ADAPTATION FUND

AGREEMENT

(The "Increasing the Resilience of Poor and Vulnerable Communities to Climate Change Impacts in Jordan through Implementing Innovative Projects in Water and Agriculture in Support of Adaptation to Climate Change" Project in Jordan)

between

THE ADAPTATION FUND BOARD

and

MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION, JORDAN (MOPIC)

14 May 2015

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The "Increasing the Resilience of Poor and Vulnerable Communities to Climate Change Impacts in Jordan through Implementing Innovative Projects in Water and Agriculture in Support of Adaptation to Climate Change" Project in Jordan

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THE ADAPTATION FUND BOARD

and

MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION, JORDAN (MOPIC)

Whereas, the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in its Decision 10/CP.7 decided that an Adaptation Fund (AF) shall be established to finance concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol to the UNFCCC (Kyoto Protocol);

Whereas, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in its Decision 1/CMP.3 decided that the operating entity of the AF shall be the Adaptation Fund Board (Board), with the mandate to supervise and manage the AF under the authority and guidance of the CMP;

Whereas, in its Decisions 5/CMP.2 and 1/CMP.3, paragraph 5 (b), the Board adopted the AF Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, including the Fiduciary Risk Management Standards to be met by Implementing Entities (AF Operational Policies and Guidelines[1]);

Whereas, the proposal submitted by the Ministry of Planning and International Cooperation, Jordan (MOPIC) to the Board seeking access to the resources of the AF in support of the Project, as set out in Schedule 1 to this Agreement, has been approved by the Board, and the Board has agreed to make a grant (Grant) to the MOPIC for the Project under the terms of this Agreement; and

Whereas, the International Bank for Reconstruction and Development (IBRD) has agreed to serve as the Trustee of the AF Trust Fund (Trustee) and, in that capacity, to make transfers of the Grant to the MOPIC on the written instructions of the Board;

[1] https://www.adaptation-fund.org/policies_guidelines

The Board and the MOPIC have agreed as follows:

1. DEFINITIONS

Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement (Agreement) shall have the respective meanings set forth therein and the following additional terms shall have the following meanings:

1.01. "Grant" means the AF resources approved by the Board for the Project under this Agreement and to be transferred by the Trustee to the Implementing Entity on the written instructions of the Board;

1.02. "Designated Authority" means the authority that has endorsed on behalf of the national government the Project proposal by the Implementing Entity seeking access to AF resources to finance the Project;

1.03. "Executing Entity" means the Jordan Valley Authority (JVA) / Water Authority of Jordan (WAJ), the Ministry of Water and Irrigation (MWI), the Petra Development Tourism Region Authority (PDTRA), the Ministry of Environment (MOE), the Ministry of Agriculture (MOA), the National Center for Agricultural Research & Extension (NCARE), the Royal Scientific Society (RSS), Jordan Food & Drug Administration (JFDA), the Department of Meteorology, and Jordan Standards & Metrology Organization (JSMO) that will execute the Project under the overall management of the Implementing Entity;

1.04. "Implementing Entity" means the MOPIC that is the party to this Agreement and the recipient of the Grant;

1.05. "Implementing Entity Grant Account" means the account to be established by the Implementing Entity to receive, hold and administer the Grant;

1.06. "Secretariat" is the body appointed by the CMP to provide secretariat services to the Board, consistent with decision 1/CMP.3, paragraphs 3, 18, 19 and 31, which body is currently the Global Environment Facility (GEF); and

1.07. "AF Trust Fund" means the trust fund for the AF administered by the Trustee in accordance with the *Terms and Conditions of Services to be Provided by the International Bank for Reconstruction and Development as Trustee for the Adaptation Fund.*

2. THE PROJECT AND THE GRANT

2.01. The Board agrees to provide to the MOPIC the Grant in a maximum amount equivalent to nine million two hundred twenty six thousand United States Dollars (US$ 9,226,000) for the

purposes of the Project. The Project document, which details the purposes for which the Grant is made, is set out in Schedule 1 to this Agreement. The disbursement schedule and special conditions that apply to the implementation of the Grant are set out in Schedule 2 to this Agreement.

