Global Environment Facility
Trust Fund and Special Climate Change
Fund Grant Agreement
(The West Balkans Drina River Basin Management Project)

between

REPUBLIC OF SERBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility
and as an Implementing Agency of the Global Environment Facility Special Climate
Change Fund

Dated DECEMBER 15, 2016
GLOBAL ENVIRONMENT FACILITY TRUST FUND AND SPECIAL CLIMATE CHANGE FUND GRANT AGREEMENT

AGREEMENT dated DEC 15, 2016, entered into between:

(a) REPUBLIC OF SERBIA ("Recipient"); and

(b) the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as: (i) an implementing agency of the Global Environment Facility ("GEF"); and (ii) an implementing agency of the Global Environment Facility Special Climate Change Fund ("SCCF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix to this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out its Respective Parts of the Project, through its Respective Implementation Ministry and Respective Implementation Team with the support of the its Respective Technical Support Agency, in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an aggregate amount equal to two million six hundred thirty-five thousand six hundred and twenty-five United States Dollars ($2,635,625) ("Grant") from various sources consisting of: (a) an amount equal to one million one hundred seventy-seven thousand one hundred and ninety United States Dollars ($1,177,190) ("GEF Portion of the Grant"); and (b) an amount equal to one million four hundred fifty-eight thousand four hundred and thirty-five United States Dollars ($1,458,435) ("SCCF Portion of the Grant"), to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the GEF and SCCF Trust Funds for which the World Bank receives periodic contributions from the donors to the Trust Funds. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned Trust Funds, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) The Recipient has failed to perform any of its obligations under the MOU.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Recipient will be able to perform its obligations under this Agreement or the applicable MOU.

(c) The World Bank has suspended, in whole or in part, the right of a Project Country to make withdrawals under any of its Respective Project-Related Legal Agreements because of a failure of such Project Country to perform any of its obligations under such Project-Related Legal Agreement.

(d) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the
Grant Account under the GEF or SCCF Trust Fund if this Agreement had been effective on the date such event occurred.

**Article V**

**Effectiveness; Termination**

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action;

(b) the MOUs have been executed on terms and conditions satisfactory to the World Bank; and

(c) the Project Operations Manual has been duly adopted by the Recipient.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank, of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matter, namely, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account under the GEF or SCCF Trust Fund if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred and fifty (150) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.
Article VI
Recipient's Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Director of Serbian European Integration Office.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Serbian European Integration Office
34 Nemanjina St.
11000 Belgrade
Republic of Serbia

Facsimile:
(381-11) 3061-100 34

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at \textit{Belgrade, Serbia}, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility and as an Implementing Agency of the Global Environment Facility Special Climate Change Fund

By

\begin{center}
\underline{Authorized Representative}
\end{center}

Name: \textit{Antonius Verheijen}
Title: \textit{Country Manager}

REPUBLIC OF SERBIA

By

\begin{center}
\underline{Authorized Representative}
\end{center}

Name: \textit{Irena Mileutovic}
Title: \textit{Acting Director}
SCHEDULE 1
Project Description

The objective of the Project is to improve mechanisms and capacity of the Project Countries to plan and manage the transboundary Drina River basin, incorporating climate change adaptation.

The Project consists of the following parts:

Part 1: Multi-state Cooperation in Transboundary Drina River Basin ("DRB") Management

A. Development of a Strategic Action Program ("SAP") agreed among the Project Countries, including both Entities in BH, for mainstreaming transboundary integrated water resource management in the DRB and climate change adaptation in planning at state and Entity levels through *inter alia*:

(i) Preparation of a DRB SAP, based on an in-depth transboundary diagnostic and analysis.

(ii) Preparation of hydraulic and hydrological models for the DRB with multi-purpose reservoir operation optimization.

(iii) Preparation of a DRB water resources study.

(iv) Preparation of a DRB pollution analysis.

B. Institutional development and capacity building to support cooperative transboundary management of the DRB by the Project Countries through, *inter alia*:

(i) Provision of support to the Drina Task Force and stakeholders to coordinate DRB activities.

(ii) Provision of support for the preparation of national, Entity and local policies and regulatory reforms to facilitate international DRB management.

(iii) Participation in GEF: IW-LEARN activities.
Part 2: Pilot Investments for Integrated DRB Management Including Flood and Drought Management and Climate Change Resilience

A. Strengthening capacity for climate change resilience in order to better prepare for threats resulting from floods and droughts while making optimal use of the environmental DRB assets and engaging local communities through, inter alia:

(i) Strengthening of hydro-meteorological services through equipment modernization, including of the hydro-meteorological observing system.

