

No. 18598

**UNITED STATES OF AMERICA
and
EGYPT**

**Project Loan Agreement for grain, tallow, oil and fats
project (with annex). Signed at Cairo on 28 September
1977**

Authentic text: English.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉGYPTE**

**Accord de prêt pour un projet de céréales, de suif, d'huiles
et de graisses (avec annexe). Signé au Caire le 28 sep-
tembre 1977**

Texte authentique : anglais.

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

PROJECT LOAN AGREEMENT¹ BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE UNITED STATES OF AMERICA FOR GRAIN, TALLOW, OIL AND FATS PROJECT

Dated: September 28, 1977

A.I.D. Loan Number 263-K-041
Project Number 263-0037

TABLE OF CONTENTS

PROJECT LOAN AGREEMENT

Article 1. The Agreement	Section 5.2. Additional Disbursement
Article 2. The Project	Section 5.3. Notification
Section 2.1. Definition of Project	Section 5.4. Terminal Dates for Conditions Precedent
Article 3. Financing	Article 6. Special Covenants
Section 3.1. The Loan	Section 6.1. Project Evaluation
Section 3.2. Borrower Resources for the Project	Section 6.2. Availability of Equipment and Materials
Section 3.3. Project Assistance Completion Date	Article 7. Procurement Source
Article 4. Loan Terms	Section 7.1. Foreign Exchange Costs
Section 4.1. Interest	Article 8. Disbursements
Section 4.2. Repayment	Section 8.1. Disbursement for Foreign Exchange Costs
Section 4.3. Application, Currency and Place of Payment	Section 8.2. Other Forms of Disbursement
Section 4.4. Prepayment	Section 8.3. Date of Disbursement
Section 4.5. Renegotiation of Terms	Article 9. Miscellaneous
Section 4.6. Termination on Full Payment	Section 9.1. Investment Guaranty Project Approval
Article 5. Conditions Precedent to Disbursement	Section 9.2. Communications
Section 5.1. [First]	Section 9.3. Representatives
	Section 9.4. Standard Provisions Annex ²

A.I.D. Project No. 263-0037

PROJECT LOAN AGREEMENT dated September 28, 1977, among the ARAB REPUBLIC OF EGYPT ("ARE"), the ARE MINISTRY OF TRADE AND SUPPLY ("Ministry") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

¹ Came into force on 28 September 1977 by signature.

² Not published herein; for text, see p. 31 of this volume.

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 Borrower of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project, which is further described in annex 1, will consist of assistance to the Government of the Arab Republic of Egypt to develop an effective and economically-efficient system for the receipt, storage and distribution of food grains, tallows, oils, and fats (TOF).

The loan will finance the foreign exchange costs of several needed facility improvements as follows:

- a. Tallow, Oil and Fat Storage Facility—Alexandria,
- b. Bagging System Pier 81/82—Alexandria,
- c. Conveyors for Bagged Grain,
- d. 50,000 MT Grain Silo—Safaga,
- e. Lab Equipment for Grain Testing.

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 9.3 without formal amendment of this Agreement.

Article 3. FINANCING

Section 3.1. THE LOAN. To assist the Borrower to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower under the terms of this Agreement not to exceed forty-two million United States (“U.S.”) dollars (\$42,000,000) (“Loan”). The aggregate amount of disbursements under the Loan is referred to as “Principal.”

The Loan may be used only to finance foreign exchange costs, as defined in section 7.1, of goods and services required for the Project.

Section 3.2. BORROWER RESOURCES FOR THE PROJECT. (a) The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan, and all other resources required to carry out the Project effectively and in a timely manner. Without affecting the generality of the foregoing, the Borrower shall provide on a timely basis all necessary Egyptian pound funds and local logistic support as may be required to ensure effective utilization of services and goods financed under the Loan.

(b) The resources provided by Borrower for the Project will be not less than fifteen million Egyptian pounds (L.E. 15,000,000).

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The “Project Assistance Completion Date” (PACD), which is September 30, 1981, 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 Loan will have been performed and

all goods financed under the Loan 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 Loan 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 8.1 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 Borrower, may at any time or times reduce the amount of the Loan 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. LOAN TERMS

Section 4.1. INTEREST. The Borrower will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in section 8.3) of each respective disbursement, and will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

Section 4.2. REPAYMENT. The Borrower will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semi-annual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with section 4.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this section after the final disbursement under the Loan.

Section 4.3. APPLICATION, CURRENCY AND PLACE OF PAYMENT. All payments of interest and Principal hereunder will be made in U.S. dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

Section 4.4. PREPAYMENT. Upon payment of all interest and any refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

Section 4.5. RENEGOTIATION OF TERMS. (a) The Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and con-

tinuing improvement in the internal and external economic and financial position and prospects of the Arab Republic of Egypt, which enables the Borrower to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to section 9.2 and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested party will communicate to the other, pursuant to section 9.2, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of Borrower's Minister of Economy and Economic Development in the Arab Republic of Egypt.

Section 4.6. TERMINATION ON FULL PAYMENT. Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

Article 5. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 5.1. FIRST DISBURSEMENT. Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower 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) An opinion of the Minister of Justice or of other counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) A statement of the names of the persons holding or acting in the offices of the Borrower specified in section 9.3, and of any additional representatives, together with a specimen signature of each person specified in such statement; and
- (c) Such other documentation as A.I.D. may require.

