

CONFORMED COPY

TF034224

Dutch Grant Agreement

(Energy Efficiency/Housing Pilot Project)

between

REPUBLIC OF LITHUANIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

as Administrator of Grant Funds
provided by the NETHERLANDS

Dated October 28, 1996

TF034224

DUTCH GRANT AGREEMENT

AGREEMENT, dated October 28, 1996, between the REPUBLIC OF LITHUANIA (the Recipient) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as Administrator (the Administrator) of grant funds provided by the NETHERLANDS (the Donor).

WHEREAS (A) the Government of the Netherlands wishes to make available to the Recipient a grant in the amount of one million and five thousand seven hundred and eighty-eight Dutch Guilders (NLG 1,005,788) to assist the Recipient in the financing of the technical assistance described in Schedule 2 to this Agreement (the Technical Assistance); and

WHEREAS (B) pursuant to a letter agreement dated August 7, 1996, between the Netherlands and the Bank, the Netherlands has requested the Bank, and the Bank has agreed, to administer grant funds to be made available by the Netherlands for the financing of the Technical Assistance in accordance with the provisions of such letter 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), (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; and
 - (x) Article XI.
- (b) The General Conditions shall be modified as follows:
- (i) 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 International Bank for Reconstruction and Development acting as Administrator of the Grant pursuant to the letter agreement between Sweden and the Bank referred to in Recital (A) of this Agreement, except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;
 - (ii) the term "Borrower," wherever used in the General Conditions, means the Recipient;
 - (iii) the term "Loan Agreement," wherever used in the General Conditions, means this Agreement;
 - (iv) the term "Loan," wherever used in the General Conditions, means the Grant;
 - (v) the term "Loan Account," wherever used in the General Conditions, means the Grant Account, an account opened by the Administrator on its books in the name of the Recipient to which the amount of the Grant is credited;
 - (vi) the term "Project," wherever used in the General Conditions, means the technical assistance described in Schedule 2 to this Agreement; and
 - (vii) Section 4.01 shall be modified to read:

"Withdrawals from the Grant Account shall be made in Dollars; provided, however, that if the expenditures to be financed out of the Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal."

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 term has the following meaning: "Dutch Guilders" and "NLG" mean the currency of the Netherlands.

ARTICLE II

The Grant

Section 2.01. The Administrator 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 of one million and five thousand seven hundred and eighty-eight Dutch Guilders (NLG 1,005,788).

Section 2.02. After the funds are made available to the Bank by the Donor, the amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and the Administrator, for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of carrying out the Project and to be financed out of the Grant.

Section 2.03. The Closing Date shall be February 15, 2000, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. The Recipient shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and banking practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Administrator shall otherwise agree, procurement of the consultants' services required for the Project and to be financed out of the Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (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 for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;
- (ii) furnish to the Administrator 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 Administrator shall have reasonably requested; and
- (iii) furnish to the Administrator such other information concerning said records and accounts and the audit thereof as the Administrator 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 Administrator 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 Administrator'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 IV

Effectiveness; Termination

Section 4.01. This Agreement shall become effective upon its execution by the parties hereto.

Section 4.02. 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 V

Representation

Section 5.01. The Ministry of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance
Sermuksniu 6
2696 Vilnius
Lithuania

Telex:

261252 FUNA SU

For the Administrator:

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

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 as of the day and year first above written.

REPUBLIC OF LITHUANIA

By /s/ Algimantas Krizinauskas

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
as Administrator of the Grant

By /s/ Thomas Blinkhorn

Authorized Representative

Withdrawal of the Grant

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

Category	Amount of the Grant Allocated (in NLG)	% of Expenditures to be Financed
(1) Consultants' Services	1,005,788	100%
Total	1,005,788	

2. Notwithstanding the provisions of paragraph 1 above, and unless otherwise agreed between the Administrator and the Recipient, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

3. The Administrator may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for services under contracts costing less than \$100,000 for the employment of consulting firms and under contracts less than \$50,000 for the employment of individual consultants, under such terms and conditions as the Administrator shall specify by notice to the Recipient.

SCHEDULE 2

Description of the Technical Assistance

The Technical Assistance shall consist of the provision of consultants' services to assist the Recipient in the implementation of the Energy Efficiency/Housing Pilot Project (the Pilot Project) described in Schedule 2 to the Loan Agreement dated August 6, 1996, between the Recipient and the Administrator.

The consultants shall perform the following functions:

- (i) provision of assistance to homeowners and homeowners' associations to undertake residential energy efficiency improvements under the Pilot Project;
- (ii) technical monitoring of energy efficiency measures implemented under the Pilot Project; and
- (iii) provision of assistance for commercial banks participating in on-lending arrangements to homeowners and homeowners' associations for residential energy efficiency improvements under the Pilot Project.

SCHEDULE 3

Consultants' Services

In order to assist the Recipient in the implementation of the Project, consultants shall be employed whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Administrator. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Administrator on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by The World Bank as Executing Agency" published by the Administrator in August 1981 (the Consultant Guidelines). For complex time-based assignments, the Recipient shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Administrator, with such modifications as shall have been agreed by the Administrator. Where no relevant standard contract documents have been issued by the Administrator, or, unless otherwise agreed with the Administrator, the Recipient shall use other standard forms agreed with the Administrator.



