

CONFORMED COPY

GET GRANT NUMBER TF028650 AL

Global Environment Trust Fund  
Grant Agreement

(Oil Pollution Management Project  
for the Southwest Mediterranean Sea)

between

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

acting as Trustee of the Global Environment  
Trust Fund

Dated May 20, 1994

GET GRANT NUMBER TF028650 AL

GLOBAL ENVIRONMENT TRUST FUND GRANT AGREEMENT

AGREEMENT, dated May 20, 1994, between the DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA (the Recipient) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as Trustee of grant funds provided by Participants of the Global Environment Facility into the Global Environment Trust Fund (GET) (the Trustee).

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

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

WHEREAS (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 in the financing of the Project, and the

Trustee has determined that such assistance would be in accordance with the provisions of the Resolution;

WHEREAS (D) the Recipient has obtained from the Bank, by an agreement dated September 17, 1990 between the Recipient and the Bank, a loan in an amount equivalent to \$63,000,000 for a Third Ports Project (Loan 3105 AL);

WHEREAS (E) by a GET Grant Agreement of even date herewith between the Republic of Tunisia ("Tunisia") and the Trustee, the Trustee has agreed to make available to Tunisia a GET Grant in an amount equivalent to SDR 4,200,000 to assist in the financing of the Project;

WHEREAS (F) by a Letter of Agreement of even date herewith between the Kingdom of Morocco (the "Kingdom") and the Trustee, and a GET Grant Agreement of even date herewith between the Trustee and ODEP (as hereinafter defined), the Trustee has agreed to make available to ODEP a GET Grant in an amount equivalent to SDR 4,100,000 to assist in the financing of the Project; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

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

- (i) Article I;
  - (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (18) and (20), 2.02 and 2.03;
  - (iii) Section 3.01;
  - (iv) Section 4.01 and the first sentence of Section 4.09;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02 (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: "the term "Special Drawing Rights" and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
  - (ii) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Trustee;
  - (iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
  - (iv) the term "Loan Agreement", wherever used in the General

Conditions, means this Agreement;

- (v) the term "Loan" and "loan" wherever used in the General Conditions, means the GET Grant;
- (vi) the term "Loan Account" wherever used in the General Conditions, means the GET Grant Account; and
- (vii) a new sub-paragraph shall be added after sub-paragraph (j) in Section 6.02 of the General Conditions, as follows:

"An extraordinary situation shall have arisen in which any further disbursement under the GET Grant would exceed the resources available for disbursement from the GET."

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) "Barcelona Convention" means the Convention for the Protection of the Mediterranean against Pollution, signed in Barcelona, Spain, on February 16, 1976, as amended from time to time, and to which the Recipient is a signatory party;

(b) "Category" means a category of items to be financed out of the proceeds of the GET Grant as set forth in the table in paragraph 1 of Schedule 1 to this Agreement, and the term "Categories" means more than one Category collectively;

(c) "Central Bank" means the Central Bank of Algeria (Banque d'Algérie), established and operating pursuant to the Recipient's Law No. 90-10 dated April 14, 1990, as the same may be amended from time to time;

(d) "Cooperative Agreement" means the agreement to be concluded among the Algerian Port Enterprises (as hereinafter defined), ODEP (as hereinafter defined) and OPNT (as hereinafter defined), in accordance with the principles on cooperation in the area of pollution control, setting forth, on a permanent basis, the institutional arrangements necessary for, and the conditions and procedures applicable to, the use of personnel and equipment to combat accidental oil spills, as said use is to be devised in the regional contingency plan to be implemented by the Recipient pursuant to Part B.1 of the Project;

(e) "CRCP" means the Regional Project Coordination Committee (Comité Régional Pour la Coordination du Projet) established among the Recipient, the Kingdom and Tunisia for the purposes of the preparation and coordination of the Project;

(f) "FY" or "Fiscal year" means the twelve (12) month period corresponding to any of the Recipient's fiscal years, which period commences on January 1 and ends on December 31 in each calendar year;