2.02. The Trustee shall transfer the Grant funds to the MOPIC on the written instructions of the Board. Any subsequent transfer of Grant funds to the Implementing Entity after the first tranche shall only be transferred after the Board approved the annual Project Performance Reports (PPR) referred to in section 7.01.b.Transfers shall be made to the following bank account of the Implementing Entity in accordance with the disbursement schedule set out in Schedule 2 to this Agreement:

Bank account title: Ministry of Planning and International Cooperation – Project Formulation Grant of Adaptation Fund
Bank account number JO57 CBJO 0010 0000 0000 0136 6032 03
Bank name: Central Bank of Jordan
Bank address: Al Salt Street, Amman, Jordan P.O. Box (37) Amman 11118 Jordan
Tel: +962-6-4630301, Fax +962-6-4638889, email: info@cbj.gov.jo
Bank SWIFT code: CBJOJOAX
Bank code: CBJOJOAXXXX

2.03. The Implementing Entity shall make the disbursed Grant funds available to the Jordan Valley Authority (JVA) / Water Authority of Jordan (WAJ), the Ministry of Water and Irrigation (MWI), the Petra Development Tourism Region Authority (PDTRA), the Ministry of Environment (MOE), the Ministry of Agriculture (MOA), the National Center for Agricultural Research & Extension (NCARE), the Royal Scientific Society (RSS), Jordan Food & Drug Administration (JFDA), the Department of Meteorology, and Jordan Standards & Metrology Organization (JSMO) in accordance with its standard practices and procedures.

2.04. The Implementing Entity may convert the Grant into any other currency to facilitate its disbursement to the Executing Entity.

3. ADMINISTRATION OF THE GRANT

3.01. The Implementing Entity shall be responsible for the administration of the Grant and shall carry out such administration with the same degree of care used in the administration of its own funds, taking into account the provisions of this Agreement.

3.02. The Implementing Entity shall carry out all its obligations under this Agreement in accordance with:

(i) the AF Operational Policies and Guidelines[2] effective October 2014; and

(ii) the Implementing Entity's standard practices and procedures.

3.03. The Implementing entity:

(i) undertakes to use reasonable efforts, consistent with its standard practices and procedures, including those pertaining to combating financing for terrorists, to ensure that the Grant funds provided to the Implementing Entity by the Trustee are used for their intended purposes and are not diverted to terrorists;

(ii) shall not use the Grant funds for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions;

(iii) shall immediately inform the Board in the event the Grant funds are not being used or have not been used for the implementation of the Project or of any illegal or corrupt practice. The Implementing Entity consistent with its standard practices and procedures and integrity of the investigative process shall keep the Board informed of the progress of any formal investigation concerning the misuse of Grant funds and provide a final report to the Board on the findings of such investigation upon its conclusion.

(iv) shall include provisions corresponding to subparagraphs (i) – (ii) above in any agreements that the Implementing Entity enters into with executing entities to which the Implementing Entity makes Grant funds available.

3.04 If, during the course of administering the Grant, the Implementing Entity identifies any material inconsistency between the AF Operational Policies and Guidelines and its own standard practices and procedures, the MOPIC shall: (a) immediately notify the Board, through the Secretariat, of such inconsistency, and (b) the MOPIC and the Board shall discuss and promptly take any necessary or appropriate action to resolve such inconsistency.

3.05. In the event that the Implementing Entity makes any disbursements of the Grant in a manner inconsistent with the AF Operational Policies and Guidelines, and these inconsistencies

[2] https://www.adaptation-fund.org/policies_guidelines

cannot be resolved as provided in paragraph 3.04, the Implementing Entity shall refund to the AF Trust Fund, through the Trustee, any such disbursements.

