IMPLEMENTATION AGREEMENT FOR THE CONSORTIUM APPROACH TO DEVELOPING THE GAS TO POWER INITIATIVE AND THE ENERGY COMMUNITY GAS RING IN SOUTH EAST EUROPE PROJECT FINANCED OUT OF THE "WESTERN BALKANS: WBIF PROGRAM TRUST FUND-REGIONAL"

Whereas, the International Bank for Reconstruction and Development (hereinafter referred to as the "World Bank") and the European Bank for Reconstruction and Development acting as co-manager of the European Western Balkans Joint Fund (hereinafter referred to as the "EBRD") entered into a Trust Fund Administration Agreement Regarding Implementation by The World Bank of Projects Approved by the Steering Committee of the Joint Grant Facility of the Western Balkans Investment Framework, dated March 20, 2013 (the "Administration Agreement");

Whereas, the Ministerial Council of the Energy Community (the "Project Beneficiary") has requested the World Bank to provide to the Project Beneficiary technical assistance for implementation of the Project, as described in Schedule I of this Implementation Agreement;

Whereas, on June 14, 2012, the Steering Committee of the JGF has approved the Project to be financed out of the EWBJF Resources and has signed the World Bank to act as a Lead Financial Institution, as such term is defined in the Administration Agreement;

Whereas, the World Bank agrees to implement the Project in accordance with the terms and conditions set forth in the Administration Agreement and in this Implementation Agreement;

Now therefore, the World Bank and the EBRD, agree as follows:

Terms not otherwise defined in this Implementation Agreement are used as defined in the Administration Agreement.

1. Implementation Period of the Project

   The implementation period of the Project shall commence on the day following the date of entry into force of this Implementation Agreement (the "Commencement Date") and shall be completed by June 30, 2015, which shall in no case be less than four (4) months prior to the End Disbursement Date (the "Closing Date"). The period of time between the Commencement Date and the Closing Date, both inclusive, shall constitute the "Implementation Period" of the Project.

2. Amount and Disbursement of the Contribution

   In accordance with the provisions of the Administration Agreement and the approval of the Steering Committee of the JGF of the WBIF dated June 14, 2012 the EBRD shall transfer the EWBJF Grant to the World Bank in the amount of EUR 1,000,000 (one million Euros) to the Trust Fund.

   EBRD shall inform the World Bank when such payment has been initiated. When making such transfer, EBRD shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the EBRD for TF072015 the "Western Balkans: WBIF Program-Regional" (the "Trust Fund") for the project "The Consortium Approach to Developing the Gas to Power Initiative and the Energy Community Gas Ring in South East Europe Project".
(P143126) and the date of the deposit (the “Deposit Instruction”). In addition, the EBRD shall provide a copy of the EBRD’s Deposit Instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to th@mitivice@worldbank.org or by fax sent to (202) 614-1315.

The World Bank shall promptly confirm receipt of the full amount of the EWBJF Grant so transferred.

3. Payment Terms

3.1 Following the entry into force of this Implementation Agreement, the EWBJF Grant shall be paid in full by the EBRD in EUR, to the Trust Fund, within 15 (fifteen) days of the receipt of a Call of Funds from the World Bank.

3.2 It is expressly acknowledged and agreed that the EBRD shall not be obliged to make any payment under and/or pursuant to this Implementation Agreement, except to the extent that an amount in respect of, and equal to, such payment is available to the EBRD in the Fund Account for such purpose.

4. Use of the EWBJF Grant

The EWBJF Grant shall be used by the World Bank solely for the purpose of implementing the Project in accordance with this Implementation Agreement, and the provisions of the Administration Agreement.

Upon transfer of the EWBJF Grant by the EBRD to the World Bank, the World Bank shall be solely responsible for the management and administration of the EWBJF Grant in accordance with the terms of the Administration Agreement and this Implementation Agreement.

5. Communication

Except as provided for in Section 4.3 of the Administration Agreement, any notice, request or other communication to be given or made under this Implementation Agreement shall be in writing and delivered by mail, facsimile or e-mail to the respective party’s address specified below or at such other address as such party notifies in writing to the other party from time to time:

For the World Bank:

Kari Nyman
Lead Specialist
Sustainable Development Department
Europe and Central Asia Region
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.
Tel: 1-202-458-1469
Fax: 1-202-614-1569
E-mail: knymar@worldbank.org;
For the EBRD:

EBRD
One Exchange Square
London EC2A 2JN
United Kingdom
Attention: Director Donor Co-Financing
Telefax: +44 20 338 6942
E-mail: Jonesr@ebrd.com

6. Amendment

This Implementation Agreement may be amended only in writing between the World Bank and the EBRD, in accord with the EIB, except for changes in communication addresses, which may be agreed by exchange of letters among the Parties.

7. Disclosure

The World Bank will disclose this Implementation Agreement and applicable related information on this Implementation Agreement in accordance with the World Bank Policy on Access to Information. By entering into this Implementation Agreement, the EBRD consents to disclosure of this Implementation Agreement and related information on the Implementation Agreement.

