The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
1818 H Street N.W.
Washington, D.C. 20433
U.S.A.
(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

June 6, 2013

H.E. Dr. Amr Darrag
Minister of Planning and International Cooperation
Ministry of International Cooperation
8 Adly Street, Downtown
Cairo, Arab Republic of Egypt

Re: Egypt: AusAID Grant Agreement for Improvement of Irrigated Crop Production Project - Grant No: TF013794

Excellency:

In response to the request for financial assistance made on behalf of the Arab Republic of Egypt ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by AusAID ("Donor") under the Egypt Improvement of Irrigated Crop Production Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed four million two hundred ninety six thousand and five hundred United States Dollars (US$ 4,296,500.00) ("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 from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

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 to 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 and the Bank being informed by the Recipient of the completion of the Recipient’s internal procedures, this Agreement shall become effective as of the date of the countersignature; 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 and confirmation of the completion of the Recipient’s internal procedures 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/
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Hartwig Schafer
Country Director
Egypt, Yemen and Djibouti County Department

AGREED:
ARAB REPUBLIC OF EGYPT

Authorized Representative

Name __________________________
Title __________________________
Date 13.06.2013

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
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.

(a) “FIMP” means the Farm-level Irrigation Modernization Project (Loan No. 7984 EG), financed by the Bank and the Agence Française de Développement.

(b) “MALR” means Recipient’s Ministry of Agriculture and Land Reclamation, responsible for the implementation of the Project.

(c) “ARC” means the Agriculture Research Center of MALR responsible for carrying out the activities of the program of on-farm applied research and demonstrations on improved agronomic practices for field crops funded by the Project, in coordination with the PMU.

(d) “CAAE” means the Central Administration for Agricultural Extension of MALR responsible for carrying out training activities and field demonstration trials funded by the Project, in coordination with the PMU.

(e) “EMP” means Environmental Management Plan of the Recipient dated June 30, 2010, as such EMP may be updated from time to time by agreement between the Recipient and the World Bank, setting forth inter alia, the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce potential adverse environmental impacts to levels acceptable to the World Bank.

(f) “PMU” means the Project Management Unit established by the Recipient for managing the implementation of the Project, and comprising a Project Director, Project Administrative Coordinator, Procurement Officer, Financial Management Officer, Monitoring and Evaluation Specialist, Quality Control Specialist and other administrative staff.

(g) “Project Steering Committee” means the committee established by the Recipient to oversee and provide overall guidance to the PMU comprising of the Minister of MALR (Chair) or his designated representative, and representatives of the Ministries of Planning and International Cooperation, Water Resources and Irrigation, Finance and other representatives invited by the Chair as needed.

(h) “Procurement Plan” means the procurement plan for the Project, referred to in paragraph 1.18 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.

(i) "Consultant Guidelines" mean the Guidelines for the Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.


(k) "Anti-corruption Guidelines" mean the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.


**Article II**

**Project Execution**

2.01. **Project Objectives and Description.** The objective of the Project is to improve on-farm water management, water use efficiency and environmental sustainability of crop production in the Nile Delta of the Recipient. The Project consists of the following parts:

Part 1: On-Farm Applied Research for Improved Water Management and Water Use Efficiency: Carrying out of a program of on-farm applied research and demonstrations on improved agronomic practices for field crops.

Part 2: Monitoring and Evaluation (M&E) and Project Management: Supporting the design of the M&E system of the Farm-level Irrigation Modernization Project (FIMP), including the design of baseline field surveys needed to be carried out as indicated in the FIMP Results Framework and Monitoring, as well as to assess the results of the trust fund grant.

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 the Ministry of Agriculture and Land Reclamation (MALR) 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 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall maintain throughout the duration of the Project: (i) the Project Steering Committee; and (ii) the Project Management Unit (PMU), with membership, functions and responsibilities and with staff in adequate numbers whose qualifications and experience shall be at all times acceptable to the Bank.

(b) The Recipient shall carry out the project through MALR in accordance with the provisions of the Environmental Management Plan (EMP). Except as mutually agreed upon
between the Recipient and the World Bank, the Recipient shall not assign, amend, abrogate or waive the EMP or any provisions thereof if, such assignment, amendment, abrogation or waiver will materially and adversely affect the implementation of the Project. Any amendments to the EMP shall be made with the prior agreement between the Recipient and the World Bank.

2.04. Donor Visibility and Visit. (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.

(b) For the 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 the representatives of the Donor to visit any part of the Recipient's territory for purposes related to 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 and on the basis of indicators set forth below in paragraph (b) of this Section. 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 performance indicators referred to above in paragraph (a) consist of the following:

(i) number of farmers participating in on-farm applied research activities and number of farmers attending field days at applied research sites;

(ii) increased productivity at on-farm applied research sites as measured by changes in crop yield;

(iii) increased water use efficiency at on-farm applied research sites measured by crop production relative to amount of water used;

(iv) conservation agriculture techniques adopted by farmers participating in the program;

(v) farmers participating in the program adopting new varieties developed and tested by the ARC and demonstrated at the applied research sites; and

(vi) establishment of an M&E system for TF program.

(c) 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.
2.06. **Financial Management.** (a) The Recipient 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 shall ensure that interim 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 semester, covering the semester, in form and substance acceptable to the Recipient and to the World Bank.

(c) The Recipient shall have the Financial Statements related to the project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. **Procurement**

(a) **General.** All goods 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:


(ii) 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

(iii) the provisions of this Section, 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”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of 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.

(c) **Particular Methods of Procurement of Goods**

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

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding, using the bidding documents acceptable to the World Bank; (B) Shopping; (C) Direct Contracting.
(d) **Particular Methods of Procurement of Consultants' Services**

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) **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.

**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) 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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants’ services</td>
<td>846,000</td>
<td>100%</td>
</tr>
<tr>
<td>Goods</td>
<td>1,418,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Workshops</td>
<td>1,467,500</td>
<td>100%</td>
</tr>
<tr>
<td>Incremental Operating Costs</td>
<td>565,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>4,296,500</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this Section, the term: (i) “Training and Workshops” means reasonable expenditures incurred by the Recipient for the carrying out of training and workshops, including expenditures for facilities rental, materials printing and photocopying, supplies, course fees, and travel and subsistence of trainees; and (ii) “Incremental Operating Costs” means the incremental operating costs under the Project incurred by the Recipient for purposes of the implementation, management, and monitoring and evaluation of the Project on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance and insurance, office space rental, building and equipment maintenance, domestic travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.

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 June 30, 2016.
Article IV
Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Minister of Planning and 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 Recipient's Representatives referred to in Section 7.02 of the Standard Conditions.

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, Arab Republic of Egypt

Cable address: Ministry of International Cooperation
Facsimile: (202) 2391-2815
Cable address: Cairo, Arab Republic of Egypt
Facsimile: (202) 2391-5167

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/ International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: 248423 (MCI) or 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C. 64145 (MCI)