

**No. 16568**

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**UNITED STATES OF AMERICA  
and  
EGYPT**

**Grant Agreement relating to road building equipment in the  
Suez Canal Area. Signed at Cairo on 28 May 1975**

**First Amendment to the above-mentioned Agreement.  
Signed at Cairo on 30 September 1976**

*Authentic texts: English.*

*Registered by the United States of America on 27 April 1978.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
ÉGYPTE**

**Accord de don pour l'acquisition de matériels destinés à la  
réfection de routes dans la région du canal de Suez.  
Signé au Caire le 28 mai 1975**

**Premier Amendement à l'Accord susmentionné. Signé au  
Caire le 30 septembre 1976**

*Textes authentiques : anglais.*

*Enregistrés par les États-Unis d'Amérique le 27 avril 1978.*

## GRANT AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND THE ARAB REPUBLIC OF EGYPT: ROAD BUILDING EQUIPMENT, SUEZ CANAL AREA

Date: May 28, 1975

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GRANT AGREEMENT dated the 28th day of May, 1975, between the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D."), and the ARAB REPUBLIC OF EGYPT (the "Government").

### *Article I. THE GRANT*

*Section 1.01. THE GRANT.* Upon the terms and conditions stated herein, A.I.D. agrees to grant to the Government the sum of ten million United States dollars (\$10,000,000) (the "Grant") to finance the foreign exchange costs of heavy equipment, spare parts and related materials required by the Government for reconstruction of roads, streets and structures in the Suez Canal Area.

<sup>1</sup> Came into force on 28 May 1975 by signature, in accordance with section 6.01.

## Article II. CONDITIONS PRECEDENT TO DISBURSEMENT

**Section 2.01. CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT.** Prior to any disbursement or to the issuance of any Letter of Commitment or other authorization of disbursement under the Grant, the Government shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) an opinion or opinions of the Minister of Justice of the Arab Republic of Egypt that this Agreement has been duly authorized and/or ratified by and executed on behalf of the Government and constitutes a valid and legally binding obligation of the Government in accordance with all of its terms;
- (b) a statement of the names of the persons holding or acting in the office of the Government specified in section 7.02 and a specimen signature of each person specified in such statement;
- (c) a procurement plan including the procedures by which all procurement financed under this Agreement will be carried out, and the mechanism for evaluating bids and making awards;
- (d) a plan for allocation of equipment financed under the Grant, identifying the Government organization or contractors to whom the equipment will be assigned.

**Section 2.02. TERMINAL DATE FOR MEETING CONDITIONS PRECEDENT TO DISBURSEMENT.** If all the conditions specified in section 3.01<sup>1</sup> shall not have been met within ninety (90) days after the date of this Agreement or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Government. Upon the giving of such notice this Agreement and all obligations of the Parties hereunder shall terminate.

**Section 2.03. NOTIFICATION OF MEETING CONDITIONS PRECEDENT TO DISBURSEMENT.** A.I.D. shall notify the Government upon determination by A.I.D. that the conditions precedent to disbursement specified in section 2.01 have been met.

## Article III. PROCUREMENT AND UTILIZATION OF COMMODITIES

**Section 3.01. SOURCE OF PROCUREMENT.** Except as A.I.D. may specify in Implementation Letters or as it may otherwise agree in writing, all equipment and materials financed hereunder shall have their source and origin in the United States of America.

**Section 3.02. ELIGIBILITY DATE.** Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of the signing of this Agreement.

**Section 3.03. UTILIZATION OF COMMODITIES.** (a) Except as A.I.D. may otherwise agree in writing, the Government shall insure that commodities financed under this Agreement shall be used exclusively for the purpose for which the assistance is made available as set forth in section 1.01. Such effective use shall include:

- (i) the maintenance of accurate arrival and clearance records by customs authorities and the prompt clearance from customs of equipment and materials financed hereunder.

(b) The Government shall use its best efforts to prevent the use of commodities financed under this Agreement to promote or assist any project or activity associated with or financed by any country not included in A.I.D. Geographic Code 935 as in effect at the time of such use.

<sup>1</sup> Should read "section 2.01" — Doit se lire «section 2.01».

(c) Equipment and other items procured under this Grant will not be exported from Egypt or sold within Egypt without prior written agreement with A.I.D.

