Global Environment Facility
Grant Agreement

(Sustainable Persistent Organic Pollutants 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 August 26, 2014
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated August 26, 2014, entered into between the
ARAB REPUBLIC OF EGYPT (the “Recipient”); and the INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT (the “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 February 15, 2012, (“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
the Appendix to 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 EEAA with technical support of the Cooperating
Ministries in accordance with the provisions of Article 11 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 eight
million one hundred thousand United States Dollars ($8,100,000) (“Grant”) to
assist in financing the Project.
3.02. The Recipient, through EEAA, 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 GEF for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it under the GEF, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely, that the Recipient has amended, waived, abrogated or repealed the National EIA System and/or the National Pest Management System so as to adversely affect the Recipient’s ability to prepare and implement ESIs, ESMPs, PMPs or activities to promote integrated pest management in a manner agreed with the World Bank. Any suspension based on this Section shall continue until the event (or events) which gave rise to the suspension has (or have) ceased to exist, unless the Bank has notifies the Recipient that such right to make withdrawals has been restored.

Article V
Effectiveness; Termination

5.01. This Agreement shall become effective once the World Bank receives from the Recipient a formal notification satisfactory to the World Bank that the Recipient has duly entered into this Agreement and its terms and conditions are fully valid and binding and all necessary internal procedures have been completed by the Recipient.

5.02. 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 notification required pursuant to Section 5.01 (“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.

5.03. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 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 VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of International Cooperation and the Assistant to the Minister for International, Regional and Arab Financing Organizations of the Ministry of International Cooperation of the Recipient.

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

Ministry of International Cooperation
8 Adly Street,
Cairo, Arab Republic of Egypt
Facsimile:
(202) 2391-2815
(202) 2391-5167

6.03. 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: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 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

Naglaa El Elhawany
Authorized Representative
Name: Naglaa El Elhawany
Title: Minister of International Cooperation

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

By

[Signature]
Authorized Representative
Name: Hartwig Schäfer
Title: Country Director
SCHEDULE 1

Project Description

The project development objective is to improve the management and disposal of targeted stockpiles of obsolete pesticides, including Persistent Organic Pollutants (POPs) and Polychlorinated Biphenyl (PCBs), in an environmentally sound manner.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the World Bank may agree upon from time to time:

**Part A: Destruction of High Risk Stocks of Obsolete Pesticide**

1. Carrying out of an environmentally sound program for the safe packaging, removal, transportation, export and destruction of approximately 1000 tons of identified high-risk stocks of pesticides and other high-risk obsolete pesticides, following a risk-based prioritization approach, in state-of-the-art facilities overseas, including: (a) disposal of the stockpiles of about 220 tons of Lindane at the Al-Adabeya port storage facility; (b) disposal of the stockpiles of about 440 tons of pesticides at the El Saff storage facility; and (c) the identification of all high risk stockpiles, and dispose of another approximately 350 tons of high risk stocks currently scattered across a number of sites.

2. Technical Upgrading of MALR’s Central Agricultural Pesticides Laboratory to identify unlabeled products uncovered, as necessary, and to analyze pesticide samples.

3. Enhancing the environmental management system of MSEA/EEAA to promote the identification, packaging, removal, transportation and destruction of high risk stocks of obsolete pesticides, including training of staff of EEAA and the Cooperating Ministries to track and monitor obsolete stockpiles and ensure the ultimate destruction of high risk stockpiles, supporting Project monitoring and evaluation and enhancing EEAA and MALR system of tracking obsolete pesticides to ensure sustainable project outcomes and monitoring of project performance indicators, and dissemination of results, including supporting public awareness.

