Project Agreement

(Second Solid Waste Management Project: Neum, Bosanska Krupa, Srebrenik, and Sarajevo)

between

FEDERATION OF BOSNIA AND HERZEGOVINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

acting as Administrator of the European Commission for the European Union Instrument for Pre-Accession Trust Fund

Dated January 21, 2015
PROJECT AGREEMENT

Agreement dated January 21, 2015, entered into between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank") and the FEDERATION OF BOSNIA AND HERZEGOVINA ("Federation") ("Project Agreement") in connection with the EC Trust Fund Grant Agreement No. TF015881 for the Second Solid Waste Management Project: Neum, Bosanska Krupa, Srebrenik, and Sarajevo between Bosnia and Herzegovina (the "Recipient") ("Grant Agreement") and the World Bank.

The World Bank and the Federation hereby agree as follows:

ARTICLE I
GENERAL CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in 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 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 World Bank and the Federation shall otherwise agree, the Federation shall implement the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III
REPRESENTATIVE; ADDRESSES

3.01. The Federation’s Representative is the Minister of Finance of the Federation.

3.02. The World Bank’s Address is:

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

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

3.03. The Federation’s Address is:
Federal Ministry of Finance  
Mehmeda Spahe 5  
71000 Sarajevo  
Bosnia and Herzegovina

Facsimile:  
387 33 203 152

AGREED at Sarajevo, Bosnia and Herzegovina, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:  
Authorized Representative

Name: TATIANA PROISKUZKOVA
Title: COUNTRY MANAGER

FEDERATION OF BOSNIA AND HERZEGOVINA

By:  
Authorized Representative

Name: ŽIVKO PUSNJANIR
Title: PRESIDENT
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall, and shall cause the Federation to carry out the Project in accordance with the following institutional and other arrangements:

1. The Project shall be implemented under the overall responsibility of FMET in the Federation. The PMU, which shall report to FMET, shall be responsible for Project management, including procurement and financial management.

2. PITs shall be established in each Participating Utility managing a landfill site under the Project. PITs shall handle procurement and financial aspects in relation to their respective landfill site under the Project, which shall be subsequently reviewed by PMU to ensure compliance with World Bank guidelines and procedures. PITs shall report to the PMU at least on a quarterly basis.

B. Implementation Covenants and Safeguards

1. The Recipient shall cause the Federation to maintain its PMU at all times during Project implementation with terms of reference and resources satisfactory to the World Bank, and with competent staff in adequate numbers.

2. The Recipient shall, and shall cause the Federation to:

   (a) duly perform all obligations under the Operational Manual and the EF 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;

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

   (c) prior to the commencement of any works at a specific site, prepare a site-specific Environmental Assessment and Environmental Management Plan in accordance with the EF and the Operational Manual, and acceptable to the World Bank.

3. The Recipient shall ensure, and shall cause the Federation to ensure, that no private land shall be affected by the Project and that no land acquisition or resettlement shall be required.

C. Subsidiary Agreement

1. To facilitate the carrying out and financing of the Project, the Recipient shall make the proceeds of the Grant available to the Federation under a Subsidiary Agreement between the Recipient and the Federation, under the same terms and conditions as the Grant, approved by the World Bank.

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 provision thereof.

D. Sub-projects

1. For purposes of the Project, the Recipient shall cause the Federation to on-grant proceeds of the Grant to the respective Participating Utilities under Sub-Grant Agreements to be entered into between the Federation and the Participating Utilities in accordance with eligibility criteria and procedures set forth in the Operational Manual, under terms and conditions which shall have been approved by the World Bank and including the Anti-Corruption Guidelines, and which shall include the following:

   (a) each sub-project proposal shall include a feasibility study, an Environmental Assessment and an Environmental Management Plan for the proposed landfill site prepared in accordance with the EF, the Operational Manual, and the World Bank’s policies and procedures;

   (b) each sub-project proposal shall be appraised, implemented and evaluated in accordance with the principles and procedures set forth in the Operational Manual, the Consultant Guidelines, the Procurement Guidelines, the Anti-Corruption Guidelines and the EF and on the basis of the relevant Environmental Assessment and Environmental Management Plan; and

   (c) implementation progress for each sub-project shall, within eighteen (18) months from the date of the relevant Sub-Grant Agreement, be measured by the relevant PMU and project implementing team on the basis of the action plan and performance targets provided in said Agreement and satisfactory to the World Bank.

2. The Recipient shall, and shall cause the Federation to, obtain rights adequate to protect their interests and those of the World Bank, including the right to:

   (a) suspend or terminate the right of a Participating Utility to use the proceeds of the Sub-Grant, upon the Participating Utility’s failure to perform any of its obligations under the Sub-Grant Agreement;

   (b) require each Participating Utility to:

      (i) carry out its obligations under the Sub-Grant 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 provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds;

      (ii) provide, promptly as needed, the resources required for the purpose;

      (iii) procure the goods, works and services to be financed out of the Sub-Grant Agreement in accordance with the provisions of this Agreement, the Consultant Guidelines, and the Procurement Guidelines;

      (iv) maintain adequate policies and procedures to enable the monitoring and evaluation, in accordance with indicators acceptable to the World Bank, the progress of the sub-project and the achievement of its objectives;
(v) 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 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;

(vi) enable the Recipient and the World Bank to inspect the sub-project, its operation and any relevant records and documents; and

(vii) 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 cause the Federation to exercise its rights under each Sub-Grant Agreement in such a 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 cause the Federation not to assign, amend, abrogate or waive any Sub-Grant Agreement or any of its provisions.

E. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Grants and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

F. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

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 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 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 one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each 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 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 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").