Global Environment Facility
Grant Agreement

(GEF Adriatic Sea Environmental Pollution Control Project I)

between

REPUBLIC OF CROATIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

Dated September 8, 2014
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated  , 2014, entered into between the
REPUBLIC OF CROATIA ("Recipient") and the INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an
implementing agency of the Global Environment Facility ("GEF").

WHEREAS:  (A) The GEF has agreed to support the control of environmental
pollution in the Adriatic Sea by financing projects in the Republic of Croatia and Bosnia
and Herzegovina (the "Regional Project").

(B) The GEF has agreed to provide financing for activities in the territory of
the Republic of Croatia, as further described in Schedule I to this Agreement, on the
terms and conditions set forth in this Agreement (the "Project").

(C) The GEF has agreed to provide financing for activities in the territory of
Bosnia and Herzegovina, as further described and on the terms and conditions set forth in
a GEF grant agreement between Bosnia and Herzegovina and the World Bank, acting as
an implementing agency of the GEF.

NOW THEREFORE, the Recipient and the World Bank hereby agree as
follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various
Funds, dated February 15, 2012 ("Standard Conditions"), constitute an integral
part of this Agreement.

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
this Agreement, including its Appendix.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described
in Schedule I to this Agreement ("Project"). To this end, the Recipient shall
cause the Project to be carried out by the Recipient’s Environmental Protection
and Energy Efficiency Fund (EPEEF) ("Project Implementing Entity") in
accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time ("Project Agreement").

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 amount equal to four million and three hundred thirty thousand United States Dollars ($4,330,000 ("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 abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. 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 fund, 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 taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement.

(b) The Project Implementing Entity has failed to perform any obligation under the Project Agreement.
(c) IBRD or IDA has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of: (i) a determination by IBRD or IDA that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier, as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

(d) 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 Project Implementing Entity will be able to perform its obligations under the Project Agreement.

(e) The Act on Environmental Protection and Energy Efficiency Fund (Official Gazette 107/03) dated July 1, 2003, as amended, (Official Gazette 144/12) or the Statute of Environmental Protection and Energy Efficiency Fund (Official Gazette 193/03), dated November 21, 2003, as amended (Official Gazette 73/04, 116/08, 101/09, 118/11, 67/13), pursuant to which the Project Implementing Entity has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(f) 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 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 and the Project Agreement on behalf of the Project Implementing Entity have been duly authorized or ratified by all necessary governmental and corporate action.

(b) If the World Bank so requests, the condition of the Project Implementing Entity, as represented or warranted to the World Bank at the date of the Project Agreement, has undergone no material adverse change after such date.

(c) The Subsidiary Agreement referred to in Section I.A of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

(d) The Project Operations Manual, satisfactory to the World Bank, has been finalized and adopted by the Project Implementing Entity.

(e) The Project Implementing Entity, Cistoca d.o.o. Zadar and the City of Zadar have entered into contractual arrangements, satisfactory to the World Bank, to ensure the Project Implementing Entity's access rights at the solid waste leachate collection and treatment plant in Zadar's landfill for the implementation of the Project.

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 matters:

(a) 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;

(b) on behalf of the Project Implementing Entity, that the Project 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; and

(c) the Subsidiary Agreement referred to in Section I.A of Schedule 2 to this Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon each such party 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
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 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. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) 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 Minister of Finance.

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

Ministry of Finance  
Katančićeva 5  
10000 Zagreb  
Republic of Croatia

Telex:  
862-21215  
862-21833

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

Cable:  
INTBAFRAD

Telex:  
248423 (MCI) or 64145 (MCI)

Facsimile:  
1-202-477-6391
AGREED at Zagreb, Republic of Croatia, as of the day and year first above written.

REPUBLIC OF CROATIA

By

Authorized Representative

Name: **BORIS CALCOVAC**

Title: **MINISTER**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility

By

Authorized Representative

Name: **CARLOS DUÉÑO**

Title: **COUNTRY MANAGER**
SCHEDULE 1

Project Description

The objectives of the Regional Project are to: (a) reduce the discharge of pollutants with transboundary importance, particularly nitrogen, in selected Hot-Spots of the eastern Adriatic Sea; and (b) to improve the capacity in the Republic of Croatia and Bosnia and Herzegovina to prepare pollution control projects in selected localities of Dalmatia and Herzegovina and to strengthen the capacity to monitor the sea water quality.

The Project consists of the following parts:

Part 1. Demonstration investments to reduce nutrient discharges and improve sea water quality monitoring capacity

(a) Design, supply and installation of equipment for upgrading the leachate collection and treatment plant in Zadar’s landfill.

(b) Provision and installation of equipment to strengthen regional capacity to monitor the sea water quality.

Part 2. Technical Assistance

(a) Support for: (i) carrying out an assessment of sources of nutrients, including point and non-point sources in two sensitive areas/Hot-Spots in Northern Dalmatia (Zadarska County and northern part of the Sibensko-Kninska County) and the Neretva Delta area; and (ii) providing an analysis of the policy, legal and/or institutional reforms needed to address related water quality problems.