(ii) Development of protocols to improve hydro-meteorological data exchange among the Project Countries, including identifying and resolving issues on data harmonization during Project implementation and development of protocols for data exchange.

(iii) Carrying out of a broad public awareness program in DRB to: increase public awareness about the objectives of, and activities under, the Project; and engage the basin communities in more active partnership.

(iv) Carrying out a Small Grant Program under which Small Grants, financed out of the proceeds of the Grant, will be provided to Beneficiaries to carry out investment sub-projects that demonstrate innovative and low cost approaches to economic development and which contribute, inter alia, to water pollution control and conservation, all in accordance with the Project Operations Manual.

(v) Provision of support for flood and drought preparedness measures and enhanced early warning systems.

B. Supporting pilot investments that reduce negative climate change impacts in all three riparian Project Countries, including investments for: improved flood protection measures along the Drina River and its tributaries; improved ground water resources monitoring; improved hydro-meteorological forecasting; improved soil condition monitoring; establishment of reliable discharge rating curves; and improved water quality.

Part 3: Project Management and Monitoring and Evaluation

Provision of support for Project management, monitoring, evaluation and auditing, including financing Operating Costs.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall:
   (a) no later than three (3) months from the Effective Date, appoint representatives to be members of the Drina Task Force ("DTF") that will be responsible for providing overall coordination and guidance to the Project implementing agencies on Project implementation, in accordance with terms of reference acceptable to the World Bank, and thereafter maintain said membership in the DTF throughout the period of Project implementation; and
   (b) at all times during Project implementation, maintain its Respective Implementation Team, with terms of reference and resources satisfactory to the World Bank, and with competent staff in adequate numbers to carry out their respective responsibilities related to implementation of its Respective Parts of the Project.

2. The Recipient, through its Respective Implementation Ministry and Respective Implementation Team, shall:
   (a) implement its Respective Parts of the Project in accordance with the provisions of the Project Operations Manual and the applicable MOU; and
   (b) not amend or waive, or permit to be amended or waived the Project Operations Manual and the applicable MOU or any provisions of any one thereof, except with the prior written approval of the World Bank.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Recipient shall:
   (a) carry out its Respective Parts of the Project in accordance with the ESMF and its Respective RPF;
prior to carrying out any works under its Respective Parts of the Project, prepare site-specific EMPs in accordance with ESMF, including disclosure and public consultation, in form and substance satisfactory to the World Bank and implement its Respective Parts of the Project in accordance with the respective EMPs;

(c) prior to carrying out any works under its Respective Parts of the Project which entail Involuntary Resettlement, prepare a site-specific RAP in accordance with its Respective RPF, including disclosure and meaningful consultations with Project Affected Persons, in form and substance satisfactory to the World Bank and ensure that such RAP is implemented, including by providing appropriate compensation, consistent with the provisions of the RPF and site-specific RAP, to the Project Affected Persons; and

(d) not assign, amend, abrogate or waive the ESMF, EMPs, RPF and/or RAPs or any provision thereof, without the prior approval of the World Bank.

D. Small Grant Program

1. For purposes of Part 2.A(iv) of the Project, the Recipient shall make grants to Beneficiaries under the Small Grant Program in accordance with eligibility criteria and procedures set forth in the Project Operations Manual and acceptable to the World Bank, which shall include, inter alia, the following: investment sub-projects to be financed by, and grants to be made to Beneficiaries, under the Small Grant Program shall be selected, appraised, implemented and evaluated in accordance with the principles and procedures set forth in the Project Operations Manual, the ESMF and Respective RPF.

2. The Recipient shall make grants under the Small Grant Program pursuant to a Small Grant Program Agreement to be signed with the respective Beneficiary (prior to any disbursement to such Beneficiary using the proceeds of the Grant) on terms and conditions approved by the World Bank, which terms and conditions shall include the following:

(a) Small Grants shall be denominated in the Respective Local Currency; and

(b) the Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to:

(i) suspend or terminate the right of the Beneficiary to use the proceeds of the grant made under the Small Grant Program, or obtain a refund of all or any part of the amount of the grant made under the Small Grant Program, upon the Beneficiary’s failure to
perform any of its obligations under its Small Grant Program Agreement; and

(ii) require each Beneficiary to: (A) carry out its obligations under the Small Grant Program Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the ESMF and the Respective RPF; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Small Grant Program Agreement in accordance with the provisions of this Agreement and the Project Operations Manual; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the sub-project; and (2) at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (F) enable the Recipient and the World Bank to inspect the sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

