

**No. 16569**

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**UNITED STATES OF AMERICA  
and  
EGYPT**

**Grant Agreement relating to technology transfer and manpower development (II). Signed at Cairo on 22 April 1976**

*Authentic text: 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 relatif au transfert de technologie et à la formation de la main-d'œuvre (II). Signé au Caire le 22 avril 1976**

*Texte authentique : anglais.*

*Enregistré 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: TECHNOLOGY TRANSFER AND MANPOWER DEVELOPMENT (II)

Date: April 22, 1976

Agreement No. 263-76-01

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GRANT AGREEMENT, dated April 22, 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.").

### *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 two million United States dollars (\$2,000,000) (the "Grant") to finance the foreign exchange costs required to

<sup>1</sup> Came into force on 22 April 1976 by signature, in accordance with section 8.04.

promote the economic development and reconstruction of the Arab Republic of Egypt in accordance with the Program as described in article II.

#### *Article II. PROGRAM*

*Section 2.01. PROGRAM.* The funds provided by this Agreement may be utilized by the Government in its economic development programs to:

- (a) finance the services of qualified technical experts, private firms, institutions and other organizations, consultants, and advisors (hereinafter termed “consultants”) to provide advisory services required in connection with the introduction of new technological processes or improved management practices, or the solution of specific technical or managerial problems;
- (b) finance participant training in the United States as required to upgrade the capability and capacity in selected skills areas most needed to advance the general economic growth of Egypt;
- (c) finance equipment or commodities needed to enhance and/or complement activities financed under the Grant, or activities within the general framework of the Egyptian-United States Joint Commission other than administrative or operating expenses of the Joint Commission itself.

#### *Article III. CONDITIONS PRECEDENT*

*Section 3.01. CONDITIONS PRECEDENT TO DISBURSEMENT.* Except as A.I.D. may otherwise agree in writing, prior to the initial disbursement hereunder the Government shall furnish in form and substance satisfactory to A.I.D.:

- (a) an opinion of the Ministry of Justice of the Arab Republic of Egypt or counsel acceptable to A.I.D. that this Agreement has been duly authorized or ratified by and executed on behalf of the Government and constitutes a valid and legally binding obligation of Government in accordance with all of its terms;
- (b) evidence of the authority of the person or persons who will act as the representative or representatives of the Government specified in section 8.02 and a specimen signature of each such person certified as to its authenticity by either the person who renders the legal opinion or the person who executes the Agreement;
- (c) such other information or documents as A.I.D. may reasonably request.

*Section 3.02. ADDITIONAL CONDITIONS PRECEDENT.* Prior to disbursement of any amount for a particular contract financed hereunder, 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 description of the proposed scope of work for the contract, the estimated cost, the proposed contribution of the Government, and a designation of the implementing agency of the Government.

*Section 3.03. TERMINAL DATES FOR MEETING CONDITIONS PRECEDENT TO DISBURSEMENT.* If all the conditions specified in section 3.01 shall not have been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Government. Upon giving of such notice, this Agreement and all obligations of the Parties hereunder shall terminate.

*Section 3.04. NOTIFICATION OF MEETING OF 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 3.01 have been met.

*Article IV. GENERAL COVENANTS AND WARRANTIES*

*Section 4.01. A.I.D. APPROVALS.* A.I.D. reserves the right to approve all consultants selected to perform services, all participants selected for training in the United States, and all contracts for goods and services and amendments thereto financed under this Grant, prior to the execution of such contracts or amendments. A.I.D.'s approval of the foregoing shall not be unreasonably withheld.

*Section 4.02. LIMITATION ON GOODS.* Except as A.I.D. may otherwise agree in writing, the procurement of goods will be limited to those required for demonstration and training directly related to the services obtained under this Grant or related to activities within the general framework of the Egyptian-United States Joint Commission and funds allocated and disbursed under the Grant for such goods will be limited to twenty percent of the funds available under the Grant.

*Section 4.03. EXECUTION OF THE PROGRAM.* The Government shall ensure that the consultants provided for under this Agreement shall be provided all necessary secretarial services, office space and equipment, and such other logistic support as may be required to ensure the effective utilization of such consultants. The Government shall ensure that participants trained under this Agreement will be utilized in a manner most beneficial to the economic development of Egypt. The Government shall provide promptly as needed all funds in addition to those made available under the Grant needed for the effective carrying out of the agreed-upon activities.

*Section 4.04. CONTINUING CONSULTATION.* The Government and A.I.D. shall cooperate fully to assure that the purpose of the Grant will be accomplished. To this end, the Government and A.I.D. shall from time to time, at the request of either Party, exchange views through their representatives with regard to the progress of the Program, the performance by the Government of its obligations under this Agreement, the performance of the consultants, the performance of the participants, and other matters relating to the Program.

*Section 4.05. TAXATION.* This Agreement shall be free from any taxation or fees imposed under the laws in effect within the country of the Government. As and to the extent that any consultant financed hereunder and any commodities or equipment relating to contracts with consultants or to other assets of this Project 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 7.03 of this Agreement with funds other than those provided under the Grant.

*Section 4.06. UTILIZATION AND SERVICES.* Goods and services financed under the Grant shall be used exclusively for the Program except as A.I.D. may otherwise agree in writing.

*Section 4.07. 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 to this Agreement. Such books and records shall without limitation be adequate to show:

- (a) the receipt and use of goods and services financed with funds disbursed pursuant to this Agreement;
- (b) the basis of the award of contracts and orders; and
- (c) the progress of the respective services financed hereunder.

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 4.08. REPORTS.* The Government shall furnish to A.I.D. such information and reports relating to the Grant and to the goods and services financed hereunder as A.I.D. may reasonably request.

*Section 4.09. 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 with respect to any contract financed by A.I.D. under this 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 4.10. RELATION TO PROJECTS OF OTHER COUNTRIES.* Except as A.I.D. may otherwise agree, no goods or services financed under the Grant shall be used to promote or assist a foreign aid project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

#### *Article V. PROCUREMENT*

*Section 5.01. SOURCE AND ORIGIN.* Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to article VI shall be used exclusively to finance the procurement of goods and services having both their source and origin in the United States.

*Section 5.02. ELIGIBILITY DATE.* Except as A.I.D. may otherwise agree in writing, only goods and services which are contracted for and received after the date of this Agreement will be financed under the Grant.

*Section 5.03. PROCEDURES.* A.I.D. will issue Implementation Letters which will prescribe the procedures applicable in connection with this Grant.

*Section 5.04. SHIPPING.* Goods financed under the Grant shall be transported to the country of the Government on flag carriers of any country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

#### *Article VI. DISBURSEMENTS*

*Section 6.01. DISBURSEMENTS—LETTERS OF COMMITMENT TO UNITED STATES BANKS.* Upon satisfaction of conditions precedent, the Government may, from time to time, request A.I.D. to issue Letters of Commitment for specific 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 consultants through the use of Letters of Credit or otherwise, and for costs of services and goods procured in accordance with the terms and conditions of this Agreement. Payment by a bank to a consultant 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 and Letters of Credit shall be for the account of the Government and may be financed under the Grant.

*Section 6.02. DISBURSEMENTS—PROJECT IMPLEMENTATION ORDERS.* Upon satisfaction of conditions precedent, the Government may from time to time request A.I.D. to issue Project Implementation Orders ("PIO's") for activities hereunder in accordance with A.I.D. procedures. A.I.D. will, as provided in such PIO's, make

funds available from this Grant to pay the costs of furnishing technical services in connection with the Program and to pay such additional costs as may be specified. Procurement of commodities to be financed in whole or in part under this Grant may be undertaken pursuant to PIO's issued by A.I.D., as A.I.D. and the Government may agree in writing.

*Section 6.03.* OTHER FORMS OF DISBURSEMENT. Disbursement of the Grant may also be made through such other means as the Government and A.I.D. may agree in writing.

*Section 6.04.* TERMINAL DATE FOR REQUESTS FOR LETTERS OF COMMITMENT OR PIO'S. Except as A.I.D. and the Government may otherwise agree in writing, no Letter of Commitment pursuant to section 6.01, no PIO's pursuant to section 6.02 or other commitment documents which may be called for by another form of disbursement under section 6.03, or amendment thereto, shall be issued in response to requests received by A.I.D. after December 31, 1977.

*Section 6.05.* TERMINAL DATE FOR DISBURSEMENT. Except as A.I.D. and the Government may otherwise agree in writing, no disbursements shall be made against documentation received by A.I.D. or any bank described in section 6.01 after June 30, 1978. A.I.D., at its option, may at any time or times after June 30, 1978, reduce the Grant by all or any part thereof for which documentation was not received by such date.

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

*Section 7.01.* TERMINATION. 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, provided, that in the event A.I.D. exercises its right hereunder, such termination shall not be effective as to payments which it is committed to make pursuant to non-cancellable commitments with respect to third-party contracts including transportation costs for consultants or trainees to return to their own countries.

*Section 7.02.* TERMINATION OF DISBURSEMENT. In the event that at any time:

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

then A.I.D. may decline (i) to make any further disbursements hereunder; or (ii) decline to make disbursements other than for outstanding commitments.

*Section 7.03.* 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 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 five (5) years following the date of such disbursement, notwithstanding the fact that A.I.D. may have invoked its right to terminate the Agreement.

*Section 7.04. NON-WAIVERS OF REMEDIES.* 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 7.05 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 VIII. MISCELLANEOUS*

*Section 8.01. COMMUNICATIONS.* Any notice, requests, documents or other communication given, made or sent by the Government to 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 Economy and Economic Cooperation  
8 Adly Street  
Cairo, Egypt

Cable address:

Ministry of Economy and Economic Cooperation  
Cairo, Egypt

To A.I.D.:

Mail address:

A.I.D.  
c/o American 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 8.02 REPRESENTATIVES.* For all purposes relative to this Agreement, the Government will be represented by the individual holding or acting in the office of Minister of Economy and Economic Cooperation and A.I.D. will be represented by the individual holding or acting in the office of the A.I.D. Representative, Cairo, 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 sec-

tion, 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.

*Section 8.03.* IMPLEMENTATION. A.I.D. shall from time to time issue instructions that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

*Section 8.04.* ENTRY INTO FORCE. This Agreement and Grant shall enter into force when signed by both Parties hereto.

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

United States of America:

*By:* [Signed]  
*Name:* HERMANN FR. EILTS  
*Title:* American Ambassador