(b) Technical assistance for the preparation of preliminary designs and project documentation, including preparation of tender documentation to access European Union funds, for investments in leachate treatment and management to comply with EU requirements in selected localities in Dalmatia.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank, which shall include that the Recipient shall cause the Project Implementing Entity to:

(a) perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Project Implementing Entity therein set forth;

(b) carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, economic, financial and environmental practices;

(c) take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the carrying out of the Project;

(d) carry out the Project in accordance with the provisions of Schedule 2 to this Agreement, in accordance with the Anti-Corruption Guidelines, and in accordance with the procedures set forth in the POM, ESMF and EMP and to ensure that the POM, ESMF and EMP are not amended, suspended, abrogated, repealed and that no provision of the POM, or ESMF and EMP is waived, without prior approval of the World Bank;

(e) not to take or permit to be taken any action which would prevent or interfere with the carrying out of the Project;

(f) maintain the PMT throughout the duration of the Project, in a form and with functions, staffing, resources, terms of reference and qualifications and scope of responsibilities satisfactory to the World Bank;

(g) appoint appropriate staff, satisfactory to the World Bank, as representatives to the Project Steering Committee;

(h) no later than twelve (12) months after the Effective Date, and except as the World Bank and Recipient shall otherwise agree, enter into arrangements, satisfactory to the World Bank, with Cistoca d.o.o, Zadar
and the City of Zadar which shall: (i) regulate and describe the support provided by Cistoca d.o.o, Zadar during the design phase and works supervision under Part 1 of the Project; (ii) set forth the procedure for the acceptance of final works and handing over the leachate treatment plant to the Cistoca d.o.o, Zadar; (iii) set forth a plan for operating procedures upon completion of the works for the leachate treatment plant, including compliance with the EMP and ESMF; and (iv) set forth requirements and mechanisms for ensuring the financial sustainability of Cistoca d.o.o, Zadar to ensure coverage of the operation and maintenance costs for the leachate treatment facility; and

(i) upon completion of the works for the upgrading of the leachate treatment plant, transfer ownership of the plant and related assets to Cistoca D.o.o., Zadar under contractual arrangements satisfactory to the World Bank, which shall include the details of the requirements set forth in subparagraphs (h)(iii) and (h)(iv) above.

2. The Recipient shall exercise its rights under the Subsidiary 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 assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Implementation Arrangements

1. (a) The Recipient shall, and shall cause the Project Implementing Entity to, co-ordinate the implementation of the activities under the Project with Bosnia and Herzegovina; and

(b) The Recipient shall cause the Project Implementing Entity to nominate, no later than three (3) months after the Effective Date of this Agreement, appropriate representatives to the Project Steering Committee, and shall maintain appropriate representatives throughout the duration of the Project at the Project Steering Committee, with a structure and in a form and with functions, staffing, terms of reference, qualifications, scope of responsibilities satisfactory to the World Bank and other adequate resources. The Project Steering Committee shall be responsible for coordination, monitoring, and knowledge sharing between the Recipient and Bosnia and Herzegovina and general Project strategic guidance and implementation oversight.

2. The Recipient shall ensure that the Project is carried out in accordance with the POM, and that no provision of the POM are amended, suspended, abrogated, repealed or waived without prior approval of the World Bank.
C. **Anti-Corruption**

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

D. **Safeguards**

1. The Recipient shall ensure that the Project is carried out in accordance with the ESMF and EMP, and shall ensure that no provision of the ESMF and EMP is amended, suspended, abrogated, repealed or waived without prior written approval of the World Bank.

2. The Recipient shall ensure that no activities under the Project involve the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas according to the World Bank’s policy on “Involuntary Resettlement”.

3. For the purposes of technical assistance under Part 2 of the Project, the Recipient shall ensure that the terms of reference for any consultancies shall be prepared in accordance with the ESMF and shall be satisfactory to the World Bank.

**Section II. Project Monitoring, Reporting and Evaluation**

A. **Project Reports; Completion Report**

1. The Recipient shall cause the Project Implementing Entity to 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 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 one month 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 six (6) months after the Closing Date.

B. **Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days
after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall cause the Project Implementing Entity to have the Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. 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:

(a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods, works and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“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 prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“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 stipulated in the Annex to this Schedule; (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 assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (g) 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, non-consulting services, and consultants' services under the Project</td>
<td>4,330,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,330,000</td>
<td></td>
</tr>
</tbody>
</table>

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, except that withdrawals up to an aggregate amount not to exceed $100,000 equivalent may be made for payments made prior to this date but on or after June 1, 2013, for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is March 15, 2017.
ANNEX to SCHEDULE 2

Additional Provisions for National Competitive Bidding

For the purposes of following National Competitive Bidding procedures in the procurement of goods, works and non-consulting services to be financed under the Grant, the following modifications and additions shall apply:

(i) Procedures

The public bidding method shall apply to all contracts. Invitations to bid shall be advertised in the Recipient’s Official Gazette *(Narodne Novine)* and in at least one widely circulated national daily newspaper or on the website of the Ministry of Justice, allowing a minimum of thirty (30) days for the preparation and submission of bids.

