

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF092162 JO

Global Environment Facility Grant Agreement

(Promotion of a Wind Power Market Project)

between

THE HASHEMITE KINGDOM OF JORDAN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)**

Dated August 28, 2008



GEF TRUST FUND GRANT NUMBER TF092162 JO

**GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT**

AGREEMENT dated August 28, 2008, entered into between: THE HASHEMITE KINGDOM OF JORDAN (“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**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”), 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, and the additional terms wherever used in this Agreement have the following meanings:
 - (a) “Beneficiary” means a beneficiary determined to be eligible for a Sub-grant in accordance with the eligibility criteria specified in the Project Operational Manual and/or the Respective Sub-grant Agreement, and to whom or for whose benefit a Sub-grant is made or proposed to be made;
 - (b) “Environmental and Social Assessment” means the Recipient’s environmental and social assessment, pertaining to the wind power activities under Parts I and II of the Project, furnished to the World Bank on October 1, 2007, pursuant to the World Bank’s Operational Policy 4.01, to identify, avoid and mitigate potential negative environmental impacts associated with wind power activities under Parts I and II of the Project;
 - (c) “Environmental and Social Management Plan” means the Recipient’s environmental and social management plan, pertaining to the wind power activities under Parts I and II of the Project, furnished to the World Bank on October 1, 2007, as such plan may be updated from time to time in agreement with 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, natural habitats and cultural property impacts to levels acceptable to the World Bank;

- (d) “ERC” means the Recipient’s Electricity Regulatory Commission, or any successor thereto;
- (e) “Jordan Renewable Energy and Energy Efficiency Fund” or “Jordan REEF” means the Recipient’s Renewable and Energy Efficiency Fund to be set up for the provision of Sub-grants to Beneficiaries for carrying out Subprojects pertaining to renewable energy;
- (f) “MEMR” means the Recipient’s Ministry of Energy and Mineral Resources, or any successor thereto;
- (g) “MOPIC” means the Recipient’s Ministry of Planning and International Cooperation, or any successor thereto;
- (h) “NEPCO” means the Recipient’s National Electricity Power Company, or any successor thereto;
- (i) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 24, 2008, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in agreement with the World Bank;
- (j) “Project Operational Manual” means the Recipient’s project operational manual for carrying out Project activities pertaining to the Jordan REEF, as the same shall be updated from time to time in agreement with the World Bank;
- (k) “Resettlement Action Plan” means a Resettlement Action Plan, satisfactory to the World Bank, to be prepared by an independent environmental assessment expert and adopted by the Recipient, describing the details for land acquisition, resettlement and rehabilitation in respect of the wind power activities under Parts I and II of the Project;
- (l) “Resettlement Process Framework” means the Resettlement Process Framework furnished to the World Bank by the Recipient on October 1, 2007, which, *inter alia*, defines the principles, organizational arrangements and design criteria to be applied to any land acquisition and/or involuntary resettlement that may arise in the course of the implementation of the wind power activities under Parts I and II of the Project, as the same shall be updated from time to time in agreement with the World Bank;

- (m) “Subproject” means an activity carried out or to be carried out by a Beneficiary under a Sub-grant Agreement;
- (n) “Sub-grants” means a performance-based grant made or proposed to be made by the Jordan REEF for the purposes of financing a Subproject under Part II.2 of the Project;
- (o) “Sub-grant Agreement” means an agreement between the Jordan REEF and a Beneficiary setting forth the terms and conditions under which a Sub-grant shall be made available to the Beneficiary for the purpose of financing a Sub-project under Part II.2 of the Project;
- (p) “Training” means training activities (other than consultants’ services) to be carried out under the Project, as approved by the World Bank on the basis of annual training and study tour plans acceptable to the World Bank, including the reasonable and necessary local and international travel and visa expenses incurred by participants in training workshops, as well as lodging, subsistence, local and international per diem allowances according to the guidelines of the Recipient, registration, tuition and facilitators’ fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenses directly relating to the training workshop and study tour activity, as may be agreed with the World Bank.

Article II The Project

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient, through MEMR, shall carry out Part I, Part II.1, Part III and Part IV of the Project, and Part II.2 through the Jordan REEF, 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 six million United States Dollars (\$6,000,000) ("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.

