Federation Project Agreement

(Federation Sarajevo Wastewater Project, Butila Wastewater Treatment Plant Rehabilitation)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

FEDERATION OF BOSNIA AND HERZEGOVINA

Dated November 15, 2016
AGREEMENT dated November 15, 2016, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and FEDERATION OF BOSNIA AND HERZEGOVINA ("Federation") ("Project Agreement") in connection with the Grant Agreement ("Grant Agreement") of dated July 18, 2016 between Bosnia and Herzegovina ("Recipient") and the Bank. The Bank and the Federation hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Annex to the Grant Agreement) 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 Grant Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Federation declares its commitment to the objectives of the Project. To this end, the Federation shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Federation shall otherwise agree, the Federation shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Federation’s Representative is its Minister of Finance.
3.03 The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Telex: 248423(MCI) or
Facsimile: 1-202-477-6391
64145(MCI)

3.04 The Federation’s Address is:

Ministry of Finance of the Federation of Bosnia and Herzegovina
Mehmeda Spahe 5
71000 Sarajevo
Bosnia and Herzegovina

Facsimile:

387 33 203 152
AGREED at Sarajevo, Federation of Bosnia and Herzegovina, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:

Authorized Representative

Name: Tatiana Proskuryakova
Title: Country Manager

FEDERATION OF BOSNIA AND HERZEGOVINA

By:

Authorized Representative

Name: Marinko Čavara
Title: President
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall carry out the Project in accordance with the following institutional and other arrangements:

*Project Management Team (PMT)*

1. The Project Implementing Entity shall:

   (a) maintain the PMT at all times during the implementation of the Project with competent staff in adequate numbers including a manager, a procurement specialist, a financial specialists and other experts as needed for the implementation of the Project; and

   (b) ensure that the PMT carries out procurement, financial management, disbursements, monitoring and evaluation and reporting arrangements and ensures compliance of all Project activities with the Bank’s social and environmental safeguards.

*Project Implementation team (PIT)*

2. The Project Implementing Entity shall ensure that a PIT:

   (a) is established within Vodovod i kanalizacija (VIK) and shall maintain the PIT at all times during the implementation of the Project with competent staff in adequate numbers including an engineer responsible for assisting the PMT procurement officer in reviewing technical specifications and certifying completion of works, and a financial officer reporting to the Sarajevo Canton and the PMT on VIK’s financial performance, and responsible for day-to-day management and technical supervision of the Project in coordination with the PMT; and

   (b) handles procurement, financial and social and environmental aspects of the Project, which shall subsequently be reviewed and cleared by the PMT to ensure compliance with Bank guidelines and procedures.

*Project Operational Manual*

3. The Project Implementing Entity shall:
(a) prepare and adopt a Project Operational Manual satisfactory to the Bank, and thereafter implement the Project in accordance with the Project Operational Manual; and

(b) not amend or waive, or permit to be amended or waived, the Project Operational Manual, or any provision thereof, except with the prior written approval of the Bank.

4. In the event of any inconsistency between the provisions of the Project Operational Manual and the provisions of this Agreement, the provision of this Agreement shall prevail.

B. Subsidiary Agreement

1. To facilitate the carrying out and financing of the Project, the Project Implementing Entity shall receive from the Recipient the proceeds of the Grant under a Subsidiary Agreement ("Subsidiary Agreement") between the Recipient and the Project Implementing Entity, under the same terms and conditions as the Grant, approved by the World Bank and including the Anti-Corruption Guidelines.

2. The Project Implementing Entity 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 Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Sub-Grant Agreement

1. The Project Implementing Entity shall on-grant the proceeds of the Grant received from the Recipient under the Subsidiary Agreement to the Sarajevo Canton, for the benefit of VIK, under an agreement (Sub-Grant Agreement) with the Sarajevo Canton, under the same terms and conditions as the Subsidiary Agreement, approved by the World Bank and including the Anti-Corruption Guidelines.

2. The Project Implementing Entity shall exercise its rights under the Sub-Grant 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 Project Implementing Entity shall not assign, amend, abrogate or waive the Sub- Agreement or any of its provisions.

3. The Project Implementing Entity shall ensure that under the Sub-Grant Agreement, the Sarajevo Canton shall be required to:

(a) duly perform all obligations under the Operational Manual, the Environmental Impact Assessment and the Environmental Management
Plan in a timely manner and in accordance with their respective terms, and apply and implement, as the case may be, the actions, criteria, policies, procedures and arrangements therein set forth; and

(b) not amend or waive, or permit to be amended or waived the Operational Manual, the Environmental Impact Assessment or the Environmental Management Plan or any provisions of any one thereof, except with the prior written approval of the World Bank.

D. Project Implementation Agreement

1. For the purpose of carrying out the Project, the Project Implementing Entity shall enter into an implementation agreement, (“Project Implementation Agreement”) with the Sarajevo Canton and VIK under terms and conditions which shall have been approved by the Bank including the Anti-Corruption Guidelines.

2. The Project Implementing Entity shall ensure that under the Project Implementation Agreement, the Sarajevo Canton and VIK shall be required to:

(a) duly perform all their obligations under the Operational Manual, the Environmental Impact Assessment (EIA) and the Environmental Management Plan (EMP) in a timely manner and in accordance with their respective terms, and apply and implement, as the case may be, the actions, criteria, policies, procedures and arrangements therein set forth; and

(b) not amend or waive, or permit to be amended or waived the Operational Manual, the EIA or the EMP or any provisions of any one thereof, except with the prior written approval of the World Bank.

3. The Project Implementing Entity shall exercise its rights under the Project Implementation Agreement in such as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Project Implementing Entity shall ensure that the Sarajevo Canton, and VIK shall not assign, amend, abrogate or waive the Implementation Agreement or any of its provisions.

E. Anti-Corruption

The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines.

F. Safeguards

1. In order to ensure the proper implementation of the Project in an environmentally and socially sound manner, the Project Implementing Entity shall:
(a) carry out the Project in accordance with the EIA and EMP for the Project;

(b) ensure that prior to carrying out any works under the Project, prepare site-specific EMPs in accordance with the respective EIA, including disclosure and public consultation, in form and substance satisfactory to the Bank, and implement the Project activities in accordance with the respective EMPs;

(c) ensure that no land acquisition, relocation of population or temporary and/or permanent restrictions on access to economic resources shall be required under the Project; and

(d) not assign, amend, abrogate or waive the EIA or EMP or any of their provisions without the prior approval of the Bank.

2. In the event of any inconsistency between any of the provisions of the EIA or EMP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient, through the PMU, shall cause the Project Implementing Entity, through the PIT, 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 the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, 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 six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall cause the Project Implementing Entity to maintain a financial management system and prepare financial statements in accordance with in accordance with provisions of Section 2.07 (b) of the Standard Conditions.

2. The Recipient shall cause the Project Implementing Entity to ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report 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 its financial statements audited in accordance with provisions of Section 2.07 (b) of the Standard Conditions. In addition, the Recipient shall cause VIK to have its Financial Statements audited in accordance with local laws and regulations acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Recipient shall cause the Project Implementing Entity to ensure that the audited financial statements for each period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section 2.08 to the Grant Agreement.