

CONFORMED COPY

GET GRANT NUMBER TF028654

Global Environment Trust Fund  
Grant Agreement

(Danube Delta Biodiversity Project)

between

UKRAINE

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

acting as Trustee of the Global Environment  
Trust Fund

Dated July 19, 1994

GET GRANT NUMBER TF028654

GLOBAL ENVIRONMENT TRUST FUND GRANT AGREEMENT

AGREEMENT, dated July 19, 1994, between UKRAINE (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as Trustee (the Trustee) of grant funds provided by Participants of the Global Environment Facility into the Global Environment Trust Fund (GET).

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;

(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;

(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; 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; and
  - (x) Article XI.
- (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;
  - (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 further disbursement under the 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) "Advisory Committee" means the advisory committee referred to in Schedule 4 of this Agreement and consisting of experts from the MEP and National Academy of Sciences of Ukraine, and other experts in protected area management acceptable to the Trustee;

(b) "DPA" means the Danube Plavny Authority of Ukraine;

(c) "MEP" means the Recipient's Ministry for Environmental Protection, or any successor thereof;

(d) "Project Area" means an area constituting the Ukrainian part of the Danube Delta.

(e) "Special Account" means the account referred to in Section 2.02 (b) 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 one million one hundred thousand Special Drawing Rights (SDR 1,100,000).

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 dollars 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 attachments. 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, 1998, or such later date as the Trustee shall establish. The Trustee shall promptly notify the Recipient of such later date.

Section 2.04. The Trustee shall not be obligated to make any payment under this Agreement except to the extent it shall have received funds for the purpose of the Project.

## 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 with due diligence and efficiency and in conformity with appropriate administrative, financial and technical 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. Except as the Trustee shall otherwise agree, procurement of the goods, works 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, 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 six 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 such 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, 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

##### Effective Date; Termination

Section 5.01. This Agreement shall not become effective until evidence satisfactory to the Trustee shall have been furnished to the Trustee that the execution and delivery of this Agreement on behalf of Ukraine have been duly authorized or ratified by all necessary governmental action.

Section 5.02. This Agreement shall enter into effect on the date upon which the Trustee dispatches to the Recipient notice of effectiveness.

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:

Telex:

INTBAFRAD 197688 (TRT),  
Washington, D.C. 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 Kyiv, Ukraine and Washington, D.C., as of the day and year first above written.

UKRAINE

By /s/ Yaroslav Movchan

Authorized Representative

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

By /s/ Wilfried Thalwitz

Regional Vice President  
Europe and Central Asia Region

#### 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)	Expenditures % of to be Financed
(1) Goods	285,000	100%
(2) Civil works	355,000	80%
(3) Consultants' services and	250,000	100%

	training		
(4)	Operating costs	90,000	100%
(5)	Unallocated	120,000	
	TOTAL	1,100,000	

2. For the purposes of this Schedule, the term "operating costs" means operation and maintenance costs of goods financed out of the proceeds of the GET Grant, including fuel, materials and office supplies costs, and excluding salaries and utilities costs.

3. 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.

4. The Trustee may require withdrawals from the GET Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for goods and works not exceeding \$100,000 equivalent, and under contracts for operating costs and consultants' services and training not exceeding \$20,000 equivalent, under such terms and conditions as the Trustee shall specify by notice to the Recipient.

5. 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.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to support the Recipient's efforts to protect and enhance the ecosystems and biodiversity of the Project Area.

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 an objective:

#### Part A: Restructuring and Strengthening of the DPA

Restructuring and strengthening the institutional and operational capabilities of the DPA necessary for the development and implementation of effective management of the Project Area, including the provision therefor of technical assistance, staff training, staff housing, office facilities, equipment and recurrent costs.

#### Part B: Strengthening of the Warden's Unit

Strengthening the warden's unit through training, relocation of warden stations to more appropriate sites, construction of facilities, and provision of goods.

#### Part C: Monitoring and Data Base Management

Developing and carrying out a monitoring program, through improved population species inventories, ecosystems surveys, hydrochemical monitoring, vegetation mapping and development of an integrated data base using a simplified geographical information system, to provide the basis for development of resource management plans, including the provision therefor of technical assistance, staff training and goods.

#### Part D: Pilot Wetland Restoration

Carrying out and monitoring a pilot program for wetland restoration, including the provision therefor of studies, technical assistance, civil works and goods.

#### Part E: Public Awareness and Community Participation

Carrying out a program to increase public awareness of, and community and local non-governmental organizations involvement in, ecological protection, including the provision therefor of technical assistance, training, equipment and goods.

#### Part F: Biosphere Reserve

Developing and implementing a program for protected area expansion and creation of a biosphere reserve, through the preparation of management plans and maps, workshops, and seminars, including the provision therefor of technical assistance.

Part G: Regional Initiatives and Cooperation

Developing and implementing arrangements for: (1) continued cooperation and data exchanges with the authorities involved in the protection and enhancement of ecosystems and biodiversity of the Danube Delta within Romania; and (2) participation in regional initiatives, advisory groups and workshops for the protection and enhancement of the Black Sea ecosystems and biodiversity.

Part H: Endowment Fund

Developing and implementing legal, financial and administrative mechanisms necessary for the establishment of an endowment fund designed to finance the recurrent costs of managing the Project Area following the completion of the Project.

\* \* \*

The Project is expected to be completed by June 30, 1998.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

1. Items or groups of items for goods estimated to cost the equivalent of \$20,000 or more per contract, up to an aggregate amount equivalent to \$280,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers from at least three countries eligible under the IBRD Guidelines, in accordance with procedures satisfactory to the Trustee.

2. Items or groups of items for goods estimated to cost the equivalent of less than \$20,000, 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 local suppliers, in accordance with procedures satisfactory to the Trustee.

3. Civil works estimated to cost up to an aggregate amount not to exceed the equivalent of \$750,000 may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three local suppliers, in accordance with procedures satisfactory to the Trustee.

Section II. Employment of Consultants

Consultants' services shall be procured under contracts awarded to 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 (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 Bank, with such modifications as shall have been agreed by the Trustee. Where no relevant standard contract documents have been issued by the Bank, the Recipient shall use other standard forms satisfactory to the Trustee.

SCHEDULE 4

Implementation Program

The Recipient shall assign to: (a) the MEP the overall responsibility for the coordination, implementation, procurement and supervision of the Project; (b) the DPA the day-to-day responsibility for Project implementation; and (c) the Advisory Committee the responsibility to advise the MEP on general Project issues.

SCHEDULE 5

## Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) 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 \$200,000 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 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.