4. PROJECT IMPLEMENTATION

4.01. The Implementing Entity shall be responsible for the overall management of the Project, including all financial, monitoring and reporting responsibilities.

4.02. The Implementing Entity shall ensure that the Grant is used exclusively for the purposes of the Project, and shall refund to the AF Trust Fund, through the Trustee, any disbursements made for other purposes. Where the Board believes that the Grant has been used for purposes other than the Project, it shall inform the Implementing Entity of the reasons supporting its view and provide the Implementing Entity an opportunity to provide any explanation or justification for such use.

4.03. Any material change made in the original budget allocation for the Project by the Implementing Entity, in consultation with the Executing Entity, shall be communicated to the Board for its approval. "Material change" shall mean any change that involves ten per cent (10%) or more of the total budget.

4.04. The Implementing Entity shall promptly inform the Board, through the Secretariat, of any conditions that may seriously interfere with its management, or the Executing Entity's execution, of the Project or otherwise jeopardize the achievement of the objectives of the Project, providing detailed information thereof to the Board for its information.

4.05. The Implementing Entity shall be fully responsible for the acts, omissions or negligence of its employees, agents, representatives and contractors under the Project. The Board shall not be responsible or liable for any losses, damages or injuries caused to any persons under the Project resulting from the acts, omissions or negligence of the Implementing Entity's employees, agents, representatives and contractors.

4.06 The environmental and social risks associated with the wastewater reuse activities shall be monitored in compliance with the Environmental and Social Policy which is part of the AF Operational Policies and Guidelines referred to in Section 3.02 above.

4.07 Any identification of unforeseen risks shall be addressed through mitigation measures included in an updated Environmental and Social Management Plan which shall be implemented and the implementation progress reported to the Board through the annual programme performance reports described under 7.01.b).

5. PROJECT SUSPENSION

5.01. The Board may suspend the Project for reasons that include, but are not limited to:

(i) financial irregularities in the implementation of the Project, or

(ii) a material breach of this Agreement and/or poor implementation performance leading the Board to conclude that the Project can no longer achieve its objectives;

provided, however, that before the Board makes its final decision (a) the Implementing Entity shall be given an opportunity to present its views to the Board, through the Secretariat; and/or (b) the Implementing Entity may make any reasonable proposal to promptly remedy the financial irregularities, material breach or poor implementation performance.

6. PROCUREMENT

6.01. The procurement of goods and services (including consultants' services) for activities financed by the Grant will be carried out in accordance with the MOPIC's standard practices and procedures, including its procurement and consultants' guidelines. In the event that the Implementing Entity makes any disbursements in a manner which the Board considers to be inconsistent with the AF Operational Policies and Guidelines, it will so inform the Implementing Entity giving the reasons for its view and seeking a rectification of the inconsistency. If the inconsistency cannot be resolved, the Implementing Entity shall refund to the AF Trust Fund, through the Trustee, any such disbursements.

7. RECORDS AND REPORTING

7.01. The Implementing Entity shall provide to the Board, through the Secretariat, the following reports and financial statements:

a) An inception report submitted to the secretariat no later than one (1) month after the inception workshop has taken place. The start date of the Project is considered the date of the inception workshop;

b) Annual Project Performance Reports (PPR) on the status of the Project implementation, including the disbursements made during the relevant period or more frequent progress reports if requested by the Board. The PPR shall include the Environmental and Social Management Plan updates resulting from any risks identified during project implementation and the associated mitigation measures. The PPR shall be submitted on a yearly basis one (1) year after the start of Project implementation and no later than two (2) months after the end of the reporting year;

c) A mid-term evaluation, prepared by an independent evaluator selected by the Implementing entity for any Project that is under implementation for over four years; the mid-term evaluation should be submitted to the Fund Secretariat within six months of the mid-point of Project implementation;

d) A Project completion report, including any specific Project implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after Project completion;

e) A final evaluation report, prepared by an independent evaluator selected by the Implementing Entity. The final evaluation report shall be submitted within nine (9) months after Project completion. Copies of these reports shall be forwarded by the Implementing Entity to the Designated Authority for information; and

f) A final audited financial statement of the Implementing Entity Grant Account, prepared by an independent auditor or evaluation body, within six (6) months of the end of the Implementing Entity's financial year during which the Project is completed.

