

CONFORMED COPY

OTF GRANT NUMBER 21932 JO

Ozone Projects Trust Fund Grant
Agreement

(Ozone Depleting Substance Phase-Out Project)

between

HASHEMITE KINGDOM OF JORDAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as Trustee of the Ozone Projects
Trust Fund

Dated September 17, 1993

OTF GRANT NUMBER 21932 JO

OZONE PROJECTS TRUST FUND GRANT AGREEMENT

AGREEMENT, dated September 17, 1993, between HASHEMITE KINGDOM OF JORDAN (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, 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 Trustee).

WHEREAS (A) the International Bank for Reconstruction and Development (the Bank) pursuant to Resolution No. 91-5 of March 14, 1991, of the Executive Directors of the Bank (the Resolution), established the Global Environment Facility consisting of the OTF, the Global Environment Trust Fund (GET) and Cofinancing Arrangements with the GET to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

WHEREAS (B) the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer to the Vienna Convention for the Protection of the Ozone Layer have established the Multilateral Fund (Fund) for the Implementation of the Montreal Protocol to operate under the authority of the said Parties to provide the financing of agreed incremental costs to enable the Parties operating under paragraph 1 of Article 5 of the Protocol to comply with control measures provided for in the Protocol;

WHEREAS (C) the Executive Committee of the Fund and the Bank have entered into an agreement effective on July 9, 1991, pursuant to which the Executive Committee has agreed to provide funds into the OTF to be administered by the Bank as Trustee in

accordance with the provisions of the said agreement and the Resolution;

WHEREAS (D) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, have requested assistance from the resources of the OTF in the financing of the Project, and the Trustee has determined that such assistance would be in accordance with the provisions of the Resolution; and

WHEREAS the Trustee has agreed, on the basis, inter alia, of the foregoing, to extend a grant (the OTF Grant) to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 1, 1985, with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (18) and (20), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Section 4.01 and the first sentence of Section 4.09;
- (v) Article V;
- (vi) Sections 6.01, 6.02 (c), (d), (e), (f), (g), (i), and (k), 6.03, 6.04 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
- (ix) Sections 10.01, 10.03 and 10.04;
- (x) Article XI; and
- (xi) Sections 12.01, 12.02, 12.03 and 12.04.

(b) The General Conditions shall be modified as follows:

- (i) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Trustee except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;
- (ii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
- (iii) the term "Loan Agreement", wherever used in the General Conditions, means the OTF Grant Agreement;
- (iv) the term "Loan" and "loan" wherever used in the General Conditions, means the OTF Grant; and
- (v) the term "Loan Account" wherever used in the General Conditions, means the OTF Grant Account.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth; and the following additional terms have the following meanings:

- (a) "MOP" means the Ministry of Planning of the Recipient;
- (b) "MMRAE" means the Ministry of Municipalities, Rural Affairs and the Environment of the Recipient;
- (c) "ODS" means an ozone depleting substance;
- (d) "PIU" means the project implementation unit, to be established in accordance with the provisions of paragraph 3 of Schedule 4 to this Agreement;
- (e) "Beneficiary" means any public or private enterprise which consumes ODS and with which PIU shall conclude a contract pursuant to the provisions of paragraph 5 of Schedule 4 to this Agreement for the carrying out of a Sub-project;
- (f) "Sub-project" means a project prepared by a Beneficiary and approved for financing from the proceeds of the OTF Grant; and
- (g) "Special Account" means the account referred to in Section 3.04 of this Agreement.

ARTICLE II

The OTF Grant

Section 2.01. The Trustee agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the OTF Grant in an amount in various currencies equivalent to one million five hundred thousand dollars (\$1,500,000).

Section 2.02. The amount of the OTF Grant may be withdrawn from the OTF Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Trustee shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out the Project and to be financed out of the proceeds of the OTF Grant.

Section 2.03. The Closing Date shall be December 31, 1996, or such later date as the Trustee shall establish. The Trustee shall promptly notify the Recipient of such later date.

Section 2.04. The Trustee shall not be obligated to make any payment under this Agreement except to the extent it shall have received funds for the purposes of the Project from the Executive Committee referred to in WHEREAS Clause (C) of the Preamble to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall: (i) carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, engineering and financial practices and with due regard to ecological and environmental factors; (ii) provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Trustee and the Recipient shall otherwise agree, the Recipient shall carry out the Project in accordance with the implementation arrangements set forth in Schedule 4 to this Agreement.

Section 3.03. Except as the Trustee shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the OTF Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. The Recipient shall, for the purposes of the Project, open and maintain in dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Trustee, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. The Recipient shall: (a) maintain procedures, records and accounts adequate to monitor and record the progress of the Project (including its costs and benefits to be derived from it).

