H.E. Minister Fayza Aboulnaga
Minister of International Cooperation
Ministry of International Cooperation
8 Adly Street,
Cairo, Egypt

Re: Arab Republic of Egypt: JSDF Grant for Job Readiness and Job Placement Project
Grant No. TF095830

Excellency:

In response to the request for financial assistance made on behalf of the Arab Republic of Egypt (the Recipient), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), as administrator of grant funds provided by Japan (Donor) under the Japan Social Development Fund, proposes to extend to the Recipient, a grant in an amount not to exceed two million eight hundred and fifty thousand United States Dollars (US$2,850,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project"). This 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 (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Kindly note that the donor (Japan) has mandated the World Bank to include the "donor visibility" clause in every Grant Agreement financed through the Japanese Trust Fund.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement with the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature and upon the World Bank being informed by the Recipient of the completion of the Recipient's domestic constitutional procedures; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within
ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

A. David Craig
Director
Egypt, Yemen and Djibouti Country Department
Middle East and North Africa Region

AGREED:

ARAB REPUBLIC OF EGYPt

By: [Signature]
H.E. Minister Fayza Aboulnaga
Minister of International Cooperation

Date: 8.2.2010

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008;

JSDF Grant No. TF095830
ANNEX

Article I
Standard Conditions; Definitions


1.02. Definitions. 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
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to minimize risks of chronic and/or unsafe unemployment among marginalized youth by facilitating their access to pertinent opportunities for job readiness and job placement. The Project consists of the following parts:

Component A: Building Capacity and Establishing Partnerships

Provision of support to: (i) build capacity of selected NGOs in identifying, engaging and rehabilitating the targeted youth; and (ii) build effective partnerships between NGOs, community based organizations (CBOs) and private sector employers in the industrial zones and in target governorates to facilitate access of marginalized youth to relevant training and employment opportunities.

Component B: Establishment of a Job Readiness and Placement Fund for Marginalized Youth

(i) Provision of support for the establishment of a Job Readiness and Placement Fund (the Fund), including a preparation of an Operational Manual for the Fund (Fund Operational Manual). The purpose of the Fund is to provide start-up grants (sub-grants) for encouraging job creation in order to facilitate access to job readiness and job placement opportunities among marginalized youth through implementing partners (NGOs and other agencies eligible for funds as per the criteria mentioned in the Fund Operational Manual). The operational manual for the Fund will define, among others, the procedures for appraisal, approval, disbursement, and monitoring and evaluation of the sub-grants; and

(ii) Provision of support for the operation of the Fund including support to the Fund management and for the disbursement of sub-grants.

Component C: Monitoring and Evaluation

Conducting of monitoring and evaluation of the Project, and provision of support for establishing a simple mechanism designed for the monitoring and evaluation of the Fund, including the sub-grants.

Component D: Management and Audit

Provision of management and implementation support to the organizations involved in the Project implementation. This includes support for: (i) hiring personnel for the Grant management and field coordination; (ii) undertaking audits; (iii) renting vehicles for field visits and monitoring; and (iv) procuring office supplies.
2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, through its Ministry of State for Family and Population ("MoFP"), in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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"), and (c) this Article II.

2.03. Institutional and Other Arrangements. (a) For the purpose of carrying out the Project, the MoFP shall have the overall responsibility for the oversight and coordination of the Project activities in cooperation with a consortium of selected NGOs. At all times during the implementation of this Project, the Recipient shall ensure and maintain the MoFP as the entity with overall responsibility and role for the implementation and coordination of the Project.

(b) Within two (2) month after the effectiveness of this Agreement, the Recipient shall establish or cause to be established a financial unit within the MoFP for administering the Grant funds. Within three (3) months after the effectiveness of this Agreement, integrated Grant management software shall be introduced to and implemented by the MoFP. The costs for the operation of the financial unit and for provision of the software shall be financed from the Grant.

2.04. Donor Visibility. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

2.05. Project Monitoring, Reporting and Evaluation. (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. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) 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 (6) months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

2.06. Financial Management. (a) The Recipient, through the MoFP, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient, through the MoFP, shall ensure that unaudited financial reports 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.

(c) The Recipient, through the MoFP, shall 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, or any other period agreed upon with the World Bank. 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.
2.07. **Procurement**

(a) **General**

(i) All goods and services (other than consultant's services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 and revised in October 2006 ("Procurement Guidelines").