(g) "Fund Convention" means collectively the International Convention on the Establishment of an International Fund for Oil Pollution Damage, signed in Brussels, Kingdom of Belgium, on December 18, 1971, and the 1984 Protocol, as both may be amended from time to time, and that the Recipient has ratified;

(h) "Liability Convention" means the International Convention of Civil Liability for Oil Pollution Damage, signed on November 29, 1969, as may be amended from time to time, and that the Recipient has ratified;

(i) "Algerian Port Enterprises" means the Port Enterprise of Algiers (EPAL), the Port Enterprise of Arzew (EPAZ), the Port Enterprise of Bejaia (EPB) and the Port Enterprise of Skikda (EPS);

(j) "MARPOL 73/78 Convention" means collectively the International Convention for the Prevention of Pollution from Ships, signed in London, England, on November 2, 1973, and the 1978 Protocol, as both may be amended from time to time, and that the Recipient has ratified;

(k) "National Contingency Plan" means the Recipient's national plan setting forth arrangements to respond to accidental oil spills, elaborated on the basis of oil spill contingency and environmental sensitivity plans and the concept of risk assessment, and which is to be implemented by the Recipient pursuant to Part A.2 of the Project;

(l) "ODEP" means the Office for Port Operation (Office d'Exploitation des Ports) of the Kingdom;

(m) "ODEP GET Grant Agreement" means the agreement of even date herewith between ODEP and the Trustee for the Project, 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 ODEP GET Grant Agreement;

(n) "OPNT" means the Office of National Ports of Tunisia (Office des Ports Nationaux de Tunisie);

(o) "Port Directorate" means the Recipient's Port Directorate (Direction des Ports), a central structure of the Ministry of Transport established and operating pursuant to the Recipient's executive decree 89-166 of August 29, 1989 setting forth the organization of the Ministry of Transport;

(p) "Project Preparation Advance" means the project preparation advance No. 28607 granted by the Trustee to the Recipient pursuant to an exchange of letters dated June 9, 1992, between the Recipient and the Trustee;

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

(r) "Tunisia GET Grant Agreement" means the agreement of even date herewith between Tunisia and the Trustee for the Project, 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 Tunisia GET Grant Agreement.

## ARTICLE II

### The GET Grant

Section 2.01. The Trustee agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GET Grant in an amount in various currencies equivalent to five million Special Drawing Rights (SDR 5,000,000).

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

(b) The Recipient shall, for the purposes of the Project, open and maintain in US dollars a special deposit account in its Central Bank on terms and conditions satisfactory to the Trustee. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1999, or such later date as the Trustee shall establish. The Trustee shall promptly notify the Recipient of such later date.

## ARTICLE III

### Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through the Port Directorate with due diligence and efficiency and in accordance with appropriate administrative, engineering, environmental, financial, oil pollution management and technical practices and with due regard to ecological and marine environmental factors as set forth in the Barcelona Convention, Fund Convention, Liability Convention and MARPOL 73/78 Convention, 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 Trustee and the Recipient 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 Trustee shall otherwise agree, procurement of the goods, works and consultants' services required for the Project shall be governed by the provisions of Schedule 3 to this Agreement.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each Fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Trustee;
- (ii) furnish to the Trustee as soon as available, but in any case not later than nine (9) months after the end of such year the report of such audit by said auditors, of such scope and in such detail as the Trustee shall have reasonably requested; and
- (iii) furnish to the Trustee such other information concerning said records and accounts and the audit thereof as the Trustee shall from time to time reasonably request.

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Trustee has received the audit report for the Fiscal Year in which the last withdrawal from the GET Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Trustee's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such Fiscal Year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. The Recipient shall maintain during the execution of the Project waivers on all taxes and duties applicable to items to be financed out of the proceeds of the GET Grant.

