

No. 17264

---

**UNITED STATES OF AMERICA  
and  
EGYPT**

**Grant Agreement for Suez reconstruction—cement plant  
(with annex). Signed at Cairo on 31 July 1976**

*Authentic text: English.*

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

---

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

**Accord relatif à un don pour la rénovation de Suez —  
création d'une cimenterie (avec annexe). Signé au Caire  
le 31 juillet 1976**

*Texte authentique : anglais.*

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

## GRANT AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND THE ARAB REPUBLIC OF EGYPT FOR SUEZ RECONSTRUCTION—CEMENT PLANT

Dated: July 31, 1976

A.I.D. Grant 263-0012

GRANT AGREEMENT dated the 31st day of July 1976 between the ARAB REPUBLIC OF EGYPT ("Grantee") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

### Article I. THE GRANT

*Section 1.01.* THE GRANT. A.I.D. agrees to grant to the Grantee pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed ninety million United States dollars (\$90,000,000) ("Grant"). The Grant will be used to finance the foreign exchange costs of goods and services required to carry out the Project referred to in Section 2.01 ("Project"). Goods and services authorized to be financed hereunder are hereinafter referred to as Eligible Items.

### Article II. THE PROJECT

*Section 2.01.* THE PROJECT. The Project shall consist of the construction of a cement plant by the Suez Cement Company ("SCC") with a capacity to produce approximately one million metric tons annually with related offsite facilities. The Project is more fully described in Annex 1, attached hereto, which Annex may be modified in writing by the parties designated in Section 9.02 hereof. The goods and services to be financed under the Loan shall be listed in the implementation letters referred to in Section 9.03 ("Implementation Letters").

### Article III. CONDITIONS PRECEDENT TO DISBURSEMENT

*Section 3.01.* CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT. Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Grant, the Grantee 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 of the Minister of Justice or of other counsel acceptable to A.I.D. that this Agreement and the Agreements referred to in Sections 3.01 (f), (g), and (h) have been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that they constitute valid and legally binding obligations of the Grantee in accordance with all of their terms;
- (b) An opinion of the chief legal officer of the Suez Cement Company or of other counsel acceptable to A.I.D. that the Agreements referred to in Sections 3.01 (e), (f), and (g) have been duly authorized and/or ratified by, and executed on behalf of SCC, and that they constitute valid and legally binding obligations of SCC in accordance with all of their terms;

<sup>1</sup> Came into force on 31 July 1976 by signature.

- (c) An opinion of the chief legal officer of the Egyptian Electric Authority (“EEA”) or of other counsel acceptable to A.I.D. that the Sub-grant Agreement referred to in Section 3.01 (h) has been duly authorized and/or ratified by, and executed on behalf of EEA, and that it constitutes a valid and legally binding obligation of EEA in accordance with all of its terms;
- (d) A statement of the names of the persons authorized to represent the Grantee, SCC and the EEA as specified in Section 9.02, and a specimen signature of each person;
- (e) An executed project agreement between A.I.D. and SCC containing the terms and conditions governing the operation of SCC and the implementation of the Project (“Project Agreement”);
- (f) An executed loan agreement, between the Grantee and SCC (“SCC Loan Agreement”), satisfactory to A.I.D., under which sixty-four million nine hundred thousand United States dollars (\$64,900,000) of Grant funds will be lent to SCC for a period of 15 years, including a grace period of 5 years, with annual interest of not less than 10 percent, without maintenance of value;
- (g) An executed Sub-grant Agreement between the Grantee and SCC (“SCC Sub-grant Agreement”), satisfactory to A.I.D., for an amount of twenty million five hundred thousand United States dollars (\$20,500,000), specifying: that six million seven hundred thousand United States dollars (\$6,700,000) will be used to cover the foreign exchange costs of consulting services, and that the remaining thirteen million eight hundred thousand United States dollars (\$13,800,000) will be used for other foreign exchange costs of the Project, with the understanding that SCC will issue stock to the four cement companies which participated in the formation of SCC at such time or times as may be agreed upon between SCC and such cement companies in the amount of 5.4 million Egyptian pounds, which is the equivalent of the said \$13,800,000 based on the official rate of exchange between the United States dollar and the Egyptian pound in effect on the date of execution of this Agreement;
- (h) An executed Sub-grant Agreement between the Grantee and EEA (“EEA Sub-grant Agreement”), satisfactory to A.I.D., under which four million six hundred thousand United States dollars (\$4,600,000) will be made available to EEA to cover foreign exchange costs of construction for a power transmission line and related facilities to connect SCC’s plant to the national grid;
- (i) Evidence that 80% of the total capital stock of SCC (valued at sixteen million Egyptian pounds) to be issued by SCC has been subscribed to by public sector companies or organizations in the country of the Borrower, that 25% of the amount of such subscription has in fact been paid in, and that SCC has executed a valid and effective underwriting agreement with an entity satisfactory to A.I.D. for the remaining 20% of its stock to be issued by SCC and made available to the public;
- (j) Evidence that SCC is a legal entity under the laws of Egypt;
- (k) An executed contract acceptable to A.I.D. between SCC and a U.S. firm for consulting engineering services for the Project, with an organization acceptable to A.I.D.;
- (l) A statement of SCC’s assets, liabilities and capital including a list of all persons or organizations who are creditors of SCC showing the nature and amount of each liability;
- (m) Copies of all contracts to which SCC is a party;
- (n) All relevant information on the qualifications of the individuals nominated for the positions of chairman and managing director of SCC;
- (o) A budget for the first year’s operation of SCC, showing both financial and manpower requirements;
- (p) Such other documentation as A.I.D. may require.

