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GEF TRUST FUND GRANT NUMBER TF091289-EGT

Global Environment Facility Grant Agreement

(Kureimat Solar Thermal Hybrid Power Project)

between

ARAB REPUBLIC OF EGYPT

and

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

Dated December 16, 2007

GEF TRUST FUND GRANT NUMBER TF091289-EGT

GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated December 16, 2007, entered into between: ARAB REPUBLIC OF EGYPT (“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.

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 shall carry out the Project through the New and Renewable Energy Authority (“Project Implementing Entity”) 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 by Project Implementing Entity 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 forty nine million eight hundred thousand United States Dollars (US\$49,800,000) (“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.

- 3.03. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under the terms and conditions of this Agreement (“Subsidiary Agreement”).
- 3.04. 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.

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 Recipient’s domestic constitutional procedures have been completed and shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of such evidence.
- 4.02. *Termination for Failure to Become Effective.* This Agreement shall terminate if it has not entered into effect by the date one hundred and eighty (180) days after the date of this Agreement, unless the World Bank 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 Minister of International Cooperation of the Recipient and the First Under Secretary for International, Regional and Arab Financing Organizations of the Ministry of International Cooperation are severally designated as the Recipient’s Representative referred to in Section 7.02 of the Standard Conditions.
- 5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of International Cooperation
8 Adly Street,
Cairo, Egypt

Cable address:

Ministry of International Cooperation
Cairo, Arab Republic of Egypt

Facsimile:

(202) 2391 2815
(202) 2391 5167

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	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	

AGREED at Cairo, Arab Republic of Egypt, as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

By /s/ Fayza Aboulnaga

Authorized Representative

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

By /s/ Emmanuel Mbi

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to increase the share of solar-based electricity in the Egyptian energy generation thereby contributing to the Recipient's objective of diversifying electric power production.

The Project consists of the following parts:

1. **Integrated Solar Combined Cycle Plant**

Design, construction and initial operation and maintenance of the integrated solar combined cycle plant at Kureimat including:

- (a) a solar island consisting of a parabolic trough solar field capable of generating about 73 MW (thermal) of solar heat at a temperature of 393°C; the related instrumentation and control room; the heat transfer fluid (HTF) system up to the HTF's inlet; and outlet flanges of the solar heat exchangers; and
- (b) a combined cycle island consisting of one or two gas turbines with ISO rating of about 80 MWe; one or two heat recovery steam generators; one steam turbine of about 70 MWe; solar heat exchangers capable of absorbing about 110 MW (thermal) solar heat; and the associated balance of plant equipment.

2. **Capacity Building of the Project Implementing Entity**

Providing the Project Implementing Entity with technical assistance and training required for: (a) the preparation of detailed engineering designs for the Project with special attention to the interface between the solar and combined cycle gas turbine parts; (b) the supervision of the construction and environmental aspects of the power plant; (c) the monitoring, commissioning and guarantee tests; (d) the preparation of the operations and maintenance contract for the turbine referred to in Part 2(a) above, under terms and conditions satisfactory to the World Bank; (e) the monitoring and evaluation of the performance of the plant during the two (2) years guarantee period; and (f) the training and transfer of know-how in integrated solar combined cycle plant operation, with particular emphasis on dispatching and integration into the power system.

3. **Environmental and Social Impact Management**

The implementation of the Environmental Management Plan to mitigate the potential environmental and social impacts associated with the construction and operation of the power plant.

SCHEDULE 2

Project Execution

Section I. Institutional Arrangements

For the purpose of ensuring the proper supervision of the execution of the Project, the Recipient shall cause the Project Implementing Entity to establish by no later than three (3) months as at the Effective Date of this Agreement, and thereafter maintain the PIU throughout Project implementation with organization, staffing and terms of reference satisfactory to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the agreed upon indicators. 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 cause the Project Implementing Entity to 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 cause the Project Implementing Entity to maintain a financial management system and prepare Financial Statements in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall cause the Project Implementing Entity to have the Financial Statements reflecting its operations and financial condition audited by the Central Auditing Organization and the Financial Statements reflecting the operations, resources and expenditures related to the Project audited by independent auditors acceptable to the World Bank, both in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these Financial Statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished by the Project Implementing Entity to the Recipient and the World Bank not later than six (6) months after the end of the period.

3. The Recipient shall cause the Project Implementing Entity to ensure that interim unaudited financial statements 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.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All 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 Section I of the “Guidelines for 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.
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 Works

International Competitive Bidding. Works shall be procured under contracts awarded on the basis of International Competitive Bidding.

C. Review by the World Bank of Procurement Decisions

Any contract for works shall be subject to the World Bank’s Prior Review.

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 category of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to such Category, and the percentage of expenditures to be financed for Eligible Expenditures in such Category:

Category	Amount of the Grant Allocated (Expressed in USD)	Percentage of Expenditures to be Financed (Exclusive of Taxes)
Works	49,800,000	100%
TOTAL AMOUNT	49,800,000	

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; or
 - (b) for any payment for Taxes levied by or in the territory of the Member Country in respect of works.
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is October 31, 2011.

APPENDIX

Definitions

1. “Environmental Management Plan” or “EMP” means the Recipient’s environmental management plan for the Project furnished to the World Bank on September 14, 2006, as such plan may be updated from time to time by agreement between the Recipient and 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.
2. “PIU” means the Project implementation unit to be established by the Project Implementing Entity in accordance with the provisions of Section I of Schedule 2 to this Agreement.
3. “Project Implementing Entity” means the New and Renewable Energy Authority, established and operating by virtue of Law No. 102 of 1986.