3. The Recipient shall exercise its rights under each Small Grant Program Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not to assign, amend, abrogate or waive any Small Grant Program Agreement or any of its provisions.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than three (3) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall maintain a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall prepare and furnish to the World Bank not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for its Respective Parts of the Project, covering such semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall have the Financial Statements for the Project audited by independent auditors acceptable to the World Bank and on terms of reference acceptable to the World Bank in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audits of the Financial Statements shall cover the period of one (1) fiscal year. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting-services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to:
in Section I of the “Procurement Guidelines” in the case of goods, works and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

(a) National Competitive Bidding, subject to the additional provisions set forth in the attached Annex to this Schedule 2;

(b) Shopping; and

(c) Direct Contracting.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:

(a) Quality-based Selection;
Selection under a Fixed Budget;
Least Cost Selection;
Selection based on Consultants’ Qualifications;
Sole Source Selection;
Selection of Individual Consultants; and
Single-source procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the GEF Portion of the Grant Allocated (expressed in USD)</th>
<th>Amount of the SCCF Portion of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services (including for audits under the Project), Training and Operating Costs under the Recipient’s Respective Parts of the Project except for Small Grants.</td>
<td>1,073,060</td>
<td>1,353,315</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Small Grants provided under Part 2.A(iv) of the Project.</td>
<td>104,130</td>
<td>105,120</td>
<td>100% of Small Grants disbursed</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,177,190</td>
<td>1,458,435</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this table, the term “exclusive of Taxes” means, in connection with Section 3.07 of the Standard Conditions, that the Grant proceeds shall not be used for financing of taxed levied by, or in the territory of the Recipient on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is October 31, 2020.
ANNEX TO SCHEDULE 2
Additional Provisions for National Competitive Bidding

The procedures to be followed for National Competitive Bidding shall be those set forth in this Annex to Schedule 2 to this Agreement, provided, however that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines, and the following additional provisions:

1. “Open Tendering” procedures as defined in Public Procurement Law of Serbia shall apply to all contracts.

2. Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process. Government-owned enterprises in Serbia shall be permitted to bid only if they are legally and financially autonomous and operate under commercial law of the Borrower.

3. Procuring entities shall use sample bidding documents approved by the World Bank.

4. Bids shall not be rejected without the prior concurrence of the World Bank, in case of higher bid prices compared to the official estimate.

5. A single-envelope procedure shall be used for the submission of bids.

6. Post-qualification shall be conducted only on the lowest evaluated bidder; no bid shall be rejected at the time of bid opening on qualification grounds.

7. Bidders who contract as a joint venture shall be held jointly and severally liable.

8. Contracts shall be awarded to the lowest evaluated, substantially responsive bidder who is determined to be qualified to perform in accordance with pre-defined and pre-disclosed evaluation criteria.

9. Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders.

10. Contracts of long duration (more than 18 months) shall contain appropriate price adjustment provisions acceptable to the World Bank.

11. The bidding document and contract as deemed acceptable by the World Bank shall include provisions stating the World Bank’s policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.
12. In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Grant shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the World Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank. Acts intended to materially impede the exercise of the World Bank's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.
APPENDIX

Definitions


2. “Beneficiary” means a recipient of a grant under the Small Grant Program, and includes recipients from the private sector, government sector (such as state institutions) and non-governmental sector (such as national and local non-government organizations); and “Beneficiaries” means, collectively, all such recipients.

3. “BH” means Bosnia and Herzegovina.

4. “Category” means a category set forth in the table in Section IV, Schedule 2 to this Agreement.


6. “Drina Task Force” or “DTF” means the Drina Task Force to be established and thereafter maintained, pursuant to paragraph 1(a) of Section I.A of Schedule 2 to this Agreement.

7. “Entities” means, collectively, the Federation of Bosnia and Herzegovina and Republika Srpska; and “Entity” means, individually, any of the Entities.

8. “Environmental Management Plan” or “EMP” means any site-specific environmental management plan prepared in accordance with the ESMF and the provisions of paragraph 1(b) of Section I.C of Schedule 2 to this Agreement and acceptable to the World Bank, and setting out details of the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF, the mitigating, monitoring and institutional measures to be taken during the implementation and operation of Project activities to offset or reduce adverse environmental impacts to levels acceptable to the World Bank, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.

9. “ESMF” means the environmental and social management framework prepared by the Recipient for the Project, and disclosed through the World Bank’s Infoshop on December 28, 2015, and on the Recipient’s website on December 28, 2015, which framework sets forth, inter alia, the modalities for site-specific environmental screening (taking into account any impact on the natural habitat, forests and cultural...
property) and procedures/actions for the preparation and implementation of environmental assessments and EMPs under the Project, the set of mitigation, monitoring, and institutional measures and procedures required in order to eliminate adverse environmental, natural habitat, forest, cultural property and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, as the same may be amended from time to time with the agreement of the World Bank.

