

(Belgrade Environment Project)

between

SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

as Administrator of Grant Funds  
provided by JAPAN

Dated October 4, 1991

JAPANESE GRANT AGREEMENT

AGREEMENT, dated October 4, 1991, among SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA (the Recipient), the CITY OF BELGRADE and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as Administrator (the Administrator) of grant funds provided by JAPAN (Japan).

WHEREAS (A) pursuant to a letter agreement dated July 30, 1990, between Japan and the Bank and International Development Association (the Association), Japan has requested the Bank and the Association, and the Bank and the Association have agreed, to administer grant funds to be made available by Japan for the financing of certain programs and projects supported by the Bank and the Association, as the case may be, in accordance with the provisions of such letter agreement; and

WHEREAS (B) Japan has agreed to make available to the Recipient a grant out of said grant funds (the Grant) to finance the cost of carrying out the technical assistance described in Schedule 2 to this Agreement (the Technical Assistance) on the terms and conditions hereinafter set forth;

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 Japan and the Bank and the Association 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 yen; 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 terms "yen" and "¥" mean the currency of Japan.

## 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 seventy-two million eight hundred thousand yen (¥72,800,000).

Section 2.02. 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 December 31, 1993, 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. (a) The Recipient shall carry out the Project with due diligence and efficiency and in conformity with appropriate engineering and economic practices, and shall provide or cause to be provided, 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 Administrator shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 3 to this Agreement.

Section 3.02. Except as the Administrator shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the Grant shall be governed by the provisions of Schedule 4 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 eight 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.

## 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



Category	Grant Allocated (Expressed in Yen)	Expenditures to be Financed
(1) Goods	12,800,000	100%
(2) Consultants' Services	60,000,000	100%
TOTAL	72,800,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

## SCHEDULE 2

### Description of Technical Assistance

The objectives of the Technical Assistance are to prepare the sewerage component of the proposed Belgrade Environment Project for implementation by: (i) defining the appropriate level of treatment of sewage discharges to the Danube and Sava Rivers at Belgrade for both the short- and long-term; (ii) preparing the sewerage treatment component of the proposed Project for implementation; and (iii) preparing action plans and terms of reference for the technical assistance component of the proposed project.

The Technical Assistance consists of the following parts subject to such modifications thereof as the Bank and the Recipient may agree upon from time to time to achieve such objectives.

#### Part A: Feasibility Studies and Planning

- (1) Assessment of the water quality of the Sava and Danube Rivers upstream and downstream of the City of Belgrade to determine the effects of existing sewage discharges, including discharges from storm water overflows, and the improvement in water quality that could be derived from different levels of pollution control of these discharges.
- (2) Carrying out of an industrial waste survey, the identification of control measures and the preparation of an action plan for implementation of the recommended control measures.
- (3) Carrying out of a study on conveying municipal waste water from the Sava River basin to the Danube River basin.
- (4) Carrying out of a study of the possibilities and justification of the centralized treatment of sludge from Belgrade's five proposed sewage treatment plants.

#### Part B: Design and Environmental Assessment

- (1) Preparation of preliminary and final designs, cost estimates and tender documents for the Visnjica tunnel.
- (2) Preparation of preliminary and final designs, cost estimates and tender documents for the reconstruction of the Usce Sewage Pump Station and the Sava River Siphon.
- (3) Preparation of preliminary and final designs, cost estimates, tender documents and an environmental assessment of the Veliko Selo Sewage Treatment Plant.
- (4) Preparation of preliminary and final designs, cost estimates, tender documents and an environmental assessment of the Batajnica Sewage Treatment Plant.
- (5) Preparation of preliminary and final designs, cost estimates, tender documents and an environmental assessment of the Ostruznica Sewage Treatment Plant.

#### Part C: Technical Assistance Planning

- (1) Preparation of terms of reference for the design and implementation of information systems for routine maintenance of existing sewerage works and new facilities to be constructed under the Project.
- (2) Preparation of terms of reference for construction management services for the new facilities to be constructed under the Project.

### SCHEDULE 3

#### Implementation Program

The Technical Assistance shall be implemented in accordance with the following program set forth below, subject to such modifications thereof as the Recipient and the Administrator may agree upon from time to time.

- Submission to the Bank of feasibility study reports and terms of reference for project related technical assistance June 30, 1992
- Submission to the Bank of preliminary designs reports, cost estimates and environmental assessments for the first stage project December 31, 1992
- Submission to the Bank of final designs and bidding documents June 30, 1993

### SCHEDULE 4

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods

###### Part A:

Goods may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers from two different countries eligible under the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines), in accordance with procedures acceptable to the Administrator.

###### Part B: Review by the Administrator of Procurement Decisions

1. The procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply.
2. The figure of 20% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

##### Section II. Employment of Consultants

The Technical Assistance shall be provided by consultants employed by the Recipient, 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 Bank in August 1981.