*Section 3.02.* CONDITIONS PRECEDENT TO DISBURSEMENT FOR SPECIFIC GOODS OR SERVICES. Prior to any disbursement or to the issuance of any Letter of Commitment under the Grant to finance any specific goods and services, other than the services of a consulting engineer for the Project, the Grantee 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) A detailed project implementation schedule covering the timing of all elements of the Project. The plan shall, without limitation, include provision for the coordination among the SCC, EEA, the Egyptian Cement Office ("ECO") and the Ministry of Housing and Reconstruction ("MOHR");
- (b) Evidence that local currency financing for the Project has been budgeted by SCC and will be available for expenditure by SCC in an amount sufficient for the first year of the construction phase of the Project, pursuant to a cost estimate made by the consulting engineer and approved by SCC;
- (c) Evidence that SCC has obtained legal title to or full rights to the use of (including, without limitation, all easements, privileges, and approvals necessary for the exercise of such rights) and full right of access to all land necessary for (1) the plant site, (2) the limestone and clay quarries, and (3) offsites required for the project, including sites for office buildings and staff housing;
- (d) Evidence that core drilling in the limestone deposit has been carried out to the extent and with methods approved by A.I.D. as sufficient to prepare a definitive mining plan;
- (e) An executed contract or contracts satisfactory to A.I.D. for said goods or services with firms acceptable to A.I.D.

*Section 3.03.* TERMINAL DATES FOR MEETING CONDITIONS PRECEDENT TO DISBURSEMENT. (a) If all of the conditions specified in Section 3.01 shall not have been met within 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 Grantee. Upon the 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 Grantee 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.* EXECUTION OF THE PROJECT. (a) The Grantee shall cause the Project to be carried out with due diligence and efficiency, and in conformity with sound engineering, construction, financial, and administrative practices.

(b) The Grantee shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by A.I.D. pursuant to this Agreement.

*Section 4.02.* FUNDS AND OTHER RESOURCES TO BE PROVIDED BY GRANTEE. The Grantee shall provide or cause to be provided promptly as needed all funds, in addition to the Grant, and all other resources required for the punctual and effective carrying out, maintenance, repair, and operation of the Project.

*Section 4.03.* CONTINUING CONSULTATION. The Grantee and A.I.D. shall cooperate fully to assure that the purpose of the Grant will be accomplished. To this end, they shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Grantee of its obligations under this Agreement, the performance by SCC of its obligation under the Project Agreement, the SCC Loan Agreement and the SCC Sub-grant Agreement,

the performance of EEA under the EEA Sub-grant Agreement, the performance of MOHR and ECO, the performance of the consultants, contractors, and suppliers engaged on the Project, and other matters relating to the Project.

*Section 4.04. MANAGEMENT.* The Grantee shall provide or cause to be provided qualified and experienced management for the Project, and it shall train or cause to be trained such staff as may be appropriate for the maintenance and operation of the Project.

*Section 4.05. OPERATION AND MAINTENANCE.* The Grantee shall operate, maintain, and repair the Project or cause it to be operated, maintained and repaired in conformity with sound engineering, financial, and administrative practices, and in such manner as to insure the continuing and successful achievement of the purposes of the Project.