**Article IV
Effectiveness; Termination**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Project Operational Manual, satisfactory to the World Bank, has been adopted by the Recipient.
- 4.02. 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.
- 4.03. As part of the evidence to be furnished pursuant to Section 4.02, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing that, on behalf of the Recipient, this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 4.04. 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 4.02 ("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.
- 4.05. *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 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 V
Recipient's Representative; Addresses

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Planning and International Cooperation.
- 5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Planning and International Cooperation
P.O. Box 555
Amman 11118
The Hashemite Kingdom of Jordan

Facsimile:

962-6-464-9341
962-6-464-2247

- 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:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

AGREED at Washington, District of Columbia, United States of America, as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

By: /s/ Suhair Al-Ali

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**
(acting as an Implementing Agency of the
Global Environment Facility)

By: /s/ Steen Jorgensen

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in developing a sustainable market for power supply from renewable energy sources, thereby reducing carbon emissions from hydrocarbon-based power generation sources. The Project consists of the following parts:

I. Development of a Wind Power Plant

1. Promoting the generation of electricity from wind resources.
2. Provision of technical assistance in the design of the wind power plant as well as in the preparation of requests for proposals for the selection of private investors to develop said wind power plant.

II. Jordan Renewable Energy Efficiency Fund

1. Establishing a financing mechanism for the Jordan REEF to support renewable energy activities.
2. Provision of financial support to the Jordan REEF for the financing of Sub-grant projects through Sub-grants to Beneficiaries.

III. Renewable Energy Technical Assistance Support

Provision of technical assistance to MEMR, NEPCO, ERC and other stakeholders in the development of renewable energy regarding: (a) strengthening the legal, regulatory, institutional and policy frameworks for the development of renewable energy resources; (b) establishing guidelines for integrating the renewable energy sector into the national energy grid of the Recipient; (c) strengthening Project implementation, evaluation and monitoring; (d) developing business models for wind-power plants, including the establishment of portfolios of wind-power plants; (e) raising public awareness for renewable energy development; and (f) strengthening the knowledge base pertaining to renewable energy development through studies, training, workshops, publications and seminars.

IV. Development of a Market for Renewable Energy

Developing a market for sustained renewable energy through, *inter alia*: (a) feasibility studies; (b) engineering designs; and (c) other activities related to market development, such as project financing, the evaluation of bids relating to the setting up of wind-power plants, the processing of applications for environmental and other permits, and the processing of applications for regulatory approvals and land titling.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of Part II.2 of the Project, the Recipient shall make the proceeds of the Grant available to the Jordan REEF under a subsidiary agreement (“Subsidiary Agreement”) between the Recipient and the Jordan REEF, under terms and conditions approved by the World Bank, which shall include the coordination of functions and responsibilities between the Jordan REEF and MEMR.
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 of its provisions.

B. Institutional arrangements

MEMR shall be responsible for the day-to-day implementation of the Project and for procurement, financial management, disbursement and monitoring, and reporting for the entire Project. To that end, the Recipient shall maintain MEMR with adequate staff and resources, in a manner satisfactory to the World Bank.

C. Sub-grants

1. The Recipient, through the Jordan REEF, shall make Sub-grants to private investors in accordance with eligibility criteria and procedures acceptable to the World Bank, which shall include inter alia the following: No Sub-grant project shall be eligible for financing out of the proceeds of the Grant unless the Recipient, through the Jordan REEF, has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the Project Operational Manual, that the Sub-grant project satisfies the eligibility criteria specified in the Project Operational Manual.
2. The Recipient, through the Jordan REEF, shall make each Sub-grant under a Sub-grant Agreement with the respective private investors on terms and conditions approved by the World Bank, which shall include the following:
 - (a) The Sub-grant shall be: (i) denominated in United States Dollars, and where the Recipient or the Jordan REEF requires a Beneficiary to repay

part or the whole Sub-grant for failure to comply with provisions of this Agreement, the Project Operational Manual or the respective Sub-grant Agreement, such repayment shall be denominated in United States Dollars; and (ii) in the form of performance-based grants to private investors to support the carrying out of activities under Parts I and II of the Project.

- (b) The Recipient, through the Jordan REEF, shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (i) suspend or terminate the right of private investors to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon a private investor's failure to perform any of its obligations under a Sub-grant Agreement; and (ii) require each private investor to: (A) carry out its Sub-grant project 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; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods to be financed out of the Sub-grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Sub-grant project and the achievement of its objectives; (E) (1) 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-grant project; and (2) 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; (F) enable the Recipient and the World Bank to inspect the Sub-grant project, its operation and any relevant records and documents; and (G) 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, through the Jordan REEF, shall exercise its rights under each Sub-grant 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 and/or the Jordan REEF shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