**Part B: Decontamination of PCB-Containing Transformer Oils**

1. Carrying out of a program for the management of PCBs and PCB containing equipment focusing on PCBs in the public electricity generation, transmission and distribution sectors, including: (a) the acquisition and installation of equipment for dechlorination and purification of low to medium-concentration stocks of approximately 1000 tons of PCB contaminated oils, which will produce an oil suitable for reuse in transformers; (b) providing technical assistance to
EEAA and MOEE/EEHC staff to address the decommissioning of PCB containing equipment; and (c) provision of laboratory support and the acquisition and utilization of instruments, electronic equipment and chemicals for sampling to measure the level of PCBs.

2. Enhancing the environmental management system of MSEA/EEAA to promote the identification and decontamination of PCB-contaminated oils, including: training of staff of EEAA and the Cooperating Ministries to track, monitor and decontaminate PCBs and PCB containing equipment; supporting Project monitoring and evaluation and enhancing EEAA’s system of tracking PCBs and PCB containing equipment to ensure sustainable project outcomes; and monitoring of project performance indicators, and dissemination of results, including supporting public awareness.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Recipient, through EEAA, shall ensure that the Project Steering Committee, is maintained at all times during the implementation of the Project with functions, staffing and resources mutually agreed upon between the Recipient and the World Bank so as to ensure prompt and efficient implementation of the Project.

2. Without limitation to the above, the Project Steering Committee shall be chaired by the Chief Executive Officer (CEO) of EEAA and include representatives of EEAA, MALR, MOEE/EEHC, MOIC and other relevant Ministries. It shall be responsible for resolving inter-ministerial implementation issues, providing policy guidance to the PMU and reviewing the status of implementation of the project.

3. The Recipient, through EEAA, shall ensure that the PMU is maintained at all times during the implementation of the Project with functions, staffing and resources mutually agreed upon between the Recipient and the World Bank so as to ensure the efficient implementation and supervision of the Project. Without limitation thereto, the PMU will be headed by a senior manager of EEAA as the National Project Director and will report directly to the CEO of EEAA on Project matters. The National Project Director shall be supported by a Project Manager and fiduciary, administrative and procurement and technical staff and consultants.

B. Implementation Arrangements

1. Inter-Ministerial Agreement; Project Implementation Manual

(a) The Recipient shall, through EEAA, no later than 30 days of the Effective Date, enter into the Inter-Ministerial Agreement and finalize and adopt the Project Operational Manual.

(b) The Recipient, through EEAA, shall implement the Project in accordance with the arrangements and procedures set out in the Inter-Ministerial Agreement and the Project Operational Manual, and, except as agreed to with the World Bank, the Recipient, through EEAA, shall: (i) ensure that the Inter-Ministerial Agreement is not amended, waived, abrogated or
repealed; and (ii) ensure that the Project Operational Manual is not amended, waived, abrogated or repealed.

2. **Annual Work Program**

   (a) The Recipient, through EEAA, shall prepare and furnish to the World Bank for its approval, not later than March 31 of each year during the implementation of the Project, or such later date as the World Bank may agree, an annual work plan and budget containing all proposed activities to be carried out in the following fiscal year, modified in a manner acceptable to the World Bank, taking into account the World Bank’s comments and views on the matter.

   (b) The Recipient, through EEAA, shall cause each said annual work plan and budget to be carried out in a manner acceptable to the World Bank.

C. **Anti-Corruption**

The Recipient shall cause EEAA to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. **Safeguards**

1. The Recipient, through EEAA, shall implement each physical investment activity under the Project in accordance with environmental and social standards set out in the National EIA System in a manner acceptable to the Bank. To that end, the Recipient, through EEAA, shall, prior to commencing any physical investment activity under the Project, prepare or cause to be prepared for each such activity and each site where said activity will be carried out, an ESIA acceptable to the World Bank in accordance with the National EIA System. The Recipient, through EEAA, shall ensure that each such ESIA is maintained throughout the implementation of the Project and not amended, waived, abrogated or repealed without the prior approval of the World Bank.

