Agreement Providing for the Amendment and Restatement of the Grant Agreement

(HCFC Phase-Out (ODS III) Project)

between

HASHEMITE KINGDOM OF JORDAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

acting as Implementing Agency of the Multilateral Fund and Trustee of the Ozone Projects Trust Fund

Dated 31 December, 2017
OZONE PROJECTS TRUST FUND GRANT AGREEMENT

AGREEMENT dated December 31, 2017, entered into between:

HASHEMITE KINGDOM OF JORDAN ("Recipient"); and,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as trustee of grant funds provided by Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer into the Ozone Projects Trust Fund ("OTF").

The Recipient and the World Bank hereby agree to amend and restate the Original Grant Agreement, with effect from the Effective Date of this Agreement, to read 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"), with the modifications set forth in Section II of the Appendix to this 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 Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule I to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the National Ozone Unit ("NOU") of the Ministry of Environment ("MOE") of the Recipient in accordance with the provisions of Article II of the Standard Conditions, and with the Montreal Protocol.

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, an Original Grant and an Additional Grant (together, the "Grant") from various sources in the following amounts, to assist in financing the Project:

(a) an amount not to exceed one million four hundred sixty-three thousand five hundred fifty-two Dollars ($1,463,552) ("Original Grant"); and

(b) an amount not to exceed two million four hundred fifty-two thousand four hundred eight Dollars ($2,452,408) ("Additional Grant").

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 donor 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 donor 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 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;

(b) any party to a Sub-grant Agreement has failed to perform any of its respective obligations under said Agreement;

(c) the World Bank has declared any Beneficiary Enterprise ineligible to receive proceeds of any financing made by the World Bank, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the World Bank (including as administrator of funds provided by another financier), as a result of: (i) a determination by the
World Bank that said Beneficiary Enterprise has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the World Bank; and/or (ii) a declaration by another financier that said Beneficiary Enterprise 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 said Beneficiary Enterprise has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier; and

(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 any Beneficiary Enterprise will be able to perform its obligations under the relevant Sub-grant Agreement.

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 showing that the conditions specified below have been satisfied, namely the Recipient submits a revised Project Implementation Manual satisfactory to the World Bank.

5.02. 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 ("Effective Date"). 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.

5.03. 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 Planning and International Cooperation.

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

Ministry of Planning and International Cooperation
Post Office Box 555, 11118
The Hashemite Kingdom of Jordan

Telex: Facsimile:
+962 6 454 9341       +962 6 461 5683

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

Telex: Facsimile:
248423 (MCI) or 1-202-477-6391
64145 (MCI)
AGREED at Amman, Jordan, as of the day and year first above written.

HASHEMITE KINGDOM OF JORDAN

By

Authorized Representative

Name: Imad Najib Fakhoury
Title: Minister

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Multilateral Fund and administrator of the Ozone Projects Trust Fund

By

Authorized Representative

Name: Saroj Kumar Jha
Title: Director, Middle East Department

December 31, 2017

December 18, 2017
SCHEDULE 1
Project Description

The objective of the Project is to support the Recipient in its overall efforts to meet its Montreal Protocol HCFC phase-out obligations and to strengthen the capacity of responsible government entities to continue to effectively implement and comply with the Montreal Protocol.

The Project consists of the following parts:

Part 1: Investment in HCFC Consumption Reductions

1. Investment in residential air-conditioner ("AC") and foam manufacturers in the Recipient's territory to fund the incremental costs of new, non-HCFC based manufacturing equipment and technology (including prototype development).

Part 2: Technical Assistance, Policy and Sector Plan Management

1. Provision of technical assistance to support Beneficiary Enterprises to, inter alia, prepare project proposals and equipment specifications, develop prototypes and complete the conversion, and complete project completion reports.

2. Increasing technical capacity of local authorities in order to allow them to monitor and enforce HCFC-related policies for new and existing industrial installations, including customs officers, in order to ensure effective control of HCFC imports and products containing HCFCs.

3. Provision of technical assistance to:
   (a) the air-conditioning and foam sectors and relevant stakeholders, through Training workshops and technical guidance to facilitate efficient and effectual HCFC phase-out in the sector;
   (b) the air-conditioning servicing sector for, inter alia, the development and use of good practice guidance in servicing air-conditioning units, retrofitting AC units to alternative refrigerants if required, and in handling alternative refrigerants; and
   (c) coordinate and cooperate with energy-related governmental and non-governmental entities on energy efficiency policies and initiatives in the residential air-conditioning sector to encourage market uptake of HCFC-free air-conditioners.

4. Introducing policies that will lead to a ban in manufacturing and importing of HCFC-22 based air-conditioners and HCFC-141b based foam manufacturing.
5. Promoting public awareness of the benefits of energy efficiency and savings as a result of the purchase of the new units and the protection of the ozone layer.