*Section 3.04. REASONABLE PRICE.* No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Grant, as more fully described in Implementation Letters. Such items shall be procured on a fair and on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

*Section 3.05. SHIPPING. (a)* Goods financed under the Grant shall be transported to the country of the Government only on flag carriers of a country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment, provided

(i) At least fifty per cent (50%) of the gross tonnage of all commodities (computed separately for dry bulk carriers, dry cargo liners and tankers) financed hereunder which may be transported on privately owned United States-flag commercial vessels.

(ii) Additionally, at least fifty per cent (50%) of the gross freight revenue generated by all shipments hereunder transported to Egypt on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels.

(iii) Compliance with the requirements of (i) and (ii) above must be achieved with respect to cargo transported from U.S. ports and also to cargo transported from non-U.S. ports, computed separately.

(iv) Within ninety (90) days following the end of each calendar quarter, or such other period as A.I.D. may specify in writing, the Government shall furnish A.I.D. with a statement, in form and substance satisfactory to A.I.D., reporting on compliance with the requirements of this section.

(v) No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Government, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

*Section 3.06. INSURANCE.* Unless A.I.D. otherwise agrees in writing:

(a) The Government shall insure, or cause to be insured, all materials and equipment financed under the Grant against risks incident to their transit to Egypt. Such insurance shall be issued upon terms and conditions consistent with sound commercial practices and shall insure the full value of the goods. Any indemnification received by the Government under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Government for the replacement or repair of such goods. Any such replacements shall have their source and origin in the United States, unless A.I.D. shall otherwise agree in writing, and shall be otherwise subject to the provisions of this Agreement.

(b) Marine insurance on equipment and materials may be financed under the Grant provided such insurance is placed in the United States with a United States company at the lowest available competitive rate and claims thereunder are payable in United States dollars.

*Section 3.07. NOTIFICATION TO POTENTIAL SUPPLIERS.* In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Government shall furnish A.I.D. such information with regard thereto and at such times as A.I.D. may request in Implementation Letters.

*Section 3.08.* INFORMATION AND MARKING. The Government shall give publicity to the Grant as a program of United States aid and mark goods financed under the Grant, as prescribed in Implementation Letters.

*Section 3.09.* IMPLEMENTATION LETTERS. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the Implementation of this Agreement.

#### *Article IV.* DISBURSEMENTS

*Section 4.01.* DISBURSEMENT FOR UNITED STATES DOLLAR COSTS — LETTERS OF COMMITMENT TO UNITED STATES BANK. Upon satisfaction of conditions precedent, the Government may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to the Government or any designee of the Government, through the use of Letters of Credit or otherwise, for costs of eligible items procured in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment shall be for the account of the Government and may be financed under the Grant.

*Section 4.02.* OTHER FORMS OF DISBURSEMENT. Disbursements of the Grant may also be made through such other means and by such other procedures as the Government and A.I.D. may agree to in writing.

*Section 4.03.* TERMINAL DATE FOR REQUESTS FOR LETTERS OF COMMITMENT. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment shall be issued in response to a request received after twenty-four (24) months from the date of signing of this Agreement.

*Section 4.04.* DATE OF DISBURSEMENT. Disbursements by A.I.D. shall be deemed to occur, in the case of disbursements pursuant to section 4.01, on the date on which A.I.D. makes a disbursement to the Government, to its designee, or to a banking institution pursuant to a Letter of Commitment.

*Section 4.05.* TERMINAL DATE FOR DISBURSEMENT. Except as A.I.D. may otherwise agree in writing, no disbursement of funds under this Grant shall be made against documentation submitted after thirty-six (36) months from the date of signing of this Agreement.

#### *Article V.* GENERAL COVENANTS AND WARRANTIES

*Section 5.01.* A.I.D. APPROVALS. A.I.D. reserves the right to approve solicitations and bid documents prior to their issuance, and all contracts and amendments thereto prior to their execution, related to the equipment, materials and services financed under the Grant.

*Section 5.02.* MAINTENANCE AND AUDIT OF RECORDS. The Government shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Program and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) the receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;
- (b) the nature and extent of solicitations of prospective suppliers of goods and services acquired;

(c) the basis of the award of contracts and orders to successful bidders.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D.