10. “Federation BH” means the Federation of Bosnia and Herzegovina, a constitutive part of BH, and includes any successor or successors thereto.

11. “GEF: IW-LEARN” means the Global Environment Facility’s International Waters Learning Exchange and Resources Network, which network promotes experience sharing and learning among GEF international waters projects, country officials, implementing agencies, and other partners with the goal of strengthening transboundary water management around the globe.

12. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes Project Affected Persons to, among other things, have their: (a) standard of living adversely affected; or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

13. “MOFTER” means the Ministry of Foreign Trade and Economic Relations of BH, and includes any successor or successors thereto.

14. “MOFTER PMT” means the Project Management Team established within MOFTER.

15. “MOU” means, collectively, the Memorandum of Understanding to be entered into between Bosnia and Herzegovina and Montenegro and the Memorandum of Understanding to be entered into between Bosnia and Herzegovina and Republic of Serbia, both on terms and conditions satisfactory to the World Bank, including confirmation of obligations to be undertaken by Bosnia and Herzegovina, through MOFTER, for implementation of Part 1 of the Project and overall coordination of Project activities, as the same may be amended from time to time with the prior written approval of the World Bank.

16. “Operating Costs” means reasonable and necessary incremental expenditures related to the operation of the Respective Implementation Team, including on account of Project implementation, management, coordination, and monitoring and evaluation, as approved by the World Bank on the basis of budgets acceptable
to the World Bank, which would not have been incurred absent the Project and includes *inter alia*, the costs of: (a) maintenance and operation of equipment and vehicles procured or used for the management of the Project; (b) salaries paid to staff hired for the purposes of the Project, other than civil servants’ salaries; (c) travel costs and *per diems*; (d) consumable office supplies; (e) communication, printing and publications; (f) costs of translation and interpretation; and (g) banking fees.


18. “Procurement Plan” means the Recipient’s procurement plan for its Respective Parts of the Project, dated March 24, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

19. “Project Affected Persons” means persons who, on account of the execution of the Project, have been, or will be affected, by Involuntary Resettlement.

20. “Project Countries” means, collectively, Bosnia and Herzegovina, Montenegro and Republic of Serbia; and “Project Country” means, individually, any of the Project Countries.

21. “Project Operations Manual” means the manual adopted pursuant to Section 5.01(c) of this Agreement, by the Recipient, satisfactory to the World Bank, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project, including ESMF, Respective RPF and the eligibility criteria, selection procedures, terms and conditions and procurement arrangements for the Small Grant Program, as said manual may be amended from time to time with the World Bank’s prior written approval.

22. “Resettlement Action Plan” or “RAP” means each site-specific plan relating to Involuntary Resettlement of Project Affected Persons, prepared under the Project in accordance with the provisions of paragraph 1(c) in Section I.C of Schedule 2 to this Agreement.

23. “Respective Implementation Ministry” means in respect of:

(a) Bosnia and Herzegovina:

   (i) BH: MOFTER.
(ii) Federation BH: The Ministry of Agriculture, Water Management and Forestry of Federation BH, and any successor or successors thereto.

(iii) RS: The Ministry of Agriculture, Forestry and Water Management of Republika Srpska, and any successor or successors thereto.

(b) Montenegro: The Ministry of Agriculture and Rural Development of Montenegro, and any successor or successors thereto.

(c) Republic of Serbia: The Ministry of Agriculture and Environmental Protection of the Republic of Serbia, and any successor or successors thereto.

24. “Respective Implementation Team” means in respect of:

(a) Bosnia and Herzegovina:

(i) BH: The Project Management Team, established within MOFTER.

(ii) Federation BH: The Project Management Team, established within MOFTER.

(iii) RS: The Project Implementation Team, established within the Agriculture Project Coordination Unit under RS Ministry of Agriculture, Forestry and Water Management.

(b) Montenegro: The Project Implementation Team, established within the Directorate for Water Management of Montenegro’s Ministry of Agriculture and Rural Development, which is responsible for implementation of its Respective Parts of the Project; and Technical Service Unit, established within Montenegro’s Ministry of Finance, which is responsible for fiduciary aspects of implementation of its Respective Parts of the Project.

(c) Republic of Serbia: The Project Implementation Team, established within the Directorate for Water of the Republic of Serbia’s Ministry of Agriculture and Environmental Protection.

(25) “Respective Local Currency” means with respect to:

(a) Bosnia and Herzegovina: Konvertibilna Marka.