2. The Recipient, through EEAA, shall implement each physical investment activity under the Project in accordance with the ESIA prepared for said activity, and shall, to that end, if any such activity under the Project would require the adoption of any ESMP:

   (a) prepare prior to commencing any such activity: (A) such ESMP in accordance with the applicable ESIA; (B) furnish such ESMP to the World Bank for review and approval during the first 18 months of project implementation; and (C) thereafter adopt such ESMP prior to implementation of the activity;
(b) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such ESMP; and

(c) ensure that except as the World Bank may otherwise agree the ESMP is not amended, waived, abrogated or repealed.

3. The Recipient, through EEAA, shall implement or cause to be implemented each physical investment activity under the Project in accordance with pest and pesticide management standards set out in the National Pest Management System in a manner acceptable to the World Bank and shall, to that end, if any such activity under the Project would require the adoption of any PMP:

(a) prepare prior to commencing any such activity: (A) such PMP in accordance with the National Pest Management System; (B) furnish such PMP to the World Bank for review and approval during the first 18 months of the Project implementation; and (C) thereafter adopt such PMP prior to implementation of the activity;

(b) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such PMP; and

(c) ensure that except as the World Bank may otherwise agree the PMP is not amended, waived, abrogated or repealed.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient, through EEAA, shall for the ESIA, including each ESMP and PMP, regularly collect, compile and furnish to the World Bank reports in form and substance acceptable to the World Bank, on the status of compliance with such ESIA and each ESMP and PMP, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of the ESIA including each ESMP and PMP;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESIA including each ESMP and PMP; and

(c) remedial measures taken or required to be taken to address such conditions.

5. The Recipient, through EEAA, shall take measures in accordance with an action plan and timetable, acceptable to the World Bank, as such plan may be updated from time to time with the prior approval of the World Bank, for improving the National EIA System and National Pest Management System and for improving the procedures, frameworks, implementation arrangements, and technical capacities for the preparation and implementation of ESIAs, ESMPs and PMPs.
E. **Donor Visit**

For purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

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

A. **Project Reports**

1. The Recipient through EEAA 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 on the basis of indicators acceptable to 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 45 days after the end of the period covered by such report.

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 (6) months after the Closing Date.

B. **Financial Management, Financial Reports and Audits**

1. The Recipient, through EEAA, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient, through EEAA, shall prepare and furnish to the World Bank not later than 45 days after the end of each financial semester, interim unaudited financial reports for the Project covering the semester, in form and substance mutually agreed between the Recipient and the World Bank.

3. The Recipient, through EEAA, shall have the Financial Statements related to the project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions by an auditor acceptable to the World Bank. Each 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 (6) months after the end of such period.
Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, non-consulting-services and consultants' 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 of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"), in the case of goods, works and non-consulting services, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("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 for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding (ICB).

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding (NCB) in accordance with the provisions set forth in paragraph 3 below; (b) Shopping; and (c) Direct Contracting.

3. The draft bidding documents for goods and non-consulting services to be procured through ICB and NCB shall incorporate the principles established in
Section I of the Procurement Guidelines; they shall be furnished to the World Bank for its prior review and approval.

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 contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. 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 the Grant Proceeds

A. General

1. The Recipient, through EEAA, may withdraw the proceeds of the Grant in accordance with the provisions of Article III of the Standard Conditions, this Section, and such additional arrangements as the World Bank shall 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 below

2. 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) Goods, non-consulting services, consultants' services and Training | 7,650,000 | 100%
(2) Operating Cost | 450,000 | 100%
**TOTAL AMOUNT** | **8,100,000** |

### 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 November 30, 2018.
APPENDIX

Definitions


2. “Cooperating Ministries” means MALR and MOEE.

3. “EEAA” means the Egyptian Environmental Affairs Agency which is the executive agency of MSEA.

4. “EEHC” means the Egyptian Electricity Company of the Recipient.

