Middle East and North Africa Transition Fund

Grant Agreement

(Additional Financing for the Equal Access and Simplified Environment for Investment (EASE) Project)

between

ARAB REPUBLIC OF EGYPT

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION (acting as Implementation Support Agency of the Trust Fund for the Transition Fund)
GRANT NUMBER TF0B1605

TRANSITION FUND GRANT AGREEMENT

AGREEMENT dated as of the Signature Date between the ARAB REPUBLIC OF EGYPT ("Recipient") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as Implementation Support Agency of the Trust Fund for the Transition Fund (the "Trust Fund").

The World Bank and the Recipient hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions (as defined in the Appendix to this Agreement) apply to and form 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 cause Part I of the Project to be carried out by the Recipient’s General Authority for Investment ("GAFI") in accordance with the provisions of Article II of the Standard Conditions.

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 of one million seven hundred forty-six thousand United States Dollars (US$1,746,000) ("Grant") to assist in financing the Project.

3.02. The Recipient through GAFI may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the Trust Fund for which the World Bank receives periodic contributions from the Trustee of the Trust Fund, in accordance with the Financial Procedures Arrangement ("FPA") between the International Bank for Reconstruction and Development and International Development Association, acting jointly as
Implementation Support Agency, and the International Bank for Reconstruction and Development, as Trustee, dated November 21, 2012, concerning the Trust Fund. 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 by the Trustee under the abovementioned Trust Fund, in accordance with the FPA, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness; Termination

4.01. This Agreement shall become effective once the World Bank receives notification that all necessary constitutional procedures have been taken by the Recipient.

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 formal notification sent in accordance with Section 4.01 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. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) 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 Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Investment and International Cooperation.

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
Arab Republic of Egypt
5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development and
International Development Association
1818 H Street, N.W. Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: 248423 (MCI) or 1-202-477-6391
Facsimile: INDEVAS

Washington, D.C. 64145 (MCI)
AGREED as of the Signature Date.

ARAB REPUBLIC OF EGYPT

By:

Authorized Representative

Name: Sahar Naar

Title: Minister of Investment & International Cooperation

Date: November 23, 2019

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as Implementation Support Agency of the Trust Fund for the Transition Fund)

By:

Authorized Representative

Name: Marina Wes

Title: Country Director, Egypt, Yemen and Djibouti

Date: November 23, 2019
SCHEDULE 1

Project Description

The objective of the Project is to improve the regulatory environment for investors through simplified licensing and transparent industrial land allocation processes.

The Project consists of scaling-up activities under Part I of the Original Project as below:

Part I: Facilitating Accessible and Transparent Investor Services

Providing technical support to GAFI to become the national platform for business entry, licensing, and access to investor information at the sub-national level through its One Stop Shops (“OSSs”) and GAFI information portal in the following areas:

A. Developing and implementing an online system for investor servicing at GAFI including: (i) mapping of the business entry procedures; (ii) procurement, configuration and deployment of a Customer Relationship Management (“CRM”) system at GAFI headquarters and its four OSSs; and (iii) developing and enhancing the GAFI information portal to provide comprehensive investor information.

B. Supporting GAFI capacity building and ICT upgrading including: (i) upgrading IT system for GAFI and the OSSs and capacity building of staff; (ii) e-integration of the OSS network, e-archiving and electronic connectivity between OSS branches; (iii) supporting required upgrades to GAFI’s ICT infrastructure to support deployment and operation of the two systems; and (iv) providing Training to GAFI staff in the use of the CRM system.

C. Supporting the operations of the GAFI PIU to manage day-to-day implementation of the Project.

D. Supporting the role of the investor service center within GAFI in charge of licensing investments in Egypt through: (i) carrying out a readiness assessment of relevant national entities involved in investments licensing process; (ii) acquiring and installing of digital integrations units/kits; and (iii) creating a network to support its digital transformation, including inter alia (a) the establishment of a business unit to manage and operate the network activities, (b) provision of capacity building activities, including ToT Training; and (c) carrying out a communications’ campaign aimed at informing investors of the digital transformation and available Trainings.

E. Expanding the digital transformation in GAFI, through: (i) developing a unified information management system to facilitate the storage, organization and retrieval of investment information; (ii) scaling up the investment map services by adding additional features aimed to attract key investments such as: (a) a customer
relationship management module; and (b) adding revenue generating activities including notifications of investment opportunities and bidding procedures.

F. Enhancing human and organizational capacity through: (i) putting in place a unit to support the change management process of GAFI; and (ii) provision of information technology training to staff.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out Part I of the Project through GAFI to be responsible for Project management and implementation of their respective activities including, administrative and financial management, disbursement and procurement, and monitoring and evaluation.