8. Settlement of Disputes

Any disputes arising out of or in connection with this Agreement, including its existence, validity, interpretation or termination shall be settled amicably between the World Bank and the EBRD. In default of amicable settlement, the World Bank or the EBRD may refer the matter for resolution through arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. The place of arbitration shall be The Hague, and the English language shall be used throughout the arbitral proceedings. The arbitral tribunal shall not be authorized to grant, and the Parties agree that neither Party shall seek from any judicial authority, any interim measures or pre-award relief against the other Party, any provisions of UNCITRAL Arbitration Rules notwithstanding.

9. Privileges and Immunities

Nothing in this Agreement shall be construed as a waiver, renunciation or modification of any of the immunities, privileges or exemptions enjoyed by the World Bank, the EBRD and the EIB, their Governors, Directors, alternates, officers and employees pursuant to their respective constituent documents, international convention or any applicable law, all of which are expressly reserved.

10. Accord with the European Investment Bank.

For purposes of the EIB General Conditions, the EBRD hereby represents to the World Bank that it is entering into this Agreement in full accord with the EIB.
IN WITNESS WHEREOF, each Party, acting through its duly authorized representative(s), has signed two originals of this Agreement in the English language, one for each Party all originals having equal force for all legal purposes. This Agreement shall become effective as the date of the last countersignature.

FOR THE WORLD BANK:  
By:  
Authorized Representative  
Name: Anthony Garcia  
Title: Acting Country Director  
Date: 08/12/2013

FOR THE EBRD:  
By:  
Authorized Representative  
Name: Richard Jones  
Title: Director  
Date: 1/8/2013
SCHEDULE 1 TO THE IMPLEMENTATION AGREEMENT
FOR THE CONSORTIUM APPROACH TO DEVELOPING THE GAS TO POWER INITIATIVE AND THE ENERGY COMMUNITY GAS RING IN SOUTH EAST EUROPE

This Schedule shall be applicable to and form an integral part of the Implementation Agreement entered into between the World Bank and the EBRD.

For purposes of this Implementation Agreement, the term “Beneficiary Countries” means the following countries: Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Kosovo.

A. DESCRIPTION OF THE PROJECT

(1) The objective is to develop the gas-to-power consortium concept, produce a road map for the implementation of the concept, including capital investment requirements, funding arrangements and risk mitigation strategies and explore the interest and readiness in the private sector to participate in the initiative.

(2) The Project consists of the following World Bank Executed Activities:

(a) Consolidation of the proposals for the development of the Energy Community Gas Ring concept (the “Gas Ring”) including, *inter alia*: the national plans for gasification, gas demand projections and new and future gas supply sources and routes (including Russian and Caspian gas, Middle East gas and liquefied natural gas).

(b) Identification of: (i) potential locations for new gas power plants to be supplied from the Gas Ring, and (ii) the impact of gas demand for purposes of defining the size and routing of the Gas Ring.

(c) Updating of the Gas Ring model to include, *inter alia*, sources of supply, other anchor loads, gasification plans of each country, and existing gas power plants.

(d) Identification of the roles and level of participation of national gas and electricity companies in the national public-private partnership (PPP) companies, and preparation of a proposed structural model of a PPP company operation.

(e) Assessment of the mechanisms necessary for coordinating the investment and operation of the Gas Ring, in cases for which the Gas Ring is implemented through national gas companies.

(f) Assessment of the level of interest of potential private sector to participate in the development of gas power plants, including, *inter alia*: (i) the necessary associated gas delivery infrastructure in each one of the Beneficiary Countries; (ii) the risks from legal, regulatory, commercial and market perspectives; and (iii) the obstacles to attract private capital investment and the measures necessary to overcome said obstacles.

(g) Identification of: (i) the level and type of funding that would be required to develop the gas power plants and the Gas Ring, including *inter alia*, identifying prospective IFIs, EU financing (including the Connecting Europe Facility), and the private sector investments; and (ii) the investments required for national gasification in each one of the Beneficiary Countries, and electricity trading and transmission interconnection requirements.
(h) Provision of support to the Energy Community Secretariat and the contracting parties to: (i) identify and mobilize potential members of the consortium; (ii) develop ownership structures for the PPF companies; and develop the power purchase agreement formats; and (iii) strengthen the institutional capacity, including project preparation, risk guarantees, energy tariff/subsidy issues, improving energy regulation, opening national energy markets; and providing access to cross-border links.

(i) Review of compliance of the proposed PPP model as well as any proposed contractual relations, including, inter alia, long-term PPA, and in particular with regard to EU competition and State aid law, based on EU precedence.

B. CATEGORIES OF EXPENDITURE

The EWBJF Grant for the Project may be used to finance the following categories of expenditure, as applied by the World Bank:

- Associated Overheads;
- Consultants Fees;
- Contractual Services;
- Extended Term Consultants
- Media and Workshop Costs
- Staff Costs (with indirects, as applicable); and
- Travel Expenses.