D. Safeguards

1. The Recipient, through MEMR and the Jordan REEF, respectively, shall (i) carry out the Project in accordance with the provisions of the Project Operational Manual, the Environmental and Social Assessment, the Environmental and Social Management Plan, the Resettlement Process Framework and the Resettlement Action Plans, and shall not amend, suspend, abrogate, repeal or waive any provisions of the Project Operational Manual, the Environmental and Social Assessment, the Environmental and Social Management Plan, the Resettlement Process Framework and the Resettlement Action Plans, without prior approval of the World Bank; and (ii) include adequate information on the implementation of the Environmental and Social Management Plan and the Resettlement Action Plans in the Project Reports referred to in Section II.A.1 of this Schedule,
2. The Recipient, through MEMR and the Jordan REEF, respectively, shall ensure that all measures identified and described in the Environmental and Social Assessment, the Environmental and Social Management Plan and the Resettlement Process Framework are taken in a timely manner.
3. Prior to the commencement of works under Part I or Part II of the Project involving involuntary resettlement or involuntary acquisition of land, the Recipient, through the Jordan REEF, shall prepare and implement, or shall cause the Beneficiary to prepare and implement, as the case may be, an appropriate Resettlement Action Plan or appropriate Resettlement Action Plans, as the case may be, for compensation, or resettlement, in accordance with the Resettlement Process Framework, such Resettlement Action Plan or Resettlement Action Plans, to be in form and substance satisfactory to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient, through MEMR, 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 agreed with the World Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.
2. The Recipient, through MEMR, 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, through MEMR, shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

B. Financial Management; Financial Reports; Audits

1. The Recipient, through MEMR, 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 MEMR, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one (1) month after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.
3. The Recipient, through MEMR, shall, upon the World Bank's request, 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 (1) 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 and works 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 "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 ("Procurement Guidelines"), in the case of goods and works, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 ("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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding, subject to the following additional procedures:

- (a) invitations to bid shall be advertised in at least one national newspaper with a wide circulation, at least thirty (30) days prior to the deadline for the submission of bids;
- (b) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
- (c) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process, to that end, having a presence in the Recipient's territory should not be a condition for bidding;
- (d) qualification criteria shall be stated in the bidding documents, and one envelop system shall be used;
- (e) except for late bids, bids shall be opened in public, immediately after the deadline for submission of bids, and the prices for all bids will be read out in this public session and no disqualification shall be made at that stage;
- (f) before rejecting all bids and soliciting new bids, the World Bank's prior concurrence shall be obtained;
- (g) bids shall be solicited and contracts shall be awarded on the basis of unit prices, and not on the basis of a schedule of rates, and award will be based on all items included within the bid or the lot in case of multiple lots;
- (h) contracts shall be awarded to the lowest evaluated and qualified bidders; and
- (i) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders.

2. Other Methods of Procurement of Goods

Other than National Competitive Bidding, Shopping may be used for procurement of goods for those contracts specified in the Procurement Plan.

C. Procurement of Works

Procurement of Works for the development of a wind farm and power plant, including Works for other Sub-grant projects, shall be through International Competitive Bidding Procedures acceptable to the World Bank.

D. 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 the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants' Qualifications; and (c) Selection of Individual Consultants.

E. 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Consultants' services, workshops, seminars and training under Parts I.2, II.1, III and IV of the Project.	3,000,000	90% of local expenditures for services of consulting firms domiciled within the territory of the Recipient; 90% of foreign expenditures for services of individual consultants and firms; and 95% of local expenditures for services of individual consultants domiciled within the territory of the Recipient.
(2) Subproject Grants for wind power Subprojects under Part II.2 of the Project	3,000,000	100% of amounts disbursed
TOTAL AMOUNT	<u>6,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement;
 - (b) for any payment for Taxes levied by or in the territory of the Member Country in respect of goods;
 - (c) under Category 2, until: (i) the Renewable Energy Promotion Law has been enacted by the Recipient's parliament; (ii) the Jordan REEF has been established, with a financing mechanism and financial management system acceptable to the World Bank, to provide Sub-grants to private investors; (iii) evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Agreement referred to in Section I.A of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Jordan REEF; and (iv) as part of the evidence to be furnished pursuant to paragraph B.1(c)(iii) of this Section, there shall be furnished to the World Bank an opinion or opinions satisfactory to the

World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing that the Subsidiary Agreement referred to in Section I.A of Schedule 2 to this Agreement has been duly authorized or ratified by the Recipient and the Jordan REEF and is legally binding upon each such party in accordance with its terms.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2012.

Section V. Other Covenants

The Recipient shall, in accordance with criteria established under the Project Operational Manual, ensure that NEPCO is adequately compensated for its cost of acquiring wind power.