*Section 4.06. TAXATION.* This Agreement and the Grant shall be free from any taxation or fees imposed under the laws in effect within the country of the Grantee. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts, and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in the country of the Grantee, the Grantee shall pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Grant.

*Section 4.07. UTILIZATION OF GOODS AND SERVICES.* (a) Goods and services financed under the Grant shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other time as goods financed under the Grant can no longer usefully be employed for the Project, SCC may use or dispose of such goods in such manner as A.I.D. may agree to in writing prior to such use or disposition.

(b) Except as A.I.D. may otherwise agree in writing, no goods or services financed under the Grant shall be used to promote or assist any 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.

*Section 4.08. DISCLOSURE OF MATERIAL FACTS AND CIRCUMSTANCES.* The Grantee represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Grant are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of obligations under this Agreement. The Grantee 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, the Project, the discharge of the Grantee's obligations under this Agreement, the discharge of SCC's obligations under the Project Agreement, the SCC Loan Agreement or the SCC Sub-grant Agreement or the discharge of EEA's obligations under the EEA Sub-grant Agreement.

*Section 4.09. COMMISSIONS, FEES AND OTHER PAYMENTS.* (a) Grantee warrants and covenants that in connection with obtaining the Grant, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Grantee's full time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Grantee shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) The Grantee warrants and covenants that no payments have been or will be received by the Grantee, or any official of the Grantee, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in the country of the Grantee.

*Section 4.10. MAINTENANCE AND AUDIT OF RECORDS.* The Grantee shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project 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; and
- (d) The progress of the Project.

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 4.11. REPORTS.* The Grantee shall furnish to A.I.D. such information and reports relating to the Grant and to the Project as A.I.D. may request.

*Section 4.12. INSPECTIONS.* The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project, the utilization of all goods and services financed under the Grant, SCC's and EEA's books, records, and other documents relating to the Project and the Grant. The Grantee shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of the country of the Grantee for any purpose relating to the Grant. The A.I.D. rights pursuant to this Section shall remain in effect for five years following the date of last disbursement by A.I.D.

*Section 4.13. INVESTMENT GUARANTY PROJECT APPROVAL BY GRANTEE.* The construction work to be financed under this Agreement is hereby stated to be a project approved by the Government of Egypt pursuant to the agreement between the Government of Egypt and the Government of the United States of America on the subject of investment guaranties, and no further approval by the Government of Egypt shall be required to permit the United States to issue investment guaranties under that agreement covering a contractor's investment in that project.

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

*Section 5.01. MOHR, EEA AND ECO RESPONSIBILITIES.* The Grantee agrees to:

- (a) Cause MOHR or other organization acceptable to A.I.D. to construct a pumping station and necessary pipe line to provide an adequate and continuous flow of water to the project site for SCC in accordance with the detailed project implementation schedule to be prepared by the U.S. consulting firm;
- (b) Insure that EEA constructs the necessary high tension power line to the project site to supply the power needs of SCC for the project;
- (c) Provide all necessary support, personnel and equipment to ECO to insure that the cement produced by SCC can be promptly marketed and distributed.

*Section 5.02. CEMENT PRICING.* The Grantee agrees to:

- (a) Set cement prices and the level of taxes imposed on cement at a level which will allow SCC to generate a reasonable profit on its investment after paying for all

production and other costs of operation, as shown in the Feasibility Study Cement Plant at Suez Zone, Final Report of Arab Swiss Engineering Company dated February 1976;

- (b) To prepare within one year from signature of the agreement a study of its pricing policies relating to the cement industry and to consult with A.I.D. from time to time on the financial situation of the cement industry.

*Section 5.03. SCC AUDITED STATEMENTS.* The Grantee shall insure that SCC shall (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied by auditors acceptable to A.I.D.; (ii) furnish to A.I.D. as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as A.I.D. shall have reasonably requested; (iii) furnish to A.I.D. such other information concerning the accounts and financial statements of SCC and the audit thereof as A.I.D. shall from time to time reasonably request; and (iv) grant A.I.D. the right, upon A.I.D.'s request, to discuss SCC's financial statements and its financial affairs at any time and from time to time with SCC's auditors, and SCC shall authorize and require any representative of such auditors to participate in any such discussions, provided however that any such discussion shall be conducted only in the presence of an officer of SCC except as SCC shall otherwise agree.

