

No. 18601

**UNITED STATES OF AMERICA
and
EGYPT**

**Project Grant Agreement for rice research and training
(with annex). Signed at Cairo on 29 September 1977**

Authentic text: English.

Registered by the United States of America on 18 April 1980.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉGYPTE**

**Accord de don pour un projet relatif à la recherche et à la
formation dans le domaine de la riziculture (avec
annexe). Signé au Caire le 29 septembre 1977**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 18 avril 1980.

PROJECT GRANT AGREEMENT¹ BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE UNITED STATES OF AMERICA FOR RICE RESEARCH AND TRAINING

Dated: September 29, 1977

A.I.D. Project No. 263-0027

TABLE OF CONTENTS

PROJECT GRANT AGREEMENT

Article 1. The Agreement	Article 5. Special Covenant
Article 2. The Project	Section 5.1. Project Evaluation
Section 2.1. Definition of Project	Article 6. Procurement Source
Section 2.2. Incremental Nature of Project	Section 6.1. Foreign Exchange Costs
Article 3. Financing	Section 6.2. Local Currency Costs
Section 3.1. The Grant	Article 7. Disbursements
Section 3.2. Grantee Resources for the Project	Section 7.1. Disbursement for Foreign Exchange Costs
Section 3.3. Project Assistance Completion Date	Section 7.2. Disbursement for Local Currency Costs
Article 4. Conditions Precedent to Disbursement	Section 7.3. Other Forms of Disbursement
Section 4.1. First Disbursement	Article 8. Miscellaneous
Section 4.2. Notification	Section 8.1. Communications
Section 4.3. Terminal Date for Conditions Precedent	Section 8.2. Representatives
	Section 8.3. Standard Provisions Annex ²

A.I.D. Project No. 263-0027

PROJECT GRANT AGREEMENT dated September 29, 1977, between the ARAB REPUBLIC OF EGYPT ("Grantee") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

Article 1. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described herein, and with respect to the financing of the project by the Parties.

¹ Came into force on 29 September 1977 by signature.

² Not published herein; for the text, see "Project Grant Agreement between the United States of America and Egypt for applied science and technology research, signed at Cairo on 29 March 1977" in United Nations, *Treaty Series*, vol. 1116, p. 97.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project, which is further described in annex 1, will finance technical assistance, commodity procurement and technical training in support of a coordinated rice research and training program. It will also consist of assistance to provide new information and knowledge regarding rice production, processing and storage by increasing research and training capabilities through development of a coordinated rice research and training program.

The Project will consist of six components:

- (a) Establishment and support of an administrative structure involving a Rice Research Advisory Council, with interministerial representation, to establish linkages between ministries and provide policy guidance regarding rice research, training and production, and a National Rice Research Administration to coordinate and administer the national program of rice research;
- (b) Development of a commodity oriented team of rice production researchers trained, equipped and motivated to identify and eliminate constraints to rice production on farmer's fields;
- (c) Development of an extension capability to serve as a line of communication between rice researchers and rice farmers;
- (d) Development of a rice production mechanization program which will identify appropriate levels and types of mechanization for rice production, develop and test new or modified equipment and provide training in equipment design, operation and utilization;
- (e) Development of an overall rice seed production and processing program designed to provide improved, high quality seed in sufficient quantities to meet farmers' annual requirements;
- (f) Development of a milling and processing program to improve and expand research and training for design, operation and management of rice milling and processing activities.

Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in annex 1 may be changed by written agreement of the authorized representatives of the Parties named in section 8.2, without formal amendment of this Agreement.

Section 2.2. INCREMENTAL NATURE OF PROJECT. (a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3. FINANCING

Section 3.1. THE GRANT. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed two million three hundred sixty-seven thousand United States ("U.S.") dollars (\$2,367,000) and five hundred twenty-two thousand Egyptian pounds (L.E. 522,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in section 6.1, and local currency costs, as defined in section 6.2, of goods and services required for the Project, except that, unless the Parties otherwise agree in writing, Local Currency Costs financed under the Grant will not exceed the Egyptian Pound portion of the Grant.

Section 3.2. GRANTEE RESOURCES FOR THE PROJECT. (a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will not be less than five hundred and sixty-five thousand Egyptian pounds (L.E. 565,000), including costs borne on an "in-kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD), which is September 1, 1983, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 4.1. FIRST DISBURSEMENT. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the name of the persons holding or acting in the offices of the Grantee specified in section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement;

- (b) An executed contract for technical advisory services for the Project acceptable to A.I.D. with a firm acceptable to A.I.D.;
- (c) Evidence of the appointment of a Project Director;
- (d) Evidence that a Rice Research Advisory Council has been established and its membership has been appointed;
- (e) Evidence that the National Rice Research Administration has been established and is functioning with full and complete administrative authority over the development and implementation of this project under the joint authority of the Ministry of Agriculture and the Ministry of Trade and Supply;
- (f) Such other documentation as A.I.D. may require.

Section 4.2. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in section 4.1 have been met, it will promptly notify the Grantee.

Section 4.3. TERMINAL DATE FOR CONDITIONS PRECEDENT. If all of the conditions specified in section 4.1 have not been met within 210 days from 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 written notice to Grantee.

Article 5. SPECIAL COVENANT

Section 5.1. PROJECT EVALUATION. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

- (a) Evaluation of progress toward attainment of the objectives of the Project;
- (b) Identification and evaluation of problem areas or constraints which may inhibit such attainment;
- (c) Assessment of how such information may be used to help overcome such problems; and
- (d) Evaluation, to the degree feasible, of the overall development impact of the Project.

Article 6. PROCUREMENT SOURCE

Section 6.1. FOREIGN EXCHANGE COSTS. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, section C.1 (b) with respect to marine insurance.

