

CONFORMED COPY

LOAN NUMBER 7828-EG

Project Agreement

(Health Insurance Systems Development Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

HEALTH INSURANCE ORGANIZATION

Dated March 15, 2010

LOAN NUMBER 7828-EG

PROJECT AGREEMENT

Agreement dated March 15, 2010, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and HEALTH INSURANCE ORGANIZATION (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of same date between ARAB REPUBLIC OF EGYPT (“Borrower”) and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) 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 Loan Agreement or the General Conditions, and in the Appendix to this Agreement.

ARTICLE II - PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III - EFFECTIVE DATE ; TERMINATION

- 3.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.
- 3.02. This Agreement and all obligations of the Bank and of the Project Implementing Entity thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify the Project Implementing Entity thereof.
- 3.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE IV - REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is the Chairman of the Board of the Health Insurance Organization.

4.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

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

4.03. The Project Implementing Entity's Address is:

Health Insurance Organization
1 Abou El Mahasen Street,
Mansheat El Bakry
Cairo, Arab Republic of Egypt

Facsimile:
+ 202 22 909198

AGREED at Cairo, Arab Republic of Egypt, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCITON AND DEVELOPMENT

/s/ A. David Craig
Authorized Representative

HEALTH INSURANCE ORGANIZATION

/s/ Said A. Rateb
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Project Implementation

A. Institutional Arrangements

For the purpose of carrying out the Project, the Project Implementing Entity shall establish, by no later than one month after the Effective Date, the PIU; appoint the director for the PIU, financial officer and procurement officer with terms of reference and qualifications acceptable to the Bank, assisted by qualified staff in adequate numbers and adopt the FM Manual and financial management system in a manner acceptable to the Bank.

B. Project Implementation and Management

The Project Implementing Entity shall maintain arrangements, acceptable to the Bank, for the carrying out of the Project and, without limitation, shall carry out the Project in accordance with the Procurement Plan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not amend or waive any provision of the Procurement Plan if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

C. Anti-Corruption

The Project Implementing Entity 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of the indicators agreed with the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later one month after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.

B. Mid-Term Review

1. On or about December 31 2012, the Project Implementing Entity shall carry out jointly with the Borrower and the Bank, a midterm review of the progress made in carrying out the Project (the Midterm Review).

2. The Midterm Review shall cover, among other things: (i) progress made in meeting the Project's objective; and (ii) overall Project performance against Project performance indicators. The Project Implementing Entity shall prepare, and at least four (4) weeks prior to the Midterm Review, provide to the Bank, a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

3. The Project Implementing Entity shall, not later than two (2) weeks after the Midterm Review, prepare and submit to the Borrower and the Bank, an action program, acceptable to the Bank, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

C. Completion Report

The Project Implementing Entity shall provide, not later than two months after the Closing Date, for incorporation in the report referred to in Section 5.08(c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

D. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare Project financial statements, in accordance with consistently applied accounting standards acceptable to the Bank. These financial statements shall be prepared in a manner adequate to reflect the Project's operations and financial condition.
2. The Project Implementing Entity shall prepare interim un-audited financial reports for the Project covering the calendar semester, in form and substance acceptable to the Bank, and shall furnish to the Bank such reports not later than forty five (45) days after the end of each calendar semester.
3. The Project Implementing Entity shall have the Project's financial statements for each fiscal year, audited by independent auditors acceptable to the Bank in accordance with consistently applied auditing standards acceptable to the Bank. The audited financial statements for each fiscal year shall be furnished to the Bank not later than six (6) months after the end of such fiscal year.

Section III. Procurement

A. General

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Technical Services.** All technical services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the 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

International Competitive Bidding. Goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

C. Particular Methods of Procurement of Technical Services

Technical services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection and Least Cost selection. The Procurement Plan shall specify the circumstances under which such methods may be used.

D. Review by the Bank of Procurement Decisions

All contracts shall be subject to the Bank's Prior Review.

APPENDIX

Definitions

1. “Consultant Guidelines” means the “Guidelines”: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004, and revised in October 2006.
2. “FM Manual” means the manual for financial management of the Project, prepared by the PIE and acceptable to the Bank.
3. “PIU” means the Project Implementation Unit, referred to in Section I.A of the Schedule to this Project Agreement.
4. “Procurement Guidelines” means the “Guidelines”: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004, and revised in October 2006.
5. “Procurement Plan” means the PIE’s procurement plan for the Project, dated October 28, 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 said paragraphs.
6. “Project Implementing Entity’s Legislation” means Presidential Decree No. 1209 of 1964.