Section 5.2. ADDITIONAL DISBURSEMENT. (a) Disbursement for Design and Construction Supervision: Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement for procurement of Design and Construction Supervision services, Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D. a contract for design and construction supervision acceptable to A.I.D. with a firm acceptable to A.I.D.

(b) Disbursement for Procurement of Conveyors, Laboratory Equipment and Pier 81/82 Equipment and Materials: Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement for procurement of Conveyors, Laboratory Equipment and Pier 81/82 Equipment and Materials, Borrower shall, except as A.I.D. may otherwise agree in writing,

furnish evidence that detailed design has been completed and specifications prepared to permit procurement.

(c) Disbursement for Construction and Equipment and Materials Procurement—TOF Facility. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement for Construction and Equipment and Materials Procurement for the TOF Facility, Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.:

- (1) Evidence that the Ministry of Trade and Supply (or its subordinate agency) has obtained legal title to or full rights to the use of the site for construction of the TOF facility;
- (2) A contract for construction services satisfactory to A.I.D. with a construction firm satisfactory to A.I.D.;
- (3) Evidence satisfactory to A.I.D. that necessary rail spurs, roads and utilities will be provided as required by the construction schedule; and
- (4) Evidence that detailed design has been completed sufficient to permit commencement of construction, including a reasonably firm detailed construction schedule.

(d) Disbursement for Construction and Equipment and Material Procurement—Safaga Silos: Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement for construction and equipment and material procurement for the Safaga silos, Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.:

- (1) Evidence that the Ministry of Trade and Supply (or its subordinate agency) has obtained legal title to or full rights to the use of the site for construction of the Safaga silo complex;
- (2) A contract for construction services satisfactory to A.I.D. with a construction firm satisfactory to A.I.D.;
- (3) Evidence satisfactory to A.I.D. that necessary rail spurs, roads and utilities will be provided as required by the construction schedule; and
- (4) Evidence that detailed design has been completed sufficient to permit commencement of construction, including a reasonably firm detailed construction schedule.

Section 5.3. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in sections 5.1 and 5.2 have been met, it will promptly notify the Borrower.

Section 5.4. TERMINAL DATES FOR CONDITIONS PRECEDENT. If all of the conditions specified in section 5.1 have not been met within 120 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 Borrower.

Article 6. SPECIAL COVENANTS

Section 6.1. 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.

Section 6.2. AVAILABILITY OF EQUIPMENT AND MATERIALS. The Borrower agrees that it shall take all necessary steps to assure that the General Authority for Supply Commodities ("GASC") and/or its contractors shall be allocated, on a priority basis, the local equipment and materials necessary to facilitate expeditious construction of the project.

Article 7. PROCUREMENT SOURCE

Section 7.1. FOREIGN EXCHANGE COSTS. Disbursements pursuant to section 8.1 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 AID 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 Loan Standard Provisions Annex, section C.1 (b) with respect to marine insurance.

Article 8. DISBURSEMENTS

Section 8.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. (a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan 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 Borrower'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 Letter 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 Borrower in connection with Letters of Commitment and Letters of Credit will be financed under the Loan unless the Borrower instructs A.I.D. to the contrary. Such other charges as the parties may agree to may also be financed under the Loan.

Section 8.2. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

Section 8.3. DATE OF DISBURSEMENT. Disbursements by A.I.D. will be deemed to occur on the date on which A.I.D. makes a disbursement to the Borrower or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment, contract, or purchase order.

Article 9. MISCELLANEOUS

Section 9.1. INVESTMENT GUARANTY PROJECT APPROVAL. Construction work to be financed under this Agreement is agreed to be a project approved by the Arab Republic of Egypt pursuant to the agreement between it and the United States of America on the subject of investment guaranties, and no further approval by the Arab Republic of Egypt will be required to permit the United States to issue investment guaranties under that agreement covering a contractor's investment in that project.

Section 9.2. 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 address:

To the Borrower:

Ministry of Trade and Supply
99, Kasr El-Eini St.
Cairo, Egypt

To A.I.D.:

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 9.3. REPRESENTATIVES. For all purposes relevant to this Agreement, the Borrower will be represented by the individuals holding or acting in the offices of Minister of Economy and Economic Cooperation, Minister of Trade and Supply and First Undersecretary of State for Economy and Economic Cooperation, and A.I.D. will be represented by the individual holding or acting in the office of Director, U.S.A.I.D., 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 in annex 1. The names of the representatives of the Borrower, 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 9.4. STANDARD PROVISIONS ANNEX. A "Project Loan Standard Provisions Annex" (annex 2)¹ is attached and forms part of this Agreement.

¹ See footnote 2, p. 94 of this volume.

IN WITNESS WHEREOF, the Borrower 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: Dr. MAHMOUD SALAH EL DIN
 HAMED
Title: Minister of Finance and Acting
 Minister of Economy and Economic
 Cooperation

Ministry of Trade and Supply:

By: [Signed]
Name: EL SAYED ZAKARIA TEWFIK
Title: Minister

United States of America:

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

ANNEX 1

PROJECT DESCRIPTION

The Project consists of a number of individual activities or sub-projects aimed at addressing both Egypt's long-term needs and at alleviating some of the immediate constraints within the existing grain/TOF storage and distribution system. The priority sub-projects included are: (1) a tallow, oil and fats storage terminal, with associated facilities, at the Port of