

No. 17265

**UNITED STATES OF AMERICA
and
EGYPT**

**Project Grant Agreement for local cost project support.
Signed at Cairo on 22 January 1977**

Authentic text: English.

Registered by the United States of America on 24 November 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉGYPTE**

**Accord de don relatif au financement partiel des dépenses
locales liées à la réalisation d'un projet. Signé au Caire
le 22 janvier 1977**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 24 novembre 1978.

PROJECT GRANT AGREEMENT¹ BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE UNITED STATES OF AMERICA FOR LOCAL COST PROJECT SUPPORT

Dated: January 22, 1977

AID Project Number: 263-0005

PROJECT GRANT AGREEMENT, dated January 22, 1977, 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. GRANT. Upon the terms and conditions stated herein, A.I.D. agrees to grant to the Government the sum of two million Egyptian pounds (L.E. 2,000,000) (the "Grant") to finance the local currency costs required to support A.I.D. Grant No. 263-11-002 Technology Transfer and Manpower Development, A.I.D. Grant No. 263-11-003 Feasibility Studies, A.I.D. Grant No. 263-76-01 Technology Transfer and Manpower Development II, and A.I.D. Grant No. 263-11-995-013 Technical and Feasibility Studies and any future grants designed to continue the assistance provided by these grants.

Article II. PROGRAM

Section 2.01. PROGRAM. The funds provided under this Agreement may be utilized by the Government to finance supporting local costs of activities that are receiving foreign exchange financing under the above-mentioned grant agreements, activities that reasonably can be expected to receive such financing, or activities that would be eligible for such financing. Examples of such costs are:

- (a) In-country per diem,
- (b) In-country and international travel,
- (c) Supporting services and commodities available in Egypt.

Unless A.I.D. otherwise agrees in writing, funds provided under this Agreement may be used only to finance local costs incurred (1) under direct contracts or other agreements to which the United States Government is a party, and (2) to support participant training.

Article III. CONDITIONS PRECEDENT

Section 3.01. INITIAL 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) 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; and
- (b) Such other information or documents as A.I.D. may reasonably request.

¹ Came into force on 22 January 1977 by signature, in accordance with section 8.03.

Section 3.02. ADDITIONAL CONDITIONS PRECEDENT TO DISBURSEMENT. Prior to disbursement of any amount for a particular activity financed hereunder, the Government shall furnish to A.I.D. an identification of the activity to which these supporting costs are related and the estimated cost.

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 one hundred twenty (120) 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 Sections 3.01 and 3.02 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 supporting costs 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. 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 (other than income taxes on local firms and generally prevailing sales taxes on commodities), 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 with funds other than those provided under the Grant.

Section 4.03. 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 4.04. 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 made 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 three years after the date of the last disbursement by A.I.D.

Section 4.05. 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 4.06. 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 three 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.

Article V. PROCUREMENT

Section 5.01. SOURCE. (a) Except as A.I.D. may otherwise agree in writing and except as provided in Section 5.01(b), disbursements made pursuant to article VI shall be used exclusively to finance the procurement of goods and services having their source in the Arab Republic of Egypt.

(b) Transportation by air, financed under the Grant, of property or persons (and their personal effects) will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

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.

Article VI. DISBURSEMENTS

Section 6.01. DISBURSEMENTS—PROJECT IMPLEMENTATION ORDERS. (a) 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 the Government and A.I.D. may agree in writing.

(b) Upon satisfaction of conditions precedent, in the case of an emergency requirement for services or commodities in which there is not sufficient time for completion of the procedures described in Section 6.01(a), A.I.D. from time to time may disburse funds available from this Grant to pay directly the costs of furnishing such services and commodities in connection with the program. Upon taking any action pursuant to this Section 6.01(b), A.I.D. shall promptly notify the Government of such action, the circumstances requiring such action and the amount of funds involved.

Section 6.02. 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 6.03. TERMINAL DATE FOR REQUESTS FOR DISBURSEMENTS. Except as A.I.D. and the Government may otherwise agree in writing, no PIO's pursuant to Section 6.01 or other commitment documents which may be called for by another form of disbursement under Section 6.02, or amendments thereto, shall be issued in response to requests received by A.I.D. after March 31, 1978.

Section 6.04. 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. after September 30, 1978. A.I.D., at its option, may

at any time or times after September 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 rights 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 Egyptian pounds, 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. 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 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.

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 at the following addresses:

To Government:

- Mail Address: Ministry of Economy and Economic Cooperation
8 Adly Street
Cairo, Egypt
- Cable Address: 8 Adly Street
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 individuals holding or acting in the offices of Minister of Economy and Economic Cooperation and Undersecretary of State for Economic Cooperation, and A.I.D. will be represented by the individual holding or acting in the office of the A.I.D. Director, 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 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.

Section 8.03. 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 representatives, 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: Dr. HAMED EL-SAYEH

Title: Minister of Economy and Economic Cooperation

United States of America:

By: [Signed]

Name: DONALD S. BROWN

Title: Director, U.S.A.I.D.
