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**GEF TRUST FUND GRANT NUMBER TF094530**

# **Global Environment Facility Grant Agreement**

**(Eastern Nile Watershed Management Project)**

**between**

**ARAB REPUBLIC OF EGYPT**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**(acting as an Implementing Agency of the Global Environment Facility)**

**Dated June 24, 2009**



**GEF TRUST FUND GRANT NUMBER TF094530**

**GLOBAL ENVIRONMENT FACILITY  
GRANT AGREEMENT**

AGREEMENT dated June 24, 2009, 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 1, 2008 (“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 MWRI 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 two million seven hundred thousand United States Dollars (US\$ 2,700,000) (“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. The Grant is funded out of the above-mentioned 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; 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 requisite domestic constitutional procedures of the Recipient have been completed.
- 4.02 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 5.01 of this Agreement ("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.
- 4.03 If, after the Effective Date, the World Bank has determined that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred, the World Bank may suspend the Recipient's right to make withdrawals from the Grant Account pursuant to Section 4.02 (k) of the Standard Conditions.
- 4.04 This Agreement and all obligations of the parties under it 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, 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 Minister of International Cooperation of the Recipient and the Assistant to the Minister in charge of cooperation with 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:	Ministry of International Cooperation Cairo, Arab Republic of Egypt	Facsimile: (202) 2391 2815 (202) 2391 5167
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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 Cairo, Arab Republic of Egypt, as of the day and year first above written.

**ARAB REPUBLIC OF EGYPT**

**By /s/ Fayza Abounaga**

**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 objectives of the Project are to facilitate: (i) the increased adoption by the Eastern Nile Countries of sustainable land and water management practices in selected micro-watersheds in the Eastern Nile basin; and (ii) development of a framework for integrated and sustainable management of resources of Lake Nasser/ Nubia sub-basin.

The Project consists of the following parts:

#### **Part A.**            **Sustainable Management of Lake Nasser/Nubia**

1.     Environmental quality monitoring. Carrying out of a program to collect and analyze biophysical (primarily sedimentation, water quality, and selected limnological parameters) and socio-economic data of the areas of Lake Nasser/Nubia needed to develop guidelines for integrated and sustainable management of the resources of Lake Nasser/Nubia, including provision of goods required for the purpose.
2.     Management guidelines. Development, in a participatory manner and on the basis of data collected under Part A.1 of this Schedule, of a management framework designed to guide the integrated and sustainable management of the resources of Lake Nasser/Nubia, in a manner that reflects an environmentally sound and equitable balance of competing uses, and with priority given to guidelines on agriculture, tourism, and fisheries; and provision of goods required for the purpose.

#### **Part B.**            **Project Management**

Carrying out of Project management, including coordination, technical and financial management, procurement, audits, and monitoring and evaluation, and provision of goods and Operating Costs required for the purpose.

**SCHEDULE 2****Project Execution****Section I. Institutional and Other Arrangements****A. Institutional Arrangements**

1. Under the policy and strategic guidance of the Eastern Nile Council of Ministers and the Eastern Nile Subsidiary Action Program Team, the Recipient shall, throughout the implementation of the Project: (a) implement the Project through MWRI; (b) maintain a joint technical committee composed of representatives from MWRI and MoIWR. The joint technical committee in collaboration with ENTRO's watershed management team that will have technical advisory role in Project implementation consistent with the co-operative arrangement set out in the ENTRO Constituent Documents.

**B. Annual Work Plans**

1. The Recipient, through MWRI, shall prepare in accordance with guidelines acceptable to the World Bank and furnish to the World Bank not later than 90 days in each calendar year, a proposed annual work plan and budget for the Project for the following calendar year, of such scope and in such detail as the World Bank shall reasonably request.
2. The Recipient, through MWRI, shall: (i) afford the World Bank a reasonable opportunity to exchange views with the Recipient on such proposed work plan; and (ii) thereafter carry out such work plan according to such budget, both as shall have been approved by the World Bank.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out 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**

1. (a) The Recipient 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 set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the

period of one financial quarter, and shall be furnished to the World Bank not later than 60 days after the end of the period covered by such report.

- (b) The performance indicator referred to above in sub-paragraph (a) is that key sectoral or thematic guidelines for integrated and sustainable management of resources of the Lake Nasser/Nubia Sub-basin are completed and adopted by the MWRI.
2. The Recipient 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 months after the Closing Date.

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

The Recipient, through MWRI, shall:

1. Ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each financial semester, covering the financial semester, in form and substance satisfactory to the World Bank.
3. 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 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. **Procurement and Consultant Guidelines.** All goods and 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:
  - (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”) in the case of goods and Non-Consultant Services, 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 and revised in October 2006 (“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's MWRI 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 Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Non-Consultant Services**

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and Non-Consultant Services shall be procured under contracts awarded on the basis of International Competitive Bidding.
- 2. **Other Methods of Procurement of Goods.** The Shopping method may be used for procurement of goods for those contracts specified in the Procurement Plan.

**C. 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 of Individual Consultants; and (b) Quality-based Selection.

**D. Review by the World Bank of Procurement Decisions**

- 1. 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 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 100% of 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:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (exclusive of Taxes)</b>
(1) Goods	765,000	100%
(2) Consultant services	425,000	100%
(3) Non-Consultant Services	1,365,000	100%
(4) Operating Costs, Workshop and Training	145,000	100%
<b>TOTAL AMOUNT</b>	2, 700,000	

**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; and
  - (b) for any payment for Taxes levied by or in the territory of the Member Country in respect of goods and services.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2014.

## APPENDIX

### Definitions

1. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004, as revised in October 2006.
2. “Eastern Nile Countries” means, collectively, the Arab Republic of Egypt, the Federal Democratic Republic of Ethiopia and the Republic of The Sudan.
3. “ENTRO” means the Eastern Nile Technical Regional Office, a legal entity established and operating pursuant to the ENTRO Constituent Documents.
4. “ENTRO Constituent Documents” means the declaration signed by the Ministers of Water Resources of each of the Eastern Nile Countries on January 10, 2002, pursuant to which ENTRO has been established, and its headquarters agreement between the Federal Democratic Republic of Ethiopia and the Recipient dated February 16, 2002, pursuant to which it is operating with headquarters located in Addis Ababa.
5. “MWRI” Ministry of Water Resources and Irrigation of the Arab Republic of Egypt and any successor thereto.
6. “MoIWR” means the Ministry of Irrigation and Water Resources of the Republic of The Sudan and successor thereto.
9. “Operating Costs” means the incremental expenditures incurred by the MWRI and MoIWR to implement the Project, consisting of office operations and maintenance costs (such as electricity, telephone, internet, advertising expenses and bank charges, office supplies, office space rental, and office equipment maintenance), salaries of support staff (such as drivers, secretaries, cleaners and guards), staff travel, staff recruitment costs (including associated travel), and vehicle operations and maintenance costs.
10. “Non-Consultant Services” means services other than Consultant Services such as scientific surveys on Lake Nasser/ Nubia to be financed out of the Grant Proceeds in accordance with the Procurement Guidelines and the Procurement Plan.
11. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004, as revised in October 2006.
12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 24, 2009 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 accordance with the provisions of the said paragraphs.