*Section 5.03. REPORTS.* The Government shall furnish to A.I.D. such information and reports relating to the goods and services financed by this Grant and the performance of the Government's obligations under this Agreement as A.I.D. may request.

*Section 5.04. INSPECTION AND AUDITS.* (a) A.I.D. or its authorized representative shall have the right at any time to observe operations carried out under this Agreement. A.I.D. shall, during the disbursement period of the Grant and within five years after completion of such disbursement period, further have the right to inspect and audit any reports and accounts with respect to funds provided by A.I.D., or any contract services procured through the financing by it under the Grant, wherever such records may be located and maintained.

(b) The Government shall insert, or cause to be inserted in all contracts financed hereunder, a clause extending to A.I.D. the right to make inspections and audits in accordance with this section.

*Section 5.05. DISCLOSURE OF MATERIAL FACTS AND CIRCUMSTANCES.* The Government shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, this Grant, or the discharge of the Government's obligations under this Agreement.

*Section 5.06. TAXATION.* This Agreement shall be free from any taxation or fees imposed under the laws in effect within Egypt. As to the extent that any commodities or equipment financed hereunder are not exempt from identifiable taxes, tariffs, or duties and other levies imposed under laws in effect in the country of the Government, the Government, except as the Government and A.I.D. may otherwise agree, shall pay or reimburse the same under section 6.03 of this Agreement with funds other than those available under this Grant.

*Section 5.07. COMMISSIONS, FEES AND OTHER PAYMENTS.* The Government warrants and covenants that no payments have been or will be received by the Government, or any official of the Government, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in Egypt.

*Section 5.08. EXECUTION OF THE PROJECT.* The Government shall carry out the Project with due diligence and efficiency so as to ensure prompt and effective utilization of the equipment, materials and services financed hereunder, in conformity with sound engineering, construction and administrative practices.

*Section 5.09. FUNDS AND OTHER RESOURCES TO BE PROVIDED BY THE GOVERNMENT.* The Government shall provide promptly as needed all funds, in addition to the Grant, required for the punctual and effective carrying out of the Project.

#### *Article VI. TERMINATION AND REMEDIES OF A.I.D.*

*Section 6.01. TERMINATION.* This Agreement and Grant shall enter into force when signed by both Parties. Either Party may terminate its respective obligations under this Grant by giving notice in writing to the other Party not less than sixty (60) days prior to the date specified for termination.

*Section 6.02.* TERMINATION OF DISBURSEMENT. In the event that at any time:

- (a) the Government shall fail to comply with any provision contained herein, or
- (b) any event has occurred which A.I.D. determines to be an extraordinary situation which makes it improbable that the purposes of the Grant can be achieved or that the Government will be able to perform its obligations hereunder, or
- (c) any disbursement would be inconsistent with the legislation governing A.I.D., or
- (d) a default shall have occurred under another Agreement between the Government or any of its agencies and the United States or any of its agencies,

A.I.D. may decline (i) to make any further disbursements hereunder; or (ii) decline to make disbursements other than for outstanding commitments; and (iii) at A.I.D.'s expense, direct that title to goods financed hereunder shall be transferred to A.I.D. if the goods are in a deliverable state.

*Section 6.03.* REFUNDS. If A.I.D. determines that any disbursement is not supported by valid documentation in accordance with this Agreement, or is in violation of the law governing A.I.D., or that the services financed under this Agreement are not financed or used in accordance with the terms of the Agreement, the Government shall pay to A.I.D. in U.S. dollars, within thirty (30) days after receipt of a request therefor, an amount not to exceed the amount of such disbursement. Refunds paid by the Government to A.I.D. resulting from violations of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement, and shall not, unless A.I.D. agrees otherwise in writing, be available for reuse under the Agreement. A.I.D.'s right to require such a refund shall continue for three (3) years following the date of such disbursement, notwithstanding the fact that A.I.D. may have invoked its right to terminate the Agreement.

*Section 6.04.* WAIVERS OF DEFAULT. No delay in exercising, or omission to exercise, any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of such right, power, or remedy or any other right, power, or remedy hereunder.

*Section 6.05.* EXPENSES OF COLLECTION. All reasonable costs incurred by A.I.D. (other than salaries of its staff) in connection with the collection of refunds due under this Agreement may be charged to [the] Government and reimbursed as A.I.D. may specify.

#### *Article VII.* MISCELLANEOUS

*Section 7.01.* COMMUNICATIONS. Any notice, requests, documents or other communication given, made or sent by the Government or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable or radiogram and shall be deemed to have been duly given, made or sent to the Party to which it is addressed when it shall be delivered to such Party by hand or by mail, telegram, cable or radiogram at the following addresses:

To Government:

Mail address:

Ministry of Housing and Reconstruction  
1 Ismail Abaza Street  
Cairo, Arab Republic of Egypt

Cable address:

(Same as above)

To A.I.D.:

Mail address:

A.I.D. Office  
c/o U.S. Embassy  
Cairo, Egypt

Cable address:

A.I.D.  
U.S. Embassy  
Cairo, Egypt

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications and documents submitted to A.I.D. hereunder shall be in English, except as A.I.D. may otherwise agree in writing.

*Section 7.02. REPRESENTATIVES.* For all purposes relative to this Agreement, the Government will be represented by the individual holding or acting in the office of the Minister of Housing and Reconstruction, and A.I.D. will be represented by the individual holding or acting in the office of the A.I.D. Representative in Egypt. Such individuals shall have the authority to designate by written notice additional representatives. In the event of any replacement or other designation of a representative hereunder, the Government shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Government designated pursuant to this section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

IN WITNESS WHEREOF, the Government and the United States of America, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

Arab Republic of Egypt:

*By: [Signed]*

*Name: M. Z. SHAFEI*  
*Title: Minister of Economy*  
*and Economic Cooperation*

United States of America:

*By: [Signed]*

*Name: HERMANN Fr. EILTS*  
*Title: American Ambassador*

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FIRST AMENDMENT<sup>1</sup> TO GRANT AGREEMENT<sup>2</sup> BETWEEN THE UNITED STATES OF AMERICA AND THE ARAB REPUBLIC OF EGYPT: ROAD BUILDING EQUIPMENT, SUEZ CANAL AREA

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Date: September 30, 1976

GRANT AGREEMENT AMENDMENT dated September 30, 1976, between the GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT ("Government") and the GOVERNMENT OF THE UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D. ").

*Section 1.* Section 1.01 of the Grant Agreement dated May 28, 1975,<sup>2</sup> between the Government and A.I.D. for road building equipment, Suez Canal Area, is hereby amended by deleting "ten million United States dollars (\$10,000,000)" and substituting "fourteen million United States dollars (\$14,000,000)".

*Section 2.* CONDITION PRECEDENT TO INITIAL DISBURSEMENT UNDER FIRST AMENDMENT. Prior to any disbursement or to the issuance of any Letter of Commitment or other authorization of disbursement under this First Amendment, the Government shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D. an opinion of the Minister of Justice or of other counsel acceptable to A.I.D. that this First Amendment has been duly authorized and/or ratified by and executed on behalf of the Government and that it constitutes a valid and legally binding obligation of the Government in accordance with all of its terms.

*Section 3.* TERMINAL DATE FOR MEETING CONDITION PRECEDENT TO DISBURSEMENT. If the condition specified in section 2 shall not have been met within 120 days from the date of this First Amendment, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this First Amendment by giving written notice to the Government. Upon the giving of such notice, this First Amendment and all obligations of the Parties hereunder shall terminate.

*Section 4.* NOTIFICATION OF MEETING OF CONDITION PRECEDENT TO DISBURSEMENT. A.I.D. shall notify the Government upon determination by A.I.D. that the condition precedent to disbursement specified in section 2 has been met.

*Section 5.* This Grant Agreement Amendment shall enter into force when signed by both Parties hereto.

*Section 6.* Except as specifically amended hereby, the Grant Agreement dated May 28, 1975, between the Government and A.I.D. shall remain in full force and effect.

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<sup>1</sup> Came into force on 30 September 1976 by signature, in accordance with section 5.

<sup>2</sup> See p. 42 of this volume.

IN WITNESS WHEREOF, the Government and the United States of America, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

Arab Republic of Egypt:

United States of America:

*By:* [Signed]  
*Name:* Dr. MOHAMED ZAKI SHAFEI  
*Title:* Minister of Economy and  
Economic Cooperation

*By:* [Signed]  
*Name:* H. FREEMAN MATTHEWS, Jr.  
*Title:* Chargé d'affaires a.i.

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