Section 6.2. LOCAL CURRENCY COSTS. Disbursements pursuant to section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Egypt.

Article 7. DISBURSEMENT

Section 7.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. (a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or
- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. 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, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

Section 7.2. DISBURSEMENT FOR LOCAL CURRENCY COSTS. (a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained from local currency already owned by the U.S. Government.

Section 7.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Article 8. MISCELLANEOUS

Section 8.1. COMMUNICATIONS. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address:

Ministry of Agriculture
Dokki, Giza
Cairo, Egypt

Alternate address for cables:

Ministry of Agriculture
Dokki, Giza
Cairo, Egypt

To A.I.D.:

Mail Address:

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

Alternate address for cables:

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

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 8.2. REPRESENTATIVES. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Minister of Agriculture and A.I.D. will be represented by the individual holding or acting in the office of Director, U.S.A.I.D., Cairo, Egypt, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under section 2.1 to revise elements of the amplified description of annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 8.3. STANDARD PROVISIONS ANNEX. A "Project Grant Standard Provisions Annex" (annex 2)¹ is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its 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: Eng. IBRAHIM SHOUKRY
Title: Minister of Agriculture

United States of America:

By: [Signed]
Name: DONALD S. BROWN
Title: Director, U.S.A.I.D.

ANNEX 1

PROJECT DESCRIPTION

The Rice Research and Training Project is designed to provide new information and knowledge for rice production, processing and storage by increasing research and training capabilities. This will be accomplished by establishing a coordinated rice research training program and developing a cadre of well-qualified researchers and training specialists. The knowledgeable, commodity oriented cadre will focus on identifying and eliminating constraints to rice production on farmers' fields and in rice mills. Over 750 work years of on-the-job training will be provided during the Project.

¹ See footnote 2, p. 148 of this volume.

Although the Project will not attempt to address directly any national goal for increased rice production, it will provide significant knowledge and expertise prerequisite to a substantial increase in rice production.

The Rice Research and Training Project will address six interdisciplinary factors related to rice production and processing:

Administration

A Rice Research Advisory Council with interministerial representation will be formed to establish linkages between ministries to address the problems and issues of rice production and processing which cut across government ministerial lines, scientific disciplines, and implementation approaches. A National Rice Research Administration will also be established as an organization to coordinate and administer the national program for rice research and training.

Research

The main thrust of rice production research will be carried out at the Sakha Station; ancillary research, which is site specific, will be carried out at El Sirw Station. A cadre of 25 Egyptian specialists will be selected and trained in breeding, agronomy, biometrics, entomology, pathology, economics, and research station management. The cadre and the technical specialists will design and conduct a research project to eliminate identified constraints.

Extension

A line of communication between researchers and farmers will be provided by a team of 20 rice production extension specialists (RPES). They will receive practical training in rice production techniques for conducting on-farm trials and demonstrations in the six major rice-growing governorates.

Mechanization

Appropriate levels and types of mechanization for rice production will be identified. A team of 25 will be selected and trained to design, develop, modify and test equipment. Small groups of farmers will be encouraged to purchase cooperatively newly designed and tested equipment which has been manufactured locally.

Seed Production and Processing

An overall rice seed production and processing program aimed at providing improved, high quality seed to the farmers will be developed to produce seed in sufficient quantities to meet the farmers' annual requirements. A team of 30 will be trained as seed farm managers, farm equipment operators and mechanics for producing the seed. A seed processing center will be constructed with an annual capacity of 5,000 tons of rice seed. A staff of 25 including plant managers and operators, mechanics, and seed analysts will be given on-the-job training.

Milling and Processing

Research in rice milling and processing will concentrate on increasing efficiency through a greater out-turn of bead rice, controlling insects in stored grain, utilization of [rice-bran oil] and rice hulls, and reducing broken grains. A team of 30 will be selected and trained to conduct research in design, operation and management of rice milling and processing activities. Some of the team members will in turn train mill managers, operators, and maintenance personnel.

The Project will be implemented by NRRA under authority delegated by the Minister of Agriculture and the Minister of Trade and Supply. Technical assistance, commodity support, and training program inputs will be provided under a contract between an institution, university, or foundation and the Government of Egypt. A Project Technical Manager will be provided by the Project Contractor to assist and coordinate all activities of the Project in Egypt for the duration of the contract.

A comprehensive evaluation and review of the Project's accomplishments will be conducted in October, 1981, to determine the effectiveness and utility of completed activities. The evaluation will also serve as a basis for determining the advisability of future national or regional programs related to rice production. A final project evaluation will begin eight months after conclusion of the Project.

RICE RESEARCH AND TRAINING BUDGET COMPONENT REQUIREMENTS

(\$000's)

Project Inputs	First Year			Future Years Anticipated			Total		
	USAID		GOE LE	USAID		GOE LE	USAID		GOE LE
	US \$	LE \$US (eq.)		US \$	LE \$US (eq.)		US \$	LE \$US (eq.)	
Administration	189	23	43	522	85	207	711	108	250
Research	694	551	150	2,626	892	1,115	3,320	1,443	1,265
Extension	69	33	35	488	94	349	557	127	384
Mechanization	234	32	80	723	145	525	957	177	605
Seed Production and Pro- cessing	741	63	90	508	110	995	1,249	173	1,085
Milling and Processing	440	44	54	961	155	492	1,401	199	546
Total			452			3,683			4,135
Inflation (10%)*			45			369			414
Contingency (15%)*			68			553			621
GRAND TOTAL	2,367	746	565	5,828	1,481	4,605	8,195	2,227	5,170

* 10% Inflation and + 15% Contingency included in USAID figures above.