

Global Environmental Trust Fund
Grant Agreement

(Transcarpathian Biodiversity Protection Project)

between

UKRAINE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as Trustee of the Global Environment
Trust Fund

Dated July 30, 1993

GLOBAL ENVIRONMENT TRUST FUND GRANT AGREEMENT

AGREEMENT, dated July 30, 1993, between UKRAINE (the Recipient) and 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 (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; and

WHEREAS (D) 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 (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 except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;
 - (iii) the term "Borrower," wherever used in the General Conditions, means the Recipient;
 - (iv) the term "Loan Agreement," wherever used in the General Conditions, means this Agreement;
 - (v) the term "Loan" and "loan" wherever used in the General Conditions, means the GET Grant; and
 - (vi) the term "Loan Account" wherever used in the General Conditions, means the GET Grant Account.

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) "Administrative Coordinating Unit" means the administrative coordination unit referred to in Section 3.03 of this Agreement;

(b) "Project Area" means an area constituting the Carpathian Biosphere Reserve which includes the Stuzhitsa Reserve, the Khust Reserve Massif (Valley of Narcissus), the Ugol'sko-Shyrokoluzhansky Massif, the Chornogirs'ky Reserve Massif,

and the Marmaroshs'ky Reserve Massif;

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

(d) "Technical Management Unit" means the project technical management unit referred to in Section 3.02 of this 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 four hundred thousand Special Drawing Rights (SDR 400,000).

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 a freely convertible currency satisfactory to the Trustee in a special deposit account in a bank acceptable to the Trustee on terms and conditions satisfactory to the Trustee, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1995, 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 Ministry for Environmental Protection with due diligence and efficiency and in conformity with appropriate administrative and financial practices and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Trustee 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. The Recipient shall maintain in Uzhgorod, under terms of reference satisfactory to the Trustee, the Technical Management Unit, with qualified and experienced staff in adequate numbers, under the supervision of a Project technical manager, whose qualifications and experience are satisfactory to the Trustee.

Section 3.03. The Recipient shall maintain in Kyiv, within the Department of Protected and Recreation Areas of the Ministry for Environmental Protection, under terms of reference satisfactory to the Trustee, the Administrative Coordinating Unit, with qualified and experienced staff in adequate numbers, under the supervision of a unit chief, whose qualifications and experience are satisfactory to the Trustee.

Section 3.04. Except as the Trustee shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the GET Grant 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 of the departments or agencies of the Recipient responsible for carrying out the Project or any part thereof.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, audited for each fiscal year 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 four 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 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.

ARTICLE V

Effectiveness; Termination

Section 5.01. The following events are specified as conditions to the effectiveness of the GET Grant Agreement:

(a) the establishment of the Technical Management Unit and the appointment of the Project manager referred to in Section 3.02 of this Agreement; and

(b) the establishment of the Administrative Coordinating Unit and the appointment of the unit chief referred to in Section 3.03 of this Agreement.

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.

Section 5.03. This Agreement shall continue in effect until the GET Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. The Minister of the Ministry for Environmental Protection 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 for Environmental Protection
5 Khreshchatyk Street
Kyiv-1, Ukraine 252001

Telex:

13 22 02 KOPS

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 Washington, D.C., as of the day and year first above written.

UKRAINE

By /s/ Yuri I. Kostenko

Authorized Representative

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

By /s/ Basil G. Kavalsky

Authorized Representative

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) Goods and	160,000	100%

	equipment		
(2)	Consultants' services and training	80,000	100%
(3)	Operating costs (salaries, operations and maintenance)	120,000	100%
(4)	Unallocated	40,000	
	TOTAL	400,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect to payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 25,000, may be made in respect of consultants' services and training and operating costs on account of payments made for expenditures before that date but after June 1, 1993.

SCHEDULE 2

Description of the Project

The objectives of the Project are to provide support to the Recipient in its effort to protect its forest ecosystems through undertaking biodiversity conservation management activities.

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

Part A: Biodiversity Protection Program

- (1) Inventory of reserves, forest fragments (by stage of successions and history of use), and ownership; entry of data into the Geographic Information System (GIS).
- (2) Creation of a development plan based on size, naturalness, geometry and pattern of dispersion; investigation of planned uses and potential for modifying uses.
- (3) Inventory of plant and animal population in target areas.
- (4) Initiation of a systems extinction model.
- (5) Initiation of genetic studies of selected animal species; initiation of studies of keystone/dispenser/pollinator systems; study of species from model requirements; study of species movements.
- (6) Use of GIS analysis of movement and home ranges, in combination with carrying capacity calculations, to derive minimum critical habitat requirements.
- (7) Development of Transcarpathian Planning Group, including local and national governments, local non-government organizations, elected representatives, scientists, and representatives of local users.
- (8) Development of a policy on easements and incentives for selected land uses surrounding the protected areas.
- (9) Development of a curriculum and plan for the inclusion of conservation biology in university and forestry school curricula; development of syllabi for constituent elements of the curriculum and initiation of instruction.

Part B: Management Resources Program

- (1) Design and investment in computer equipment and GIS facilities.
- (2) Provision of transport and communications for enforcement, protection and management required for the Biodiversity Protection Program.
- (3) Assistance with demonstration activities.

Part C: Public Education/Interpretation Program

(1) Development and implementation of a communications program to provide support for the Carpathian Biodiversity Program, including promotion of public awareness understanding and appreciation of the natural and cultural heritage and promotion of conservation and global environment concerns.

(2) Completion of the Rakhiv visitor center, purchase of essential equipment and production of multi-language publications.

Part D: Training Program

(1) Development of communications skills, language training, data base and computer training.

(2) Development of park planning skills and management training.

Part E: Management Program

Support of the Technical Management Unit in Uzhgorod and the Administrative Coordinating Unit in Kyiv.

* * *

The Project is expected to be completed by August 31, 1995.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

1. Equipment for the Geographic Information Systems and Vehicles estimated to cost up to an aggregate amount not to exceed the equivalent of \$200,000 may be procured under contracts awarded on the basis of comparison of price quotations solicited from at least three suppliers from at least three different countries eligible under the "Guidelines for Procurement under IBRD and IDA Credits" published by the Bank in May 1992 (the Guidelines), in accordance with procedures satisfactory to the Trustee.

2. Goods of a proprietary nature estimated to cost up to an aggregate amount not to exceed the equivalent of \$50,000 may be purchased from suppliers in accordance with procedures acceptable to the Trustee.

Section II. Employment of Consultants

The Recipient shall employ environmental and other consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Trustee. Such consultants 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.

SCHEDULE 4

Implementation Program

1. The Recipient's Ministry for Environmental Protection shall be responsible for overall coordination of the Project, including the outreach applied research conducted outside the Project Area.

2. The Technical Management Unit shall be responsible for implementing the technical and scientific elements of the Project to be carried out in the Project Area. This unit shall be headed by the Project technical manager, supported by a scientific adviser and two assistants. The scientific adviser shall assist in the drafting of research contracts and planning and reviewing research.

3. The Administrative Coordinating Unit shall expedite disbursements from the Special Account, facilitate international communications, coordinate international professional development training, monitor and evaluate project progress and collate and forward quarterly and annual progress reports to the Trustee on Project progress. This unit shall be headed by the unit chief supported by one administrative assistant.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) 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 fifty thousand U.S. dollars (\$50,000) 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 paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the 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 paragraph 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.

