**CONFORMED COPY**

**CTF GRANT NUMBER TF096929-EG**

**Clean Technology Fund**

**Grant Agreement**

**(Wind Power Development Project)**

**between**

**ARAB REPUBLIC OF EGYPT**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION**

**AND DEVELOPMENT**

**acting as an implementing entity of the Clean Technology Fund**

**Dated November 4, 2010**

**CTF GRANT NUMBER TF096929-EG**

CLEAN TECHNOLOGY FUND

GRANT AGREEMENT

AGREEMENT dated November 4, 2010, entered into between: ARAB REPUBLIC OF EGYPT (“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVLOPMENT (“World Bank”), (acting not in its individual capacity but solely in its capacity) as an implementing entity of the Clean Technology Fund (“CTF”).

The Recipient and the World Bank hereby agree as follows:

**Article I**

**Standard Conditions; Definitions**

* 1. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”), constitute an integral part of this Agreement.
  2. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Loan Agreement of even date entered into between the Recipient and 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 (“the Project”). To this end, the Recipient shall cause Part B. 4 of the Project to be carried out by the Egyptian Electricity Transmission Company (“the Project Implementing Entity”) in accordance with the provisions of Article II of the Standard Conditions and the agreement of even date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time (“the Project Agreement”).

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 the 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 two hundred and fifty thousand United States Dollars ($250,000) (“the 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. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

**Article IV**

**Effectiveness**

4.01. This Agreement shall become effective once the Bank has received evidence that all necessary internal procedures of the Recipient have been taken by the Recipient.

**Article V**

**Recipient’s Representative; Addresses**

5.01. The Minister of International Cooperation of the Recipient and the Assistant to the Minister for International, Regional and Arab Financing Organizations of the Ministry of International Cooperation of the Recipient are severally designated as the Representative referred to in Section 7.02 of the Standard Conditions.

5.02. The Recipient Address is:

Ministry of International Cooperation

8 Adly Street,

Cairo, Arab Republic of Egypt

Cable address: Facsimile:

Ministry of International Cooperation (202) 2391-2815

Cairo, Arab Republic of Egypt (202) 2391-5167

5.03. The World Bank’s Address 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 entity of the

Clean Technology Fund

By /s/ Shamshad Akhtar

Authorized Representative

**SCHEDULE 1**

**Project Description**

The objective of the Project is to develop the infrastructure and business models which will enable the development of wind power within the Borrower’s territory.

The Project consists of the following parts:

PART A: Transmission Infrastructure

Development of transmission infrastructure to connect wind parks in the Gulf of Suez to the national electricity network, consisting of:

1. Construction of a 500 kilovolt (kV) double circuit transmission line of approximately 280 kilometers (km) in length from Ras Ghareib to Samallout.

2. Construction of a 500kV/220kV GIS substation and installation of a 500kV/220kV transformer in Ras Gharib.

3. Extension of the 500kV/220kV conventional substation and installation of a 500kV/220kV transformer at Samallout.

4. Construction of a 220kV transmission line of approximately 50 km in length between Ras Gharib and Gabel El-Zait.

PART B: Expansion of the Wind Generation Program

Technical assistance and capacity building activities to support the expansion of the wind power program, consisting of:

1. Provision of legal and financial advisory services in the implementation of the competitive bidding program for Build-Own-Operate wind power farms.

2. Management of Wind Power Integration in Power Generation System.

3. Environmental and social assessment, including ornithological survey, of the proposed site for a BOO wind power farm in the Gulf of Suez.

4. Implementation of a knowledge management program including communications with stakeholders regarding Project activities and dissemination of lessons learned.

PART C: Gulf of Suez BOO Wind Farm

Development and construction of a 250 megawatt (MW) wind farm in the Gulf of Suez on a BOO basis following a competitive bidding process.

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

The Recipient shall ensure that the Project is carried out by the Project Implementing Entity 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 (“Anti-Corruption Guidelines”).

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Completion Report**

Through the Project Implementing Entity the Recipient shall: (a) 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 indicators agreed with 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; and (b) prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions and furnish it to the World Bank not later than six months after the Closing Date.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall, through the Project Implementing Entity, 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 as part of the Project Report 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 cause the Project Implementing Entity to have its Financial Statements related to 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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Consultant Guidelines.** All 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 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 1.24 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 Consultant Guidelines.

**B. 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) Selection under a Fixed Budget; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection; and (d) Selection of Individual Consultants.

**C. 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**

1. **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 arrangements 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 arrangements), to finance Eligible Expenditures as set forth in the table in paragraph 2.

2. For the purposes of paragraph 1 above, the Representative of the Recipient is the Chairman of the Project Implementing Entity.

3. 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** |
| 1. Consultants’ services and training under Part B. 4 of the Project | 250,000 | 100% |
| **TOTAL AMOUNT** | 250,000 |  |

**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.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2015.