*Section 5.04. SCC FINANCIAL MANAGEMENT.* The Grantee agrees to insure that SCC shall not incur or have outstanding any long-term debt if the aggregate principal amount of SCC's outstanding long-term debt exceeds 200 percent of its net worth. For the purposes of this covenant, the following definitions shall apply:

"Long-term debt" shall mean any and all loan contracts and agreements, bonds, debentures, notes or other debt, whether secured or unsecured, which shall be payable after twelve (12) months from the balance sheet date on which the determination is made, as shown by SCC's financial statements, all determined and prepared in accordance with generally accepted accounting principles. Debt shall be deemed to be incurred (a) under a loan contract or agreement, on the date and to the extent that it is drawn down pursuant to such loan contract or agreement, and (b) under a guarantee, on the date the guarantee is entered into but only to the extent of the amount of the guaranteed debt outstanding.

"Net worth" shall mean the aggregate amount of SCC's unimpaired capital, surplus (including appropriate revaluations acceptable to A.I.D.) and reserves out of surplus determined in accordance with generally accepted accounting principles.

*Section 5.05. PROTECTION OF SCC'S ASSETS.* Except as A.I.D. may otherwise agree in writing, SCC shall not sell, lease, transfer, encumber or otherwise dispose of any of its property or assets, except in the ordinary course of business; and shall take all action necessary to protect such property and assets, to maintain its corporate existence and right to carry on operations and to acquire, maintain and renew all rights, powers, privileges and franchises necessary or useful in the conduct of its business.

*Section 5.06. PROTECTION OF INTERESTS OF GRANTEE, SCC, EEA AND A.I.D.* The Grantee shall exercise its rights under the SCC Loan Agreement, the SCC Sub-grant Agreement and the EEA Sub-grant Agreement in such manner as to protect the interests of the Grantee, SCC, EEA and of A.I.D. and to accomplish the purposes of the Loan, and except as A.I.D. shall otherwise agree in writing, the Grantee shall not assign, nor amend, abrogate or waive such Agreements or any provision thereof.

*Section 5.07. SCC MANAGEMENT.* The Grantee agrees to ensure that SCC will furnish A.I.D. relevant information on the qualifications and experience of the individuals,

nominated or selected for the positions of chairman and managing director of SCC, and afford A.I.D. a reasonable opportunity to consult prior to such nomination or appointment.

*Section 5.08. ACTIONS OF GRANTEE.* The Grantee shall not take or permit any of its political subdivisions, or any of its agencies or instrumentalities, or any agency or instrumentality of any of its political subdivisions, to take any action which would prevent or materially interfere with performance by SCC of any of its obligations under the Project Agreement, the SCC Loan Agreement or the SCC Sub-grant Agreement or with the performance by EEA under the EEA Sub-grant Agreement, and shall take or cause to be taken all reasonable action which shall be required on its part in order to enable SCC and EEA to perform such obligations.

*Section 5.09. ENVIRONMENTAL PROTECTION.* The Grantee shall ensure that environmental and pollution controls designed to meet environmental protection standards satisfactory to A.I.D. are installed in the plant as a part of the Project and that such controls are thereafter maintained in good condition and properly utilized.

*Section 5.10. REVOLVING FUND.* All repayments by SCC to the Grantee pursuant to the Reloan Agreement shall be placed in a revolving fund ("Revolving Fund"). The Revolving Fund shall be deposited in the National Bank of Egypt. The control of the Revolving Fund shall be vested in the Minister of Housing and Reconstruction and the Fund shall be available only for investment in projects of the building materials industry.

#### Article VI. PROCUREMENT

*Section 6.01. PROCUREMENT FROM THE UNITED STATES.* Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 7.01 shall be used exclusively to finance the procurement for the Project of Eligible Items including ocean shipping and marine insurance having both their source and origin in the United States of America.

*Section 6.02. 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 this Agreement.

*Section 6.03. IMPLEMENTATION OF PROCUREMENT REQUIREMENTS.* The definitions applicable to the eligibility requirements of Section 6.01 will be set forth in detail in Implementation Letters.

*Section 6.04. PLANS, SPECIFICATIONS AND CONTRACTS.* (a) Except as A.I.D. may otherwise agree in writing, the Grantee shall furnish to A.I.D. promptly upon preparation and prior to implementation, issuance, or execution, all plans, specifications, schedules, bid documents, and contracts relating to the Project, and any modifications therein, whether or not the goods and services to which they relate are financed under the Grant.