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Trustee;
- (ii) furnish to the Trustee as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Trustee shall have reasonably requested; and
- (iii) furnish to the Trustee such other information concerning said records and accounts and the audit thereof as the Trustee shall from time to time reasonably request.

(c) The Recipient shall furnish to the Trustee, as soon as available, but not later than six months after the end of the respective fiscal year, certified copies of its audited financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year.

(d) For all expenditures with respect to which withdrawals from the OTF Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Trustee has received the audit report for the fiscal year in which the last withdrawal from the OTF Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Trustee's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Effectiveness; Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of the OTF Grant Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Recipient shall have established the PIU in accordance with the provision of paragraph 3 of Schedule 4 to this Agreement.

Section 5.02. The date 90 days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.03. This Agreement shall continue in effect until the OTF Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. The President of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Planning
P.O. Box 555
Amman
Jordan

| | |
|-------------------------------|--------|
| Cable address: | Telex: |
| MINISTRY OF PLANNING Amman | 21319 |

For the Trustee:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

| | |
|-------------------------------|--|
| Cable address: | Telex: |
| INTBAFRAD Washington, D.C. | 197688 (TRT), 248423 (RCA), 64145 (WUI) or 82987 (FTCC) |

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

HASHEMITE KINGDOM OF JORDAN

By /s/ Fouyez Tarawneh

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT as Trustee of
the Ozone Projects Trust Fund

By /s/ Ram Chopra

Acting Regional Vice President
Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the OTF Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the OTF Grant, the allocation of the amounts of the OTF Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

| Amount of the OTF Grant Allocated (Expressed in | % of Expenditures |
|---|----------------------|
|---|----------------------|

| | Category | Dollar Equivalent) | to be Financed |
|-----|--|--------------------|---|
| (1) | Sub-projects under Part A of the Project | 1,400,000 | 100% of foreign expenditures and 100% of local expenditures |
| (2) | Goods and services under Part B of the Project | 100,000 | 100% |
| | TOTAL | 1,500,000 | |

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient; and

(b) the term "local expenditures" means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient.

3. If the Trustee shall have determined at any time that any payment made from the OTF Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Trustee, refund to the Trustee for deposit into the OTF Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Trustee.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Recipient to phase-out the use of ODS through the introduction of appropriate technology measures.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Trustee may agree upon from time to time to achieve such objectives:

Part A: Technology Transfer and Engineering Assistance

This component includes the implementation by Beneficiaries of Sub-projects for the phasing-out of ODS', including:

(1) a Sub-project for purification of liquid petroleum gas (LPG), including the provision of equipment and the implementation of measures for (i) safe storage facilities for LPG, (ii) operation of olefin removal system to remove odorous contaminants from LPG, and (iii) operation of LPG filling and distribution facilities; and

(2) Sub-projects for the phasing-out of ODS in other uses, including (a) flexible foam applications, with an emphasis on the producers of foam bunstock used for mattress and cushion production, (b) Sub-projects in the area of aerosol, and (c) Sub-projects in other priority areas, including the areas of air conditioning and commercial/industrial cooling.

Part B: Development of Project Implementation Capacity

(1) Provision of technical support to enhance the capacity of agencies of the Recipient to deal with ozone protection issues and, in particular, to carry out the following:

(a) technical awareness and assistance measures to familiarize industry and the public with ozone protection technologies and issues;

(b) monitoring of the consumption and use of ODS, including consideration of a licensing system for such uses;

(c) financial measures for funding the phasing-out of the uses of ODS; and

(d) institutional measures for ozone protection, including preparation of terms of reference for a joint industry-government ODS phase-out committee.

(2) Provision of office equipment for PIU.

* * *

The Project is expected to be completed by June 30, 1996.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: Procurement Procedures

1. Items of goods estimated to cost the equivalent of \$200,000 or more shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines). For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Trustee, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

2. Items of goods estimated to cost the equivalent of \$50,000 but less than \$200,000 per contract, shall be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three qualified suppliers from at least two different countries eligible under the Guidelines.

3. Items of goods estimated to cost the equivalent of less than \$50,000 per contract, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Trustee.

4. Notwithstanding the provisions of the preceding paragraphs 1 and 2, items of goods which the Recipient and the Trustee agree that they are of a proprietary nature, may be procured under contracts to be negotiated with the suppliers thereof on terms satisfactory to the Trustee.

Part B: Review by the Trustee of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Trustee pursuant to said paragraph 2 (d) shall be furnished to the Trustee prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Trustee pursuant to said paragraph 3 shall be furnished to the Trustee as part of the evidence to be furnished pursuant to paragraph 4 of Schedule [5] to this Agreement.