2. The Recipient shall cause GAFI to maintain throughout the period of Project implementation a Project Implementation Unit ("GAFI PIU"), with qualified staff in adequate numbers and with qualifications and experience and terms of reference acceptable to the World Bank. To this end, the GAFI PIU shall be responsible for managing the day-to-day implementation of the Project and shall no later than three (3) months after the Effective Date, hire and maintain an external auditor, with terms of reference satisfactory to the World Bank.

B. Implementation Arrangements

1. In carrying out the Project, the Recipient shall cause GAFI not later than two (2) months after the Effective Date, to update and thereafter implement a Project Operational Manual, in a form and substance acceptable to the World Bank. Such manual shall include description of, inter alia: (a) implementation arrangements; (b) the procurement procedures and standard procurement documentation; (c) reporting requirements, financial management and audit procedures; and (d) monitoring and evaluation arrangements.

2. The Recipient shall cause GAFI not to assign, amend, abrogate or waive the Project Operational Manual or any provisions thereof without the prior agreement of the Recipient and the World Bank.

3. In case of any conflict between the provisions of the Project Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall govern.

4. Without any limitation to the provisions of Section 3.06 of the Standard Conditions, the Recipient shall ensure that the Grant funds are used exclusively for their intended purposes and not diverted to persons or entities, or utilized for activities, prohibited under the FPA, in particular under Section 4 of the FPA.
C. Donors Visibility and Visits

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Trust Fund donors' support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take or cause to be taken all measures required on its part to enable the representatives of the Trust Fund donors to visit any part of the Recipient's territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

1. In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors.

B. Project Reports

1. The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five days (45) after the end of each calendar semester, covering the calendar semester.

2. The Recipient shall cause GAFI to 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.
C. Other Reports

Without any limitation to the provisions of Section II.A and Section II.B of this Schedule 2, upon request from the World Bank, the Recipient shall cause GAFI within a reasonable time, to provide or cause to be provided all information and reports relating to the Project and the use of the proceeds of the Grant, in order to enable the World Bank to fulfill its obligations under the FPA.

Section III. 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; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods, non-consulting services, consultants’ services, Training, and Operating Costs under Parts I.C, D. E. F of the Project</td>
<td>1,746,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,746,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for the payments made prior to the date of this Agreement.

2. The Closing Date is October 31, 2021.
APPENDIX I

Definitions


2. “Financial Procedures Arrangement” or “FPA” means the agreement between the International Bank for Reconstruction and Development and International Development Association, acting jointly as Implementation Support Agency (ISA), and the International Bank for Reconstruction and Development, as Trustee, dated November 21, 2012, concerning the Trust Fund.

3. “GAFI” means the General Authority for Investment, which operates under the Ministry of Investment and International Cooperation, a public economic body organizing, encouraging and developing the investments in the country, and managing its affairs and promoting it to achieve the Recipient's Economic Development Plan.

4. “GAFI PIU” means the project implementation unit of GAFI, as referred to in Section I.A.2 of Schedule 2 to this Agreement.

5. “ICT” means information and communications technology.

6. “MIIC” means the Recipient’s Ministry of Investment and International Cooperation or any successor thereto.


8. “Operating Costs” means Project related incremental costs incurred by GAFI on account of communication, translation and interpretation, printing, procurement-related advertising, office supplies, banking charges, local transportation, and other miscellaneous costs directly associated with Project implementation, subject to prior written approval by the World Bank, excluding salaries of the Recipient’s civil servants.


10. “Procurement Plan” means the procurement plan dated May 5, 2019, prepared and updated from time to time by GAFI for the Project.
11. “Project Operational Manual” means the manual for the Project to be updated by the Recipient and approved by the World Bank and referred to in Section I.B.1 of Schedule 2 to this Agreement.


13. “Steering Committee” or “SC” means the Transition Fund’s decision-making body, established in accordance with the procedures set out in the Trust Fund Operations Manual.


15. “Training” means the expenditures incurred on account of Grant implementation such as training, workshops, transportation and per diem of trainers and trainees, rent of training facilities; preparation, acquisition, reproduction and distribution of training and workshop materials; and fees for trainers and other reasonable expenditures as agreed upon in writing with the World Bank.

16. “Transition Fund” means the MENA Transition Fund, established in 2011 to provide technical support to Egypt, Jordan, Morocco, Tunisia and Yemen.

17. “Transition Fund Operations Manual” means the Manual approved by the Steering Committee, which sets out the detailed procedures applicable to the operation of the Trust Fund, as said Manual may be amended from time to time by the Steering Committee in accordance with procedures set out in the said Manual.


Appendix II

Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

The first sentence of Section 4.05(a) of the Standard Conditions has been revised as follows: “If the World Bank or the Steering Committee (as defined in the Grant Agreement) determines or an audit conducted under the FPA (as defined in the Grant Agreement) indicates that an amount of the Grant has been used in a manner inconsistent with any provision of the Grant Agreement, the Standard Conditions, or the FPA, the Recipient shall, upon notice by the World Bank to the Recipient, promptly refund such amount to the World Bank.”