

(Slovene 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, between SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA (the Recipient) 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 eighty-four million yen (¥84,000,000).

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

Representation

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

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

For the Recipient:

Savezni Sekretarijat za Finansije
Bulevar Lenjina 2
11070 Beograd
Yugoslavia

Cable address:

Telex:

SAVEZNI
SEKRETARIJAT ZA
FINANSIJE
BEOGRAD

11448 SIV

For the Administrator:

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

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 as of the day and year first above written.

SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA

By /s/ I. Zivkovic

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
as Administrator of the Grant

By /s/ H. Kohli

Authorized Representative

SCHEDULE 1

Withdrawal of the Grant

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

Amount of the % of

Category	Grant Allocated (Expressed in Yen)	Expenditures to be Financed
(1) Goods	14,000,000	100%
(2) Consultants' services	70,000,000	100%
TOTAL	84,000,000	

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 proposed Slovene Environment Project for implementation by: (i) defining economic and least cost solutions for the control of Slovenia's environmental pollution problems; (ii) defining economic and least cost solutions for problems of water supply, sewerage disposal, traffic congestion, preservation of cultural heritage, solid waste and urban services management for Ljubljana and the surrounding urban centers; and (iii) making environmental assessments of proposed solutions which may have their own negative environmental impact.

Part A: Air Pollution

1. Identification and assessment of air pollution sources in Slovenia.
2. Making of recommendations for reducing air pollution from sources causing the most damage to the environment.
3. Assessment of existing air quality monitoring and making of recommendations for improvement.
4. Assessment of existing legislation and institutions and making of recommendations for strengthening the institutional management of air pollution reduction and control.

Part B: Water Pollution Control

1. Projection of domestic and industrial waste water flows and quantities of contaminants discharged to the Sava and Drava Rivers, in particular the discharges at Ljubljana, Krsko and Maribor.
2. Making of recommendations for improving the quality of the Sava and Drava Rivers.
3. Making of recommendations for interventions to be made at Ljubljana, Krsko and Maribor.
4. Making of recommendations for monitoring of water quality and waste water discharges.

Part C: Solid Waste Management

Preparation of a solid and hazardous waste management plan for Ljubljana and the surrounding urban centers.

Part D: Management of Ljubljana Urban Infrastructure and Environment

1. Review and assessment of Ljubljana's water supply system and the making of recommendations for rehabilitation where required, expanding its capacity for meeting future demands, insuring the quality of the water supplied and reducing unaccounted-for water.
2. Review and assessment of Ljubljana's sewerage system and the making of recommendations for rehabilitation where required and expanding its capacity for accepting future sewerage flows.
3. Review and assessment of existing studies and proposals and making

recommendations for utilizing and preserving the Ljubljana Castle and the central City area.

4. Review and assessment of congestion caused by moving and stationary automobiles and making recommendations for short improvements and long-term management.

5. Review and assessment of information management and use and making of recommendations for improvement.

6. Review and assessment of municipal institutions and their effectiveness in delivering municipal services and making recommendations for improvements.

Part E: Environmental Assessment

The preparation of environmental assessments for facilities to be included in the Project which may have negative environmental impacts.

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 the draft final report June 30, 1992

Submission to the Bank of the final report December 31, 1992

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 three suppliers from at least 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.