(c) The provisions of the preceding sub-paragraph (b) shall not apply to contracts on account of which withdrawals are to be made on the basis of statements of expenditure.

2. The figure of 25% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. In order to assist the Recipient in carrying out the Project, the Recipient shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Trustee. Such consultants shall be selected in

accordance with principles and procedures satisfactory to the Trustee on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Trustee review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Trustee review shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Trustee or to amendments of contracts raising the contract value to \$100,000 equivalent or above.

SCHEDULE 4

Implementation Arrangements

1. The Recipient shall assign the overall responsibility for the carrying out of the Project to MMRAE.

2. To facilitate implementation of the Project, MMRAE shall reorganize the ozone working groups established within it into a national committee for the phasing-out of ODS, with representatives from MMRAE, MOP and other ministries and agencies of the Recipient with direct involvement in environmental issues. Such committee shall be responsible for providing guidance on issues related to the Project and on ozone-related issues, as defined in the Recipient's Ozone National Action Plan.

3. MMRAE shall establish and maintain until Project completion, a Project Implementation Unit (PIU) with representatives from MMRAE and MOP, in addition to technical and support staff, assigned on a full-time basis, whose number and qualifications shall be adequate for the performance by PIU of its responsibilities under the Project.

4. MMRAE shall assign to PIU the technical responsibility for (a) the carrying out of Part A of the Project; (b) the appraisal of Sub-projects and the conclusion of contracts for the carrying out thereof with the relevant Beneficiaries; (c) the maintenance of Project accounts, (d) the review of the procedures to be followed by Beneficiaries in the procurement of goods and services to ensure the conformity of such procedures with the requirements set forth in Schedule 3 to this Agreement; and (e) the preparation and the furnishing to the Trustee and MMRAE of quarterly reports on progress in the carrying out of the Project.

5. MMRAE shall cause PIU: (a) to carry out the Project in accordance with annual work programs to be agreed upon with the Trustee; and (b) to obtain the Trustee's approval of any Sub-project under Part A of the Project and of any activity included in Part B of the Project, prior to approving the financing thereof from the proceeds of the OTF Grant.

6. For the financing of any Sub-project from the proceeds of the OTF Grant, PIU shall conclude a contract with the Beneficiary responsible for the carrying out of such Sub-project, whereby:

(a) the proceeds of the OTF Grant allocated for the carrying out of the Sub-project shall be transferred to the relevant Beneficiary as a grant;

(b) the Beneficiary shall be required to implement the Sub-project in accordance with technical details and in accordance with a time-schedule satisfactory to PIU, and to maintain adequate records;

(c) the goods and services to be financed from the proceeds of the OTF Grant shall be procured in accordance with the provisions of Schedule 3 to this Agreement;

(d) PIU, by itself or jointly with representatives of the Trustee, shall be entitled to examine the goods and sites included in the Sub-project, and any relevant records and documents; and

(e) the PIU shall have the right to suspend or terminate the right of the Beneficiary to the use of the proceeds of the OTF Grant upon failure by the Beneficiary to perform its obligations under its contract with PIU.

7. Contracts to be concluded by PIU with Beneficiaries for the carrying out of

Sub-projects shall be so concluded on the basis of a model contract form agreed upon between MMRAE and the Trustee.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) and (2) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the OTF Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$200,000 to be withdrawn from the OTF Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Trustee has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Trustee a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Trustee shall, on behalf of the Recipient, withdraw from the OTF Grant Account and deposit in the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Trustee requests for deposits into the Special Account at such intervals as the Trustee shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Trustee the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Trustee shall, on behalf of the Recipient, withdraw from the OTF Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Trustee from the OTF Grant Account the eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Trustee shall reasonably request, furnish to the Trustee such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Trustee shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Trustee shall have determined that all further withdrawals should be made by the Recipient directly from the OTF Grant Account in accordance with the provisions of Article V of the General Conditions; or

(b) once the total unwithdrawn amount of the OTF Grant allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Trustee pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the OTF Grant Account of the remaining unwithdrawn amount

of the OTF Grant allocated to the eligible Categories shall follow such procedures as the Trustee shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Trustee shall have been satisfied that all such amounts remaining on deposits in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Trustee shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Trustee, the Recipient shall, promptly upon notice from the Trustee: (A) provide such additional evidence as the Trustee may request; or (B) deposit into the Special Account (or, if the Trustee shall so request, refund to the Trustee) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Trustee shall otherwise agree, no further deposit by the Trustee into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Trustee shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Trustee, refund to the Trustee such outstanding amount.

(c) The Recipient may, upon notice to the Trustee, refund to the Trustee all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Trustee made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the OTF Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