(b) Except as A.I.D. may otherwise agree in writing, all of the plans, specifications, and schedules furnished pursuant to subsection (a) above shall be approved by A.I.D. in writing.

(c) All bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Grant shall be approved by A.I.D. in writing prior to their issuance. All plans, specifications, and other documents relating to goods and services financed under the Grant shall be in terms of United States standards and measurements, except as A.I.D. may otherwise agree in writing.

(d) All contracts financed under the Grant shall be approved by A.I.D. in writing prior to their execution. A.I.D. shall also approve in writing the selection of the contractor and such contractor personnel as A.I.D. may specify. Material modifications in any of



such contracts and changes in any of such personnel shall also be approved by A.I.D. in writing prior to their becoming effective.

*Section 6.05. 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. All procurement shall be on a competitive basis in a manner approved by A.I.D.

*Section 6.06. SHIPPING AND INSURANCE.* (a) Goods financed under the Grant shall be transported to the country of Grantee 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.

(b) Unless A.I.D. shall determine that privately owned United States-flag commercial vessels are not available at fair and reasonable rate for such vessels, (i) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed under the Grant which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, and (ii) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed under the Grant and transported to Egypt on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (i) and (ii) above must be achieved with respect to both cargo transported from U.S. ports and cargo transported from non-U.S. ports, computed separately.

(c) Marine insurance on United States goods may be financed under the Grant with disbursements made pursuant to Section 7.01, provided (i) such insurance is placed at the lowest available competitive rate, and (ii) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the government of the Grantee, by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the country of the Grantee financed under the Grant shall be insured against marine risks and such insurance shall be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(d) The Grantee shall insure, or cause to be insured, all goods financed under the Grant against risks incident to their transit to the point of their use in the Project. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice and shall insure the full value of the goods. Any indemnification received by the Grantee 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 Grantee for the replacement or repair of such goods. Any such replacements shall have their source and origin in the United States of America and shall be otherwise subject to the provisions of this Agreement.

*Section 6.07. 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 Grantee shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

*Section 6.08. INFORMATION AND MARKING.* Grantee shall give or cause to be given publicity to the Grant and the Project as a program of United States aid, identify the Project sites, and mark goods financed under the Grant, as prescribed in Implementation Letters.

#### Article VII. DISBURSEMENTS

*Section 7.01. DISBURSEMENT FOR UNITED STATES DOLLAR COSTS—LETTERS OF COMMITMENT TO UNITED STATES BANKS.* Upon satisfaction of conditions precedent,

the Grantee, SCC and EEA 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 contractors or suppliers, through the use of Letters of Credit or otherwise, for Dollar Costs of goods and services procured for the Project 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 and Letters of Credit shall be for the account of the Grantee, SCC or EEA, as appropriate, and may be financed under the Grant.

*Section 7.02. OTHER FORMS OF DISBURSEMENT.* Disbursements of the Grant may also be made through such other means as the Grantee, SCC or EEA and A.I.D. may agree to in writing.

*Section 7.03. DATE OF DISBURSEMENT.* Disbursements by A.I.D. shall be deemed to occur, (a) in the case of disbursements pursuant to Section 7.01, on the date on which A.I.D. makes a disbursement to the Grantee, SCC, EEA, or to their designee, or to a banking institution pursuant to a Letter of Commitment; [(b)] in the event of a disbursement under Section 7.02 hereof, the date of disbursement shall be designated in the documentation by which A.I.D. and the Grantee, SCC, or EEA, agree to such disbursement, provided, in the absence of such designation, the date of disbursement shall be the date upon which A.I.D. makes payment with respect to goods or services or delivers property into the control of the Grantee, SCC, EEA, or their designee.

*Section 7.04. TERMINAL DATE FOR DISBURSEMENT.* Except as A.I.D. may otherwise agree in writing, no Letter of Commitment, or other commitment documents which may be called for by another form of disbursement under Section 7.02, or amendment thereto shall be issued in response to requests received by A.I.D. after December 31, 1980, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 after December 31, 1980. A.I.D., at its option, may at any time or times after December 31, 1981, reduce the Grant by all or any part thereof for which documentation is not received by such date.