6. Provision of administrative and technical support to the NOU for implementation of pertinent sector plans.

Part 3: Institutional Strengthening

1. Enhancing the capacity of Government agencies to manage and address all ozone protection issues in the country and to interact with the international ozone protection community.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangement

1. The Recipient shall:

   (a) through NOU, maintain a PMU, during the period of implementation of the AC and foam sector plans, with composition, powers, functions, staffing, and resources appropriate to fulfill its responsibilities under the Project;

   (b) cause the NOU to carry out supervision of the overall implementation, management, coordination and financial management activities of the Project; and

   (c) cause the NOU to carry out day-to-day coordination, management, and supervision of the Project through qualified staff, and to ensure that the grant funds provided by this Agreement shall be used for financing activities under the Project, and that each beneficiary will carry out the Project activities with due diligence and efficiency and in accordance with sound technical, economic, financial, management, social and environmental standards and practices acceptable to the World Bank.

B. Anti-Corruption

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

C. Sub-grants

1. For the purpose of carrying out Part I of the Project, the Recipient shall, through NOU, make available a portion of the proceeds of the Grant made available by the World Bank pursuant to the provisions of paragraph E.5 of Section I of this Schedule and allocated from time to time under Category I set forth in the table in paragraph A.2 of Section IV of Schedule 2 to this Agreement to Beneficiary Enterprises as Sub-grants under Sub-grant Agreements with the respective Beneficiary Enterprises. Such Sub-grants shall be made in accordance with procedures and on terms and conditions satisfactory to the World Bank, which shall be included in the project implementation manual ("Project Implementation Manual", or "PIM").
2. The Recipient, through NOU, shall exercise its rights under each Sub-grant Agreement in such manner as to protect its interests and the interests of the World Bank and to accomplish the purposes of each Sub-grant Agreement.

3. Except as the World Bank shall otherwise agree in writing, the Recipient shall cause NOU not to assign, amend, abrogate, repeal, waive or fail to enforce any Sub-grant Agreement or any of its provisions.

D. Safeguards

1. The Recipient, through the NOU, shall, and shall cause, the Project to be carried out in accordance with the EMF.

2. In carrying out the Project, the NOU shall ensure that: (a) each relevant Beneficiary Enterprise prepares and implements for its respective Sub-Project, an Environmental Management Plan ("EMP"), in a manner satisfactory to the World Bank, and in accordance with the EMF; and (b) a Beneficiary Enterprise shall not amend, abrogate, repeal, waive or fail to enforce its EMP or any of its provisions without the prior written approval of the World Bank.

3. In the event of any conflict between the provisions of an EMP, including any annexes and supplements thereto, and the provisions of this Agreement, the latter shall prevail.

E. Implementation Arrangements

1. The Recipient shall cause NOU to carry out the Project in accordance with, inter alia, the provisions of the PIM.

2. Except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, repeal, waive or fail to enforce said Manual or any of its provisions.

3. In the event of any conflict between the provisions of the PIM, including any annexes and supplements thereto, and the provisions of this Agreement, the latter shall prevail.

4. The Recipient shall cause the NOU to monitor on an annual basis the environmental performance of all Sub-projects financed by Sub-grants in accordance with Executive Committee requirements, applicable regulatory requirements and in accordance with procedures, arrangements and terms of reference satisfactory to the World Bank, and shall report its findings within thirty (30) days of completing each annual monitoring.
5. For purposes of implementing the Project, the Recipient shall, through the NOU, prepare for each release of funding from the Executive Committee during the implementation of the Project, a report, in accordance with the relevant formats and agreed timing as follows:

(a) tranche implementation report and work plan for Parts 1 and 2 combined, that shall include annual HCFC consumption reductions achieved and future HCFC consumption targets, policy instruments to be implemented, Beneficiary Enterprises' actions to be carried out, technical assistance activities to be implemented, disbursements made and a budget with expected disbursement for the period covered by the work plan, and an update of achievements and lessons learned from the previous year, including for Part 1, the actual ODP reduction from completed Sub-projects; and

(b) biennial terminal report and renewal request for Part 3 that includes reporting on planned and actual measures for addressing and managing ozone protection issues in the Recipient's territory, expenditures and a budget with expected disbursement for the period covered.

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 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. (a) 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 the 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 (1) month after the end of the period covered by such report.

(b) The Recipient shall work with the World Bank to ensure timely submission of documents which are required for reporting purposes to be submitted to the Executive Committee.
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. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank in accordance with the provisions of Section III of this Schedule.

B. Financial Management; Financial Reports; Audits

1. The Recipient, through the NOU, 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, through the NOU, 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, through the NOU, 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 calendar year or any other period as agreed with the World Bank. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

All goods, non-consulting services and consulting 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 the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated June 12, 2017, provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with 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 “Disbursement Guidelines for Investment Project
Financing" dated February 2017, 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 Original Grant Allocated (expressed in USS)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
<th>Amount of the Additional Grant Allocated (expressed in USS)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-Grants to Beneficiary Enterprises</td>
<td>628,000</td>
<td>100%</td>
<td>1,614,522</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Consultants Services, Training, and Incremental Operating Costs under Part 2 of the Project</td>
<td>352,300</td>
<td>100%</td>
<td>460,714</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants Services, Training, Incremental Operating Costs, and Recurrent Cost under Part 3 of the Project</td>
<td>483,252</td>
<td>100%</td>
<td>377,172</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,463,552</td>
<td></td>
<td>2,452,408</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.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2022.
APPENDIX
Definitions and Modifications to the Standard Conditions

Section I. Definitions

1. "AC" means air-conditioning.