Section 4.03. The Recipient shall maintain throughout the execution of the Project the applicable framework, including the national environmental fund established by Law No. 91-25 of December 18, 1991, for the financing of future expenses necessary to combat oil spills, to train additional personnel in oil combatting activities, and expand investments for oil pollution abatement activities, as required to further the objectives of the Project.

#### ARTICLE V

##### Effectiveness; Termination

Section 5.01. The following event is specified as a condition to the

effectiveness of the GET Grant Agreement, namely that, the Algerian Port Enterprises, ODEP and OPNT shall have concluded the Cooperative Agreement, as agreed with the Trustee.

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

#### ARTICLE VI

##### Representative of the Recipient; Addresses

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

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

##### For the Recipient:

Ministry of Economy  
Palais du Gouvernement  
Algiers  
Democratic and Popular  
Republic of Algeria

Cable address:

FINPLAN  
Algiers

Telex:

67073

##### For the Trustee:

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

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

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

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

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

By /s/ Nourredine Zerhouni

Authorized Representative

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

By /s/ Caio Koch-Weser

Regional Vice President  
Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the GET Grant

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

Category	Amount of the GET Grant Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works and Equipment for Vessel Traffic System Stations	1,280,000	100% of foreign expenditures
(2) Equipment and Dispersant to Combat Oil Spills	1,650,000	100%
(3) Equipment for Deballasting Stations	940,000	100%
(4) Laboratory Equipment	143,000	100%
(5) Training	130,000	100%
(6) Consultants' Services	70,000	100%
(7) Unallocated	787,000	
TOTAL	5,000,000	

2. For the purposes of this Schedule, 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.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of Category (2), unless and until the Trustee shall be satisfied that an appropriate National Contingency Plan has been adopted by the Beneficiary.

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

5. The Trustee may require withdrawals from the GET Grant Account to be made on the basis of statements of expenditures for expenditures under contracts not exceeding SDR 7,200, under such terms and conditions as the Trustee shall specify by notice to the Beneficiary.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Recipient, the Kingdom and Tunisia in protecting their marine environment through the development of a comprehensive and integrated system for the management of oil pollution caused by

marine sources. To this end, the Project aims to: (i) reduce the quantity of petroleum hydrocarbons entering the international waters of the Mediterranean Sea; and (ii) ensure the availability of port reception facilities and services necessary to enable the Recipient, the Kingdom, and Tunisia to comply with, and enforce, the requirements of the MARPOL 73/78 Convention and other international norms for the protection of the marine environment from oil pollution.

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

Part A: National Component

Carrying out of a national strategy designed to: (i) expand and strengthen the infrastructure and equipment to combat oil spills of selected ports of the Recipient; and (ii) promote policies and institutional measures for improving the Recipient's planning and coordination capabilities to respond to oil spills, consisting in particular of:

1. Physical Elements:

- (a) Provision of equipment and dispersant to combat oil spills;
- (b) Upgrading of the deballasting station located in the port of Arzew so as to improve its operational efficiency to receive and handle ballast waters and bilge waters;
- (c) Construction of: (i) sheds (or rehabilitation) to store equipment for combatting oil spills; (ii) three (3) vessel traffic system stations in Algiers, Skikda, and Arzew; and (iii) four (4) laboratories in Algiers, Bejai, Skikda, and Arzew;
- (d) equipping of selected laboratories and provision of auxiliary equipment for sample analysis of sea water; and
- (e) monitoring and auditing of sea waters through sample analysis of oil content.

2. Institutional Elements:

- (a) Development and implementation of the National Contingency Plan, and provision of consultants' services and training as required therefor;
- (b) Undertaking of a program designed to promote the application and updating of the Recipient's regulatory framework governing oil pollution, including the development of suitable mechanisms to improve cost recovery and sustainability of investments and operating costs of the facilities associated with the handling of oil pollution and to promote compliance by ship owners with the MARPOL 73/78 Convention.