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

*Section 8.01. TERMINATION OF DISBURSEMENT.* In the event that at any time:

- (a) Grantee, SCC or EEA shall fail to comply with any provision contained in this Agreement, the Project Agreement, the SCC Loan Agreement, the SCC Sub-grant Agreement or the EEA Sub-grant Agreement;
- (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 Grantee, SCC or EEA will be able to perform their obligations under the agreements named in Section 8.01(a);
- (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 Grantee or any of its agencies and the United States or any of its agencies,

then A.I.D. may, at its option:

- (i) Suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit, in which event A.I.D. shall give notice to the Grantee promptly thereafter;

- (ii) Decline to make disbursements other than under outstanding commitment documents;
- (iii) Decline to issue additional commitment documents;
- (iv) At A.I.D.'s expense, direct that title to goods financed under the Grant shall be transferred to A.I.D. if the goods are from a source outside the country of the Grantee, are in a deliverable state and have not been offloaded in ports of entry of the country of the Grantee.

*Section 8.02.* CANCELLATION BY A.I.D. Following any termination of disbursements pursuant to Section 8.01, if the cause or causes for such termination of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such termination, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Grant that is not then either disbursed or subject to irrevocable Letters of Credit.

*Section 8.03.* 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 Grantee shall refund 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 Grantee 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 8.04.* NON-WAIVER 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 IX.* MISCELLANEOUS

*Section 9.01.* COMMUNICATIONS. Any notice, requests, documents or other communication given, made or sent by the Grantee, SCC, EEA or A.I.D. pursuant to this Agreement, the Project Agreement, the SCC Loan Agreement, the SCC Sub-grant Agreement or the EEA Sub-grant 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 Grantee:

Mail Address: Ministry of Economy and Economic Cooperation  
8 Adly St.  
Cairo, Egypt

Cable Address: 8 Adly St.  
Cairo, Egypt

To A.I.D.:

Mail Address: Director/USAID  
c/o U.S. Embassy  
Cairo, Egypt

Cable Address: U.S. Embassy, Cairo

To EEA:

Mail Address: Cairo, Nasr City  
Extension Ramses St.  
Cable Address: Electrocop  
Telex: 2097 Power UN

To SCC:

Mail Address: 17 Kasr El Nil St., Cairo

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 9.02. REPRESENTATIVES.* For all purposes relative to this Agreement, the Grantee will be represented by the individual holding or acting in the office of the Minister of Economy and Economic Development, the SCC will be represented by the individual holding or acting in the office of Chairman, the EEA will be represented by the individual holding or acting in the office of Chairman and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID, Cairo, Egypt. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, the Grantee, SCC or EEA 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 Grantee, SCC or EEA 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 9.03. 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.

IN WITNESS WHEREOF, Grantee 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: Dr. MOHAMED ZAKI SHAFEI  
Title: Minister of Economy and Economic Cooperation

United States of America:  
By: [Signed]  
Name: HERMANN FR. EILTS  
Title: American Ambassador

## ANNEX 1

### DESCRIPTION OF PROJECT

The Project consists of financing to assist the Grantee in constructing and equipping a cement plant to be owned and operated by SCC with a capacity to produce one million metric tons of cement annually. The proposed cement plant site is located in the Suez area, approximately 40 kilometers south of Suez City.

With the proceeds of the Grant the Grantee will:

- (1) Grant \$4.6 million to the EEA to finance the foreign exchange costs of construction of the following:
  - (a) A double circuit 220 KV overhead transmission line which will connect the Suez Cement Plant into the EEA National Grid. This line will connect into the Grid on the planned

EEA 220 KV double circuit, overhead transmission line which EEA will construct from Suez to Ain-Sukhna;

- (b) A transformer substation at the cement plant 220/66/11 KV with 11 KV service.
- (2) Grant \$13.8 million to SCC for equity capital, the shares of which will be in the names of the four national cement companies.
  - (3) Grant \$6.7 million to SCC for costs of (1) U.S. A/E services to supervise the procurement of equipment, construction of the plant and associated facilities, development and implementation of a training program, installation of the equipment, testing and start-up, and (2) training.
  - (4) Lend \$64.9 million to SCC for construction of the plant and related facilities.

In addition, MOHR will provide \$2.5 million to fund a pumping station and a 40 kilometer water pipeline to carry fresh water to the cement plant.

The total cost of the Project is estimated to be \$156.6 million. Other financing will include: 7.4 million Egyptian pounds equity to be purchased by local banks and insurance companies, 3.2 million Egyptian pounds equity to be purchased by public subscription and a commercial bank local currency loan to SCC in an amount equivalent to approximately \$29.7 million.

---