3. "Beneficiary Enterprises" means collectively the enterprises that are selected in accordance with the criteria satisfactory to the World Bank, and further detailed in the PIM, to enter into a Sub-grant Agreement with NOU and to implement such agreement; and "Beneficiary Enterprise" means individually any such enterprise.

4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "Environmental Management Framework" or "EMF" means the updated framework, dated May 22, 2017, disclosed in the territory of the Recipient on May 28, 2017 and on the World Bank’s website on May 23, 2017, in form and substance satisfactory to the World Bank, setting out modalities to be followed in assessing the potential adverse environmental impacts associated with activities to be implemented under the Project, and the measures to be taken to offset, reduce, or mitigate such adverse impacts, as such framework may be amended from time to time with the prior written approval of the World Bank.

6. "Environmental Management Plans" and the acronym "EMPs" mean the plan to be adopted by each relevant Beneficiary Enterprise, in line with the EMF, under each Sub-grant to said Beneficiary Enterprise; each such plan setting forth, inter alia, the assessment of environmental impacts of the Sub-project, recommendations for mitigation of adverse impacts and enhancement of positive impacts based on such assessment, and the guidelines for environmental screening and monitoring of Project implementation, as each such plan may be amended from time to time with the prior written approval of the World Bank; and such term includes all attachments and annexes supplemental to each such Plan; and "EMP" means any such plan individually.


8. "HCFC" means hydrochlorofluorocarbon.
9. "Incremental Operating Costs" means Project related reasonable incremental costs incurred by the NOU on account of communication, translation and interpretation, printing, procurement-related advertising, service contracts, office supplies, banking charges, Project-related local travel including per diem accommodation and transportation, international travel for Montreal Protocol-related meetings vehicle rental and fuel, public awareness and other miscellaneous costs directly associated with Project implementation subject to prior approval by the World Bank.

10. "MOE" means the Ministry of Environment of the Recipient which is the designated national lead agency for the implementation of the Montreal Protocol.


12. "NOU" means the National Ozone Unit within the MOE.

13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated June 12, 2017 and referred to in Section IV of the Procurement Regulations, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


15. "Original Project" means the Project described in Schedule I to the Original Grant Agreement.

16. "Original Grant" means Grant No. TF013968.

17. "Original Grant Agreement" means the grant agreement for the Original Project between the Recipient and the World Bank, dated May 19, 2013 as amended to the date of this Agreement (Grant No. TF013968)

18. "OTF" means the Ozone Projects Trust Fund for which the World Bank acts as a trustee.

19. "Project Implementation Manual", or the "PIM", means the Project implementation manual prepared and adopted by NOU and to the satisfaction of the World Bank, setting out, inter alia, the criteria, procedures and arrangements for implementing the Project, including in respect of procurement, financial management, environmental management, Sub-grant processing, verification and payment mechanisms, and monitoring and evaluation, as the same may be amended from time to time with the prior written agreement of the World Bank, and such term includes any schedules or annexes to such Manual.
20. “Project Management Unit” or “PMU” means the unit established under and to be maintained by NOU, to manage the overall implementation of the Project, as such unit may be reconstituted from time to time with the prior written agreement of the World Bank.

21. “Recurrent Cost” means any remuneration paid to a civil servant through institutional strengthening grant funds provided by the Multilateral Fund for the additional work done in carrying out specific functions in the country’s national ozone unit for Montreal Protocol implementation, including managing, coordinating, facilitating and monitoring activities to phase out ODS.

22. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated February 15, 2012, with the modifications set forth in Section II of the Appendix to this Agreement, which constitute an integral part of this Agreement.

23. “Sub-grant” means a grant made available by the Recipient to a Beneficiary Enterprise out of the proceeds of the Grant for carrying out a Sub-Project consisting of the activities under Part I of the Project and the term “Sub-grants” means all such Sub-grants to Beneficiary Enterprises.

24. “Sub-grant Agreement” means the Agreement to be entered into between the Recipient, through MOE, and a Beneficiary Enterprise providing a Sub-grant, all in accordance with procedures and arrangements set out in this Agreement and the PIM.

25. “Sub-Project” means a Sub-Project prepared by a Beneficiary Enterprise, in accordance with the Project Implementation Manual and to the satisfaction of the World Bank, setting out, inter alia, the activities under Part 1 or 2 of the Project to be carried out, the budget, and procedures and arrangements for implementing the activities.

26. “Training” means training courses, workshops, conferences, seminars and outreach activities carried out under the Project, including costs of purchase and publication of training materials, rental of facilities and equipment, travel expenditures and subsistence of trainees.
Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Paragraph (a) of Section 3.06 is modified to read as follows:

“(a) the payment is for the reasonable cost of goods, works, services, recurrent costs, or training and workshops, required for the Project, to be financed out of the proceeds of the Grant and procured, all in accordance with the provisions of the Grant Agreement;”