(ii) Job Readiness and Placement Fund for Marginalized Youth: Procurement under the Fund, which represents 50% of the Grant proceeds, would be carried out in accordance with Paragraph 3.12 (Procurement in Loans to Financial Intermediaries) of the Procurement Guidelines.

(iii) All Consultants' Services shall be procured in accordance with the provisions of Sections I, IV and V (individual consultants) 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 ("Consultants' Guidelines").

(iv) The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, have the meanings ascribed to them in both the Procurement Guidelines or Consultants' Guidelines, as the case may be.

(b) **Particular Methods of Procurement of Goods and Services (other than Consultants' Services)**

(i) **National Competitive Bidding (NCB).** Except as otherwise provided in sub-paragraph (ii)A below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding.

Contracts for goods procured under the NCB procedure shall comply with the following:

1. Any prospective bidder from a country eligible under the Guidelines who proposes to provide goods procured in, or services supplied from, any such country shall be eligible to bid for such contracts.

2. Tenders shall be advertised with no less than thirty (30) days for bid preparation unless otherwise agreed to by the World Bank in writing.

3. Government-owned enterprises shall be eligible provided they are legally and financially autonomous, operate under commercial law, and are not selected or hired by the supervising or reporting authority, and shall be subject to the same bid and performance security requirements as other bidders.

4. Bidders shall be allowed to deliver their bids by hand or by mail.

5. Bids shall be opened in public; that is, bidders or their representatives shall be allowed to be present at the place where bids are to be opened and both envelopes, if two are submitted, shall be opened at the same time. The time for the bid opening shall be the same as for the deadline for receipt of bids or promptly thereafter; and shall be announced, together with the place for bid opening, in the invitation to bid.
6. Bids shall be evaluated based on price and on other criteria disclosed in the bid documents and quantified in monetary terms, and no provision for preferential treatment for national companies shall be applied.

7. The contract shall be awarded to the bidder having submitted the lowest evaluated responsive bid, and no negotiation shall take place.

8. Arabic translation of the World Bank’s standard bidding documents may be used.

(ii) Other Procurement Methods

A. Shopping. Goods estimated to cost less than $50,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

B. Commercial Practice for Job Readiness and Placement Fund. Grant funds would be provided first to the Ministry which would provide sub-grants to marginalized youth through NGOs. Procurement under the Fund will be in accordance with established commercial practices, acceptable to the World Bank.

(c) Particular Methods of Procurement of Consultants’ Services

(i) Quality and Cost-Based Selection (QCBS). Except as otherwise provided in subparagraph B below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

(ii) Other Selection Methods. The following methods may be used for the procurement of consultants’ services for those assignments which are less than $100,000 and which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection; (E) Selection of Service Delivery Contractors which have been found acceptable to the World Bank; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

(d) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (i) the first three NCB and QCBS contracts; (ii) each contract for goods estimated to cost the equivalent of $50,000 or more procured on the basis of National Competitive Bidding; (iii) each contract for goods estimated to cost the equivalent of $10,000 or more procured on the basis of Shopping; (iv) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $50,000 or more; and (v) each contract for individual consultants’ services estimated to cost the equivalent of $20,000 or more. All other contracts shall be subject to Post Review by the World Bank.

The provisions of this Section 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").

Article III
Withdrawal of Grant Proceeds
3.01. **Eligible Expenditures.** 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 following table. The 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in U.S.$)</th>
<th>Percentage of Expenditure to be Financed (inclusive of Tax)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consulting Services including audit, Training and Workshop</td>
<td>1,292,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-Grants</td>
<td>1,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs</td>
<td>158,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,850,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this Section:

(a) the term ‘Training’ means training courses, workshops and seminars conducted under the Project, including purchase and publication of materials, rental of facilities and equipment, course fees, travel expenditures and subsistence of trainees; and

(b) the term ‘Operating Costs’ means incremental operating costs incurred by the Recipient on account of the Project implementation, management and monitoring, including office and office equipment and vehicle rental, maintenance and repair, office supplies, utility charges, communication, banking charges, Project staff salaries, travel and per diem expenditures of the Recipient’s staff as required to implement the Project activities, and other miscellaneous costs directly associate with the Project and acceptable to the World Bank.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of International Cooperation.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of International Cooperation,
8 Adly Street,
Cairo, Egypt

4.03. **World Bank’s Address.** 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: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391