5. “Environmental and Social Impact Assessment” or “ESIA” means the assessment to be carried out or caused to be carried out by the Recipient prior to the implementation of any physical investment activity under the Project, setting out, inter alia: the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts, including clear procedures and methodologies for the environmental and social assessment, review, approval and implementation of investments to be financed under the Project; appropriate roles and responsibilities, reporting procedures for managing and monitoring environmental and social concerns, dispute resolution mechanisms, and criteria and procedures for the preparation of ESMPs, as may be necessary.

6. “Environmental and Social Management Plan” or “ESMP” means the plan to be prepared and adopted by the Recipient prior to carrying out any physical investment activity under the Project, as may be required pursuant to the ESIA, providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and social impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the World Bank; and such term includes all attachments and annexes supplemental to said plan.

7. “Inter-Ministerial Agreement” means the agreement dated to be entered into between EEAA and the Cooperating Ministries, as referred to in Section 1.B.1(a) of Schedule II to this Agreement setting out the respective roles and responsibilities of the parties to the agreement for the efficient and timely execution of the Project, including staffing, fund flow, dispute resolution and monitoring and reporting, as said agreement may be amended from time to time with the prior written approval of the World Bank.
8. "MALR" means the Ministry of Agriculture and Land Reclamation of the Recipient.


11. "MSEA" means the Ministry of State for Environmental Affairs of the Recipient.

12. "National EIA System" means the Recipient's system for carrying out environmental impact assessment of projects in accordance with its applicable legislative, regulatory and administrative framework that will be applied for the preparation and implementation of ESIA's and ESMP's under the Project and consists, inter alia, the following; Law 9 for 2009 pertaining to the Protection of the Environment and its Executive Regulations.

13. "National Pest Management System" means the Recipient's system of strengthening pesticide management and improving integrated pest management activities, including arrangements for carrying out environmental and safety risk assessments, capacity building, grievance handling, and monitoring and evaluation, all in accordance with applicable legislative, regulatory and administrative framework that will be applied in connection with the implementation of the Project and that consists, inter alia, the following; Government of Egypt Decree 630 of 2007, Decree 864 of 2008, and Decree 865 of 2009.

14. "Operating Costs" means the incremental costs incurred based on annual budgets approved by the World Bank, on account of Project implementation, management and monitoring, including fuel and operation and maintenance costs for vehicles; stationary and sundries; rental of office space for the PMU advertising and office running costs, including: services of office machines and equipment; purchase of materials for workshops; office supplies; communication charges; and venues for workshops.

15. "Pest Management Plan" or "PMP" means the plan to be prepared and adopted by the Recipient prior to carrying out any physical investment activity under the Project, as may be required pursuant to the National Pest Management System, for improving integrated pest management activities during the design, construction and operation of any such activity, including environmental and safety risk assessment, capacity building, grievance handling mechanisms, and monitoring and evaluation arrangements, as such plan may be amended from time to time with the prior approval of the World Bank; and such term includes all attachments and annexes supplemental to said plan.
16. "PMU" means the Project Management Unit established by the Recipient to assist in Project implementation and supervision.

17. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated March 25, 2014, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

18. "Project Operational Manual" means the manual to be adopted by the Recipient for implementing the Project, as referred to in Section 1.B.1(a) of Schedule II to this Agreement, consisting of different modules setting out respectively, inter alia, the administrative, financial and accounting procedures; the procurement and disbursement procedures, including procurement and accounting procedures; performance indicators to be used for the Project, procedures for the implementation of ESIA, ESMPs and PMPs and other activities and arrangements to be used for the purpose of implementing the Project, as the same may be amended from time to time with the prior agreement of the World Bank.

19. "Project Steering Committee" means the Committee established by the Recipient to guide project implementation and maintain inter-ministerial cooperation.

20. "Training" means the Project-related expenses incurred in the implementation of the Project based on annual budgets approved by the World Bank, for per diem, travel, purchase of training materials and rental of facilities, and includes workshops and seminars.