Project Agreement

(Water Quality Protection Project: Mostar Waste Water Treatment Plant)

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 July 22, 2014
PROJECT AGREEMENT

Agreement dated \textit{July 22}, 2014, 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. TF015208 for the Water Quality Protection Project between Bosnia and Herzegovina (the "Recipient") ("Grant Agreement") and the World Bank.

The World Bank and the Federation hereby agree as follows:

\textbf{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.

\textbf{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.

\textbf{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: ANABELA ABREU  
Title: COUNTRY MANAGER

FEDERATION OF BOSNIA AND HERZEGOVINA

By:  
Authorized Representative  
Name: ŽIVKO BUĐINIR  
Title: PRESIDENT
SCHEDULE

Execution of the Project

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. The Federation shall enter into the Subsidiary Agreement for the purposes of receiving funds necessary for carrying out the Project.

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

3. The Federation shall take, or cause to be taken, all measures necessary to ensure that:

   (a) for the purposes of carrying out the Project, the Federation shall on-grant the proceeds of the Grant received by it from the Recipient under the Subsidiary Agreement to the Participating Utility under a Sub-Grant Agreement with the Participating Utility, under terms and conditions that will have been approved by the World Bank for the purpose of implementing the Sub-project.

   (b) the Sub-project is implemented by the PIT in a timely manner in full compliance with the provisions of the Environmental Management Plan and the Environmental Framework Policy, as the case may be; and

   (c) the PMT, the PCWM and the PIT are each maintained and adequately staffed throughout the implementation of the Project, satisfactory to the World Bank.

B. Operational Manual and Implementation

1. The Federation shall carry out the Project in accordance with the provisions of the Operational Manual, and shall cause the PMT to perform their respective obligations under the Project in accordance with the provisions of the Operational Manual, and the Project Agreement.

2. The Federation, through the PMT, shall carry out the Project under the overall responsibility of the MOA. The PMT shall be responsible for overall implementation of the Project, including responsibility for procurement, financial management, monitoring, reporting, and evaluation. The MOA, the PMT and the PCWM shall each fulfill their respective responsibilities and obligations under the Project in accordance with the Operational Manual.

3. The Federation shall maintain the Operational Manual in form and content satisfactory to the World Bank, and shall duly perform all its obligations under the Operational Manual and shall not take or concur in any action which would have the effect of amending, assigning, abrogating or waiving the Operational Manual without obtaining the prior approval of the World Bank.

C. Safeguards
1. The Federation shall cause the Project to be carried out in accordance with the Environmental Management Plan and the Environmental Framework Policy and, unless the World Bank otherwise agrees, shall not amend, repeal or waive the Environmental Management Plan or the Environmental Framework Policy or any provision of any one thereof.

2. The Federation, through the PMT, shall ensure that all measures necessary for the carrying out of the Environmental Management Plans and the Environmental Framework Policy are taken in a timely manner.

D. Anti-Corruption

The Federation 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 Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

E. Donor Visibility and Visit

1. The Federation 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 Federation shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Federation’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Federation 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 Federation 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 months after the Closing Date.

B. Financial Management; Financial Reports; Audits

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

2. The Federation shall 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 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Federation shall have its 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 Federation. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period, and shall be made publicly available in a timely fashion and in a manner acceptable to the World Bank.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. 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 the Grant Agreement.