(ii) Assessment of Bidders’ Qualifications

When pre-qualification shall be required for large or complex contracts, invitations to pre-qualify for bidding shall be advertised in the Recipient’s Official Gazette *(Narodne Novine)* and in at least one widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, technical and financial requirements shall be explicitly stated in the pre-qualification documents, which shall be determined by a ‘pass/fail’ method, not through the use of a merit point system. Where pre-qualification is not used, the qualifications of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying minimum experience, technical and financial requirements which shall be explicitly stated in the bidding documents.

(iii) Participation of Government-owned Enterprises

Government-owned enterprises located and operating on the Recipient’s territory shall be eligible to participate in bidding only if they can establish, to the World Bank’s satisfaction, that they are legally and financially autonomous, operate under commercial laws and are not a dependent agency of the Recipient’s government. Said enterprises shall be subject to the same bid and performance security requirements as other bidders.

(iv) Bidding Documents

The Recipient shall use appropriate bidding documents that are acceptable to the World Bank.
Bid Submission, Opening and Evaluation

1. Bids shall be submitted in a single envelope containing the bidder’s qualification information, technical and price bids, which shall be opened simultaneously at the public bid opening.

2. Bids shall be opened in public, immediately after the deadline for submission of bids. The name of the bidder, the total amount of each bid and any discounts offered shall be read aloud and recorded in the minutes of the public bid opening.

3. The evaluation of bids shall be done in strict adherence to the monetarily quantifiable criteria specified in the bidding documents and a merit point system shall not be used.

4. Extension of bid validity shall be allowed once only for not more than thirty (30) days. No further extensions should be granted without the prior approval of the World Bank.

5. Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid.

6. No preference shall apply under National Competitive Bidding.

Price Adjustment

Civil works contracts of long duration (e.g., more than eighteen (18) months) shall contain an appropriate price adjustment clause.

Rejection of All Bids

1. All bids shall not be rejected and new bids solicited without the World Bank’s prior written concurrence.

2. When the number of bids received is less than two, re-bidding shall not be carried out without the World Bank’s prior concurrence.

Securities

Bid securities should not exceed two percent (2%) of the estimated cost of the contract; and performance securities not more than ten percent (10%). No advance payments shall be made to contractors without a suitable advance payment security. The wording of all such securities shall be included into the bidding documents and shall be acceptable to the World Bank.
APPENDIX

Definitions


3. “EMP” means the Recipient’s environmental management plan for the Project covering the Zadar landfill and included in the ESMF, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of Part 1 of the Project to offset or reduce adverse environmental and social impacts to levels acceptable to the World Bank.

4. “ESMF” means environmental and social management framework dated June 27, 2013, prepared and adopted by the Recipient and the Project Implementing Entity for the Project and satisfactory to the World Bank, consisting of the set of mitigation, monitoring, and institutional measures required for the Project and to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, including the measures and information required for the preparation of site-specific environmental management plans and checklists.

5. “Hot-Spots’ means a coastal area where the environment is subject to pollution due to intense human activities regardless of their location and source, which potentially affect public health, threaten biodiversity, degrade ecosystem services and put at risk the prospects for sustainable development both on the spot but also in a wider area.

6. “PMT” means the Project Management Team established within the Project Implementing Entity, and referred to in Section I.A.1 of Schedule 2 to this Agreement, responsible for implementation of the Project.

7. “Project Implementing Entity” means the Environmental Protection and Energy Efficiency Fund (EPEEF) established pursuant to the Act on Environmental Protection and Energy Efficiency Fund (Official Gazette 107/03, 144/12) and the
Statute of Environmental Protection and Energy Efficiency Fund (Official Gazette 193/03, 73/04, 116/08, 101/09, 118/11, 67/13).

8. "Project Operations Manual" or "POM" means the operations manual for the Project, dated October 18, 2013 and adopted by the Project Implementing Entity for the Project, and referred to in Section I.B.2 of Schedule 2 to this Agreement, satisfactory to the World Bank, describing and setting forth procedures for implementation of the Project and institutional arrangements, including coordination between the Recipient and Bosnia and Herzegovina, consistent with the provisions of this Agreement and with applicable laws and regulations and including, among other things, timetables of actions required to be carried out under the Project, the respective roles and responsibilities of the agencies involved in the implementation of the Project, staffing, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, and other fiduciary and administrative arrangements and necessary terms of reference, as the same may be amended from time to time by agreement with the World Bank.

9. "Project Steering Committee" means the project steering committee established for the Project and referred to in Section I.B.1 of Schedule 2 to this Agreement.

10. "Subsidiary Agreement" means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity.