Global Environment Facility
Grant Agreement

(PCB Management in the Power Sector Project)

between

LEBANESE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated February 16, 2015
AGREEMENT dated February 16, 2015, entered into between:

LEBANESE REPUBLIC ("Recipient") and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

**Article I**

**Standard Conditions; Definitions**


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 Ministry of Environment in accordance with the provisions of Article II of the Standard Conditions.

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 two million five hundred thirty-eight thousand nine hundred United States Dollars ($2,538,900) ("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**

**Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action and the Agreement is legally binding on the Recipient in accordance with its terms.

4.02. 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 4.01 (“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.

4.03. 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 one hundred eighty (180) 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 V  
Recipient’s Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister of finance.

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

Ministry of Finance  
Riad El-Solh Square, Beirut  
Lebanese Republic

Facsimile:

+961 1 642 762

5.03. 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 1-202-477-6391  
Washington, D.C. 64145 (MCI)
AGREED at Beirut, Lebanon, as of the day and year first above written.

LEBANESE REPUBLIC

By

[Signature]

Authorized Representative

Name: Ali Hasan El Khalil

Title: Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an implementing agency of the
Global Environment Facility

By

[Signature]

Authorized Representative

Name: Ferid Belhaj

Title: Country Director
SCHEDULE 1  
Project Description

The objective of the Project is to dispose of high risk PCBs and improve the inventory management of transformers in the power sector in an environmentally sound manner.

The Project consists of the following parts:

PART A: Inventory of PCB Contaminated Transformers

Supporting a countrywide inventory of the PCB contaminated transformers in the power sector within the Recipient’s territory, including desk review of EDL database to identify the number of transformers potentially contaminated, sampling, and on-site- and laboratory testing of PCB.

PART B: Disposal of High-Content PCB Equipment and Contaminated Oil

Supporting disposal of out-of-service high-content PCB equipment and in-service high content PCB equipment and contaminated oil, including associated capacitors.

PART C: Capacity Building and Project Management

Supporting Project management and coordination activities, including: (i) the establishment and staffing of a Project Management Unit within the Ministry of Environment to perform the functions of monitoring and evaluation, reporting, financial management, procurement, social and environmental safeguards; (ii) training staff at the Ministry of Environment, EDL and other relevant institutions on improved management of PCBs, working with databases, and other aspects of Project management; and (iii) building the capacity of relevant technical staff in reviewing, sampling, testing, draining and labeling of PCB contaminated oil.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall, not later than one (1) month after the Effectiveness Date of this Agreement, establish, and thereafter maintain throughout the implementation of the Project, a Project Management Unit (PMU) with staffing, resources and terms of reference satisfactory to the World Bank, to be responsible for overall implementation and coordination of Project.

2. The Recipient shall, throughout the implementation of the Project, provide adequate resources and support to EDL to enable the implementation of the activities under Parts A and B of the Project.

3. The Recipient shall ensure that the EDL Technical Committee is maintained throughout the implementation of the Project, to follow up on all PCB issues within EDL.

B. Implementation Arrangements

1. The Recipient shall implement the Project in accordance with the Financial Management Manual setting forth the disbursement, financial management, and auditing procedures for the Project.

2. Annual Work Plan and Budget

(a) The Recipient shall prepare and furnish to the World Bank for its approval, not later than January 15 of each year during the implementation of the Project, a proposed annual work plan and budget containing all activities proposed to be carried out under the Project in the following fiscal year.

(b) The Recipient shall afford the World Bank a reasonable opportunity to exchange views with the Recipient on each such proposed annual work plan and budget, and thereafter, shall implement the Project with due diligence in accordance with such annual work plan and budget as shall have been approved by the World Bank ("Annual Work Plan and Budget").

(c) The Recipient shall not make or allow to be made any changes to the Annual Work Plan and Budget without the prior written agreement of the World Bank.
C. 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 Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

D. Safeguards

1. The Recipient shall carry out the Project in accordance with the ESIA and ESMP in a manner satisfactory to the World Bank.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and furnish to the World Bank reports in form and substance acceptable to the World Bank, on the status of compliance with the ESIA and the ESMP giving details of:

   (a) measures taken in furtherance of the ESIA, including the pertinent ESMP;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESIA and the applicable ESMP; and

   (c) remedial measures taken or required to be taken to address such conditions.

E. 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 donors’ 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 donors 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; Mid-Term Review; 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 not later than February 15, 2018:

   (a) undertake, in conjunction with the World Bank, a mid-term review of the Project during which it shall assess and exchange views with the World Bank on all matters relating to the progress of the Project;

   (b) the Recipient shall prepare, not later than 45 days after the completion of the mid-term review, and furnish to the World Bank in form and substance satisfactory to the World Bank, a report detailing the results of the mid-term review and setting out the measures agreed upon with the World Bank to ensure the efficient carrying out of the Project and achievement of its objective during the period following such date; and

   (c) the Recipient shall give the World Bank reasonable time to review and make an input on the results and shall thereafter promptly and diligently take all actions required to ensure the prompt and efficient completion of the Project and the achievement of the objective thereof as agreed with the World Bank.

3. 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 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.

4. The Recipient shall recruit, not later than six (6) months after the Effective Date of this Agreement, an external auditor referred to in Section 2.07(b) of the Standard Conditions, in accordance with Section III of Schedule 2 of this Agreement and
pursuant to terms of reference agreed upon with the World Bank to carry out such functions as set forth in the Financial Management Manual.

5. The Recipient shall, throughout the entire duration of the Project, maintain the financial management staff recruited for the Project, to carry out the financial management functions under the Project.

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:


   (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 World Bank’s procurement procedures and using the World Bank’s standard bidding documents acceptable to and cleared by the World Bank; (b) Shopping; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; (d) Direct Contracting; and (e) Force Account.

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) Leas Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; (g) Single-source procedures for the Selection of Individual Consultants; and (h) selection of UN agencies.

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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and non-consulting services, consultants' services, Training and Operating Costs</td>
<td>2,538,900</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,538,900</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 $254,000 may be made for payments made prior to this date but on or after September 22, 2014 for Eligible Expenditures under Category 1.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2020.
APPENDIX
Definitions

1. “Category” means the category set forth in the table in Section IV of Schedule 2 to this Agreement.

2. “EDL” means Electricité du Liban established and operating pursuant to the Recipient’s Decree No. 16878 dated July 10, 1964, or any successor thereto.

3. “EDL Technical Committee” means the committee established by the EDL Management Board Administrative Memo No. 31 dated April 19, 2012.

4. “ESIA” means Environmental and Social Impact Assessments, dated March 21, 2014, describing the environmental and social assessment process, outcomes and the mitigation measures; as such assessments may be revised, updated or supplemented from time to time with the prior written concurrence of the World Bank.

5. “ESMP” means the environmental and social management plan dated March 21, 2014 prepared as a part of the ESIA, as such plan may be amended from time to time with the prior agreement of the World Bank, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental impacts to levels acceptable to the World Bank.


7. “Ministry of Environment” or “MOE” means the Recipient’s ministry responsible for environment or any successor thereto.

8. “Operating Costs” means the incremental operating costs under the Project incurred by the PM for purposes of Project management and implementation on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance and insurance, building and equipment maintenance, domestic travel, lodging, subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries and any salary supplements of members of the Recipient’s civil service.

9. “PCB” or “PCBs” means polychlorinated biphenyls.

10. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 5, 2014, and referred to in Section III of A.1.b of Schedule 2 to this Agreement.
11. "Project Management Unit" or "PMU" means the unit to be established and maintained by the Recipient in accordance with Section I.A.1 of Schedule 2 to this Agreement.

12. "Training" means the costs associated with training and workshop participation of personnel involved in the implementation of the Project including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation.