit@rks-gov.net

5.03. 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

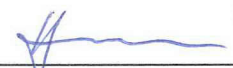
(b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

REPUBLIC OF KOSOVO

By



Authorized Representative

Name: Hekuran Muxati

Title: Ministry

Date: October 13, 2023

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION acting as administrator of the European
Commission – World Bank Partnership Programme Part III
for Europe and Central Asia Programmatic Single-Donor
Trust Fund**

By



Authorized Representative

Name: Massimiliano Paolucci

Title: Country Manager, Kosovo and North Macedonia

Date: October 13, 2023

SCHEDULE 1

Project Description

The objective of the Project is to increase the efficiency of water utilization and boost agricultural productivity in the Project area.

The Project consists of the following parts:

Part 1. Rehabilitation and Modernization of the RDIS

- 1.1. Rehabilitation of the RDIS, including: (a) rehabilitation works to modernize and upgrade the RDIS, including, *inter-alia*: (i) rehabilitation and upgrade of the regulating structure, aiming at controlling water flow and water use to ensure efficient water management; and (ii) rehabilitation of three irrigation sub-systems; and (b) supervision of the progress and quality of works.
- 1.2. Modernization of the RDIS through support to the development and establishment of SCADA to: (a) ensure better water use efficiency and institutional and financial sustainability of the irrigation system; (b) enable remote operation of irrigation structures and reduce operating costs and water losses; (c) allow centralized monitoring and control and detect irregularities in real-time; (d) allow safer and faster operation of the valves in outlet structures; and (e) allow for better planning and water release.

Part 2. Capacity Building to Increase Water Use Efficiency and Agriculture Productivity

Improving the sustainability and efficiency of infrastructure investments and increasing the capacities of all relevant stakeholders through the provision of technical assistance to:

- (a) existing irrigation providers to improve the overall corporate governance and best practices in management and to prepare quality business plans.
- (b) farmers to support: (i) on-farm irrigation development, including activities to develop and operate a pilot farm in the RDIC area, introducing modern on-farm irrigation technologies and good practices for an efficient on-farm water management; and (ii) agriculture practices, including activities to optimize production costs and ensure the transition to a more productive agriculture while introducing agro-ecological practices, developing value chains, supporting marketing and empowering farmer groups.
- (c) the MAFRD and the municipalities by strengthening their capacities to: (i) provide irrigation and drainage advisory services to the farmers on irrigation technologies and water use management; and (ii) the organization of knowledge exchanges related to Project activities.

Part 3. Project Management, Coordination, Monitoring and Evaluation

Provision of support for the establishment of the PIU, including technical assistance, training and Operating Costs for Project management, coordination, and monitoring evaluation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The MAFRD shall be responsible for overall Project implementation.
2. The Recipient shall, through MAFRD, establish within the MAFRD and thereafter maintain, throughout Project implementation, a Project implementation unit ("Project Implementation Unit" or "PIU") with composition, resources, terms of reference and functions acceptable to the Bank to be responsible for: (a) day-to-day Project management; (b) coordination and cooperation among various government agencies and institutions; (c) preparation of annual work plans and budgets; (d) preparation and regular update of the Project procurement plan; (e) preparation of quarterly unaudited financial reports and annual audited financial statements; (f) M&E of Project activities, including measuring and updating of the results framework indicators, and monitoring and reporting on ESF compliance; (g) management of the Project GRM and citizen engagement activities; (h) preparation of semi-annual and annual progress reports, (i) briefing of MAFRD on the status of Project implementation; and (j) systematic filing of all Project-related documents, including procurement and financial management.
3. The Recipient shall, through MAFRD, not later than six (6) months after the Effective Date, establish and thereafter maintain, throughout Project implementation, a monitoring committee with composition, resources, terms of reference and functions acceptable to the Bank ("Monitoring Committee"), comprising representatives of MAFRD in charge of the irrigation sector, and of the RDIC, and the irrigation engineer hired under the PIU, to oversee the irrigation rehabilitation works.

B. Project Operations Manual

1. The Recipient, through MAFRD, shall not later than two (2) months after the Effective Date, update and adopt the Project Operations Manual, in a manner acceptable by the Bank, and thereafter carry out the Project in accordance with said Project Operations Manual.
2. Except as the Bank may otherwise agree in writing, MAFRD shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operations Manual or any provisions thereof.
3. In case of any conflict between the terms of the Project Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Environmental and Social Standards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and supervising entities to:
(a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

- (a) all records evidencing expenditures under the Project are retained for five (5) years and six (6) months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and
- (b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time-to-time reasonably request; and (iii) able to disclose such records and information to the Donor.

B. Project Reports

The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Grant Proceeds

A. General

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

Category	Amount of the Grant Allocated (expressed in Euro)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, consulting services, non-consulting services, Operating Costs and Training the Project	9,150,000	100%
TOTAL AMOUNT	9,150,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is March 31, 2026.

APPENDIX

Definitions

1. “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.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 3, 2023, 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.
4. “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”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
5. “ESF” means the World Bank Environmental and Social Framework, initiated after October 1, 2018.
6. “GRM” means grievance redress mechanism.
7. “M&E” means monitoring and evaluation.

8. "Ministry of Agriculture, Forestry and Rural Development" or "MAFRD" means the Recipient's Ministry for Agriculture, Forestry and Rural Development, or any legal successor thereto.
9. "Monitoring Committee" means the committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
10. "Operating Costs" means the incremental costs directly associated with the implementation of the Project and as agreed with the Bank, including office supplies, office rent, and office equipment rental and repair, telecommunication costs, local transport costs, vehicle operation and maintenance costs, travel costs (including air fare, hotel costs and *per diems*), hospitality costs for meetings and conferences, translation and interpretation costs, and costs for production of documents, publication of advertisements, procurement notices and media spots.
11. "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.
12. "Project Implementation Unit" or "PIU" means the unit to be established within the MAFRD, charged with implementation of the Project and referenced in Section I.A.2 of Schedule 2 to this Agreement.
13. "Project Operations Manual" or "POM" means the manual describing procedures for Project implementation, including, *inter alia*, (a) the financial and accounting policies and procedures for the Project; (b) the organization of the financial management unit, functions, staffing and relevant job descriptions; (c) necessary templates for recording, monitoring and reporting various transactions; (d) Project internal controls; (e) disbursement procedures; (f) Project budgeting, planning and financial forecasting; (g) Project reporting; and (h) such other technical, administrative, fiduciary or coordination arrangements as may be necessary to ensure effective Project implementation, and as said manual may be amended from time-to-time with the agreement of the Bank.
14. "RDIC" means the Radoniqi-Dukagjini Irrigation Company.
15. "RDIS" means Radoniqi-Dukagjini Irrigation Schemes, the irrigation network servicing the municipalities of Gjakove, Rahovec and Prizren.
16. "SCADA" means a Supervisory Control and Data Acquisition aimed at ensuring better water use efficiency.
17. "Signature Date" means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to "the date of the Grant Agreement" in the Standard Conditions.

18. “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.
19. “Training” means Project related study tours, training courses, seminars, workshops and other training activities, including costs of training materials, space and equipment rental, travel, accommodation and *per diem* costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.