8. MANAGEMENT FEE

8.01. The Board authorizes the Implementing Entity to deduct from the total amount of the Grant and retain for its own account the management fee specified in Schedule 2 to this Agreement.

9. OWNERSHIP OF EQUIPMENT

9.01. If any part of the Grant is used to purchase any durable assets or equipment, such assets or equipment shall be transferred upon the completion of the Project to the Executing Entity/Entities or such other entity as the Designated Authority may designate.

10. CONSULTATION

10.01. The Board and the Implementing Entity shall share information with each other, at the request of either one of them, on matters pertaining to this Agreement.

11. BRANDING

11.01. The Implementing Entity shall, where feasible, endeavor to maximize opportunities for acknowledging the identity of the Project grant provided by the Adaptation Fund (e.g. through use of the Adaptation Fund logo, and appropriate references in reports, publications, information given to beneficiaries and press, related publicity materials, and any other forms of public information).

12. COMMUNICATIONS

12.01. All communications between the Board and the Implementing Entity concerning this Agreement shall be made in writing, in the English language, to the following persons at their addresses designated below, by letter or by facsimile. The representatives are:

For the Board:

Adaptation Fund Board Secretariat

1818 H Street, NW

Washington, D.C. 20433

USA

Attention: Adaptation Fund Board Chair

Fax: +1 (202) 522-3240

For the Implementing Entity:

Ministry of Planning and International Cooperation, Jordan (MOPIC)

P.O. Box 555, Amman 11118, Jordan

Attention: H.E. Imad Najib Fakhoury, Minister of Planning and International Cooperation

Fax: +962-6-4649341

13. EFFECTIVENESS AND AMENDMENT OF THE AGREEMENT

13.01. This Agreement shall become effective upon its signature by both parties.

13.02. This Agreement may be amended, in writing, by mutual consent between the Board and the Implementing Entity.

14. TERMINATION OF THE AGREEMENT

14.01. This Agreement may be terminated by the Board or the Implementing Entity, by giving prior written notice of at least ninety (90) days to the other.

14.02. This Agreement shall automatically be terminated in the event of:

a) cancellation of the Implementing Entity's accreditation by the Board; or

b) receipt of a communication from the Designated Authority that it no longer endorses the Implementing Entity or the Project.

14.03. Upon termination of this Agreement, the Board and the Implementing Entity shall consider the most practical way of completing any ongoing activities under the Project, including meeting any outstanding commitments incurred under the Project prior to the termination. The Implementing Entity shall promptly refund to the AF Trust Fund, through the Trustee, any unused portion of the Grant, including any net investment income earned therefrom. No Grant funds shall be disbursed after termination.

15. SETTLEMENT OF DISPUTES

15.01. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, will be settled amicably by discussion or negotiation between the Board and the Implementing Entity.

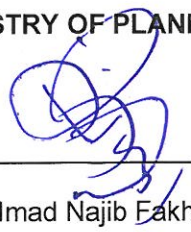
15.02. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, which has not been settled amicably between the Board and the Implementing Entity shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as presently in force.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Agreement on 14 May 2015

THE ADAPTATION FUND BOARD

Hans Olav Ibrekk, Chair

MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION (MOPIC)



H. E. Imad Najib Fakhoury, Minister

The following Schedules will be attached to the Agreement: Schedule1 (Project Proposal) and Schedule 2 (Disbursement Schedule).