(b) Montenegro: Euro.
26. "Respective Parts of the Project" means in respect of:

(a) Bosnia and Herzegovina:
   (i) BH: Parts 1 and 3 of the Project.
   (ii) Federation BH: Parts 1, 2 and 3 of the Project.
   (iii) RS: Parts 1, 2 and 3 of the Project.

(b) Montenegro: Parts 1, 2 and 3 of the Project.

(c) Republic of Serbia: Parts 1, 2 and 3 of the Project.

27. "Respective Project-Related Legal Agreements" has the following respective meaning:

(a) Where the Recipient is Bosnia and Herzegovina, the Bosnia and Herzegovina GEF and SCCF Agreement to be signed between Bosnia and Herzegovina and the World Bank, providing for the financing for implementation of their Respective Parts of the Project, as such agreement may be amended from time to time with agreement of the respective parties.

(b) Where the Recipient is Montenegro, the Montenegro GEF and SCCF Agreement to be signed between Montenegro and the World Bank, providing for the financing for implementation of its Respective Parts of the Project as such agreement may be amended from time to time with agreement of the respective parties.

(c) Where the Recipient is the Republic of Serbia, the Republic of Serbia GEF and SCCF Agreement to be signed between Republic of Serbia and the World Bank, providing for the financing for implementation of its Respective Parts of the Project as such agreement may be amended from time to time with agreement of the respective parties.

28. "Respective Resettlement Policy Framework" or "Respective RPF" means the following respective framework document prepared by each of the Project Countries, which framework describes the process and procedures to be taken, the RAPs to be prepared, the mitigation and compensation measures, and consultation and information processes to be followed in the event of Involuntary Resettlement of Project Affected Persons as a result of implementation of their Respective Parts
of the Project, as said framework may be amended from time to time with the agreement of the World Bank:

(a) Bosnia and Herzegovina: Resettlement Policy Framework prepared by BH and disclosed through the World Bank’s Infoshop on December 28, 2015, and in the Recipient’s website on December 28, 2015.

(b) Montenegro: Resettlement Policy Framework prepared by Montenegro and disclosed through the World Bank’s Infoshop on December 28, 2015, and in the Recipient’s website on December 28, 2015.

(c) Republic of Serbia: Resettlement Policy Framework prepared by Republic of Serbia and disclosed through the World Bank’s Infoshop on December 28, 2015, and in the Recipient’s website on December 28, 2015.

29. “Respective Technical Support Agency” means in respect of:

(a) Bosnia and Herzegovina:

(i) Federation BH: The Ministry of Agriculture, Water Management and Forestry of Federation BH, and any successor or successors thereto.

(ii) RS: The Public Enterprise “Vode Srpske” from Bijeljina, which is a public enterprise within RS, responsible for water resource management and flood protection, and Republika Srpska Hydro-meteorological Services Institute.

(b) Montenegro: The Water Directorate of Montenegro’s Ministry of Agriculture and Rural Development, and Hydro-meteorological Services of Montenegro.

(c) Republic of Serbia: Republic Hydro-meteorological Services of Serbia and Public Water Management Company “Srbijavode”, which is a public enterprise within the Republic of Serbia, responsible for water resource management and flood protection in the territory which includes the Serbia portion of the Drina basin.

30. “RS” or “Republika Srpska” means Republika Srpska, a constitutive part of BH, and includes any successor or successors thereto.

31. “Small Grant” means a grant financed from the proceeds of the Grant, which grant is provided to a Beneficiary pursuant to a Small Grant Program Agreement to finance the reasonable cost of goods, works, non-consulting services, and consultants’ services required for the carrying out of an investment sub-project, all
in accordance with the eligibility criteria, selection procedures, terms and conditions and procurement arrangements set forth in the Project Operations Manual.

32. "Small Grant Program" means a competitive program for grants made or proposed to be made to Beneficiaries under Part 2.A(iv) of the Project, in accordance with eligibility criteria, selection procedures, terms and conditions and other arrangements set forth in the Project Operations Manual, for the support of investment sub-projects which demonstrate innovative and low cost approaches to economic development and contribute to water pollution control and conservation.

33. "Small Grant Program Agreement" means an agreement entered into with a Beneficiary and referred to in Part D.2, Section I of Schedule 2 to this Agreement.

34. "Training" means expenditures, as approved by the World Bank, on the basis of budgets and plans prepared by the Respective Implementation Team, respectively, revised annually and satisfactory to the World Bank, incurred in connection with Project-related training, workshops, seminars, conferences and study tours, including travel costs and per-diem allowances for the trainees and the trainers, and other training-related activities and expenditures as may be agreed with the World Bank from time to time.