Part B: Regional Component

Preparation and implementation of a program designed to provide a multilateral framework within which the activities referred to in Part A of this Schedule are developed within a common approach, consisting of:

1. Development and implementation with the Kingdom and Tunisia of regional oil spill environmental sensitivity and contingency plans, and, on the basis thereof and pursuant to the prioritization resulting from applying a risk assessment approach, adoption and undertaking in unison with the Kingdom and Tunisia of a suitable regional contingency spill response plan devising: (i) a quick, concerted and regional response to accidental oil spills; and (ii) a suitable monitoring and compliance auditing regional system designed to avoid transfer of pollution to neighboring areas of the Mediterranean Sea, including formulation and implementation of financial techniques to promote regional compliance with the MARPOL 73/78 Convention, development of balance sheet auditing principles to assess the efficacy of monitoring techniques, formulation of a methodology for the exchange, collection and collation of relevant monitoring data, and provision of equipment as required therefor.

2. Provision of training necessary for the activities referred to in Part B.1 of this Schedule, to the extent possible on a regional basis so as to facilitate joint operation of equipment, to a sufficient number of personnel of the Recipient's administration responsible for preventing and combatting accidental oil spills,



controlling maritime traffic, and operating deballasting stations and oil terminals.

\* \* \*

The Project is expected to be completed by December 31, 1998.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### Part A: International Competitive Bidding

1. (a) Except as provided in Part C hereof, equipment and dispersant to combat oil spills shall be procured under contracts awarded jointly with ODEP and OPNT in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

(b) Except as provided in Part C hereof, equipment and works for construction of vessel traffic system stations, laboratory equipment, and equipment for upgrading of deballasting stations shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the Guidelines.

(c) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Trustee, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(d) In the procurement of goods and works in accordance with this Part A, the Recipient shall use the relevant standard bidding documents issued by the Trustee, with such modifications thereto as the Trustee shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Trustee, the Recipient shall use bidding documents based on other internationally recognized standard forms agreed with the Trustee.

2. To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$100,000 or more.

###### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 (b) hereof, goods manufactured in the Democratic and Popular Republic of Algeria may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

###### Part C: Other Procurement Procedures

###### Local Competitive Bidding:

1. Works for construction of sheds and construction of laboratories may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Trustee.

###### International Shopping:

2. Goods estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount equivalent to \$200,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three (3) suppliers from at least two (2) different countries eligible under the Guidelines, in accordance with procedures acceptable to the Trustee.

###### Part D: Review by the Trustee of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

With respect to each contract for goods and works, regardless of the cost

thereof, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Trustee pursuant to said paragraph 2 (d) shall be furnished to the Trustee prior to the making of the first payment out of the Special Account in respect of such contract.

2. The figure of 20% is hereby specified for purposes of para-graph 4 of Appendix 1 to the Guidelines.

## Section II. Employment of Consultants

In order to assist the Recipient in carrying out the Project, the Recipient shall employ consultants: (i) whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Trustee; and (ii) who shall be selected in accordance with principles and procedures satisfactory to the Trustee on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981. 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 Trustee, with such modifications as shall have been agreed by the Trustee. Where no relevant standard contract documents have been issued by the Trustee, the Recipient shall use other standard forms agreed with the Trustee.

### SCHEDULE 4

#### Implementation Program

##### Section A: Institutional Arrangements

###### Port Directorate

1. (a) The Port Directorate shall be the implementing agency of the Project. To this end, the Recipient shall ensure that adequate staffing, physical and financial resources are at all times available to the Port Directorate.

(b) Specifically, the Port Directorate shall be assigned responsibility for: (i) physical and financial monitoring of the Project in accordance with indicators satisfactory to the Trustee; (ii) maintaining Project-related accounts; (iii) preparing (A) semi-annual progress reports for submission to the Trustee each Fiscal Year within sixty (60) days, respectively, of June 30 and December 31; (B) a mid-term review report not later than December 31, 1996; and (C) the Project Completion Report; and (iv) liaising with the Trustee.

(c) The Port Directorate can implement, directly or through operators-beneficiaries agreed between the Port Directorate and the Trustee, the activities financed under Categories 1, 2, 3 and 4 of Schedule 1 to this Agreement.

###### Regional Project Coordination Committee

2. The Recipient shall take or cause to be taken all steps necessary to ensure that the CRCP is maintained throughout the period of Project implementation under terms of reference satisfactory to the Trustee, and shall consist of the Director of the Port Directorate, the Director General of ODEP, and the President Director General of OPNT. Specifically, the CRCP shall be responsible, inter alia, for: (i) overall coordination of Project activities, including coordination of joint procurement arrangements and joint training; and (ii) monitoring of the impact on the environment of Project activities carried out by the Port Directorate, ODEP and OPNT.

##### Section B: Cooperative Agreement

The Recipient shall take or cause to be taken all necessary steps satisfactory to the Trustee to implement the Cooperative Agreement with due diligence and efficiency so as to achieve the objectives thereof.

##### Section C: Environmental Management and Related Measures

1. In order to support the self-sustainability of the Project, the Recipient shall take all the necessary measures required to ensure that collected oil materials shall be treated using an environmentally sound arrangement developed internationally and acceptable to the Trustee.

2. The Recipient shall implement all required measures to assure that effluent collected from deballasting stations shall, not later than December 31, 1996, meet the current international standards of oil content, as set forth in the MARPOL 73/78 Convention.

3. In order to assess the impact of the Project on improving the environment, the Recipient shall cause the Port Directorate to: (i) establish in areas agreed to with the Trustee, not later than December 31, 1994, a suitable baseline of data and measuring locations devised to carry out analysis of oil content in sea water; and (ii) employ, not later than December 31, 1994, a laboratory acceptable to the Trustee to carry out every three months, under terms of reference acceptable to the Trustee, the said analysis, and to produce, on the basis thereof, a report on the findings of the analysis carried out.

#### Section D: Consultants' Services

1. The Recipient shall cause the Port Directorate to employ, if needed, and if feasible, jointly with ODEP and OPNT, not later than January 31, 1995, in accordance with the provisions of Section 3.02 of this Agreement, engineering consultants to assist the Port Directorate in supervising the manufacture, delivery, and testing of equipment to combat oil spills.

2. The Recipient shall cause the Port Directorate to jointly employ with ODEP and OPNT, not later than December 31, 1995, in accordance with the provisions of Section 3.02 of this Agreement, management consultants to assist the Port Directorate in preparing and implementing the training program under Part B.2 of the Project.

3. The Recipient shall take all necessary action to ensure that, for purposes of adequately carrying out Part A.2 (b) of the Project, the consultants' recommendations acceptable to the Recipient and the Trustee are progressively implemented not later than December 31, 1995.

#### Section E: Mid-term Review

1. (a) The Recipient shall cause the Port Directorate to prepare and furnish to the Trustee, not later than December 31, 1996, a report, of such scope and in such detail as the Trustee shall reasonably request, including, inter alia, the Recipient's progress in carrying out the Project, together with any actions proposed to be taken to further the progress and successful implementation of the Project.

(b) The Recipient shall afford the Trustee a reasonable opportunity to exchange views on said report, and thereafter, shall cause the Port Directorate to take all action which the Recipient and the Trustee shall have agreed is required on the Recipient's part for the successful implementation of the Project.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3), (4), (5) and (6) 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 SDR 350,000 to be withdrawn from the GET Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Trustee a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or

requests, the Trustee shall, on behalf of the Recipient, withdraw from the GET Grant Account and deposit in the Special Account such amount or amounts as the Recipient shall have requested.

- (b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Trustee requests for deposits into the Special Account at such intervals as the Trustee shall specify.
- (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Trustee the documents and other evidence required pursuant to para-graph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Trustee shall, on behalf of the Recipient, withdraw from the GET Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Trustee from the GET Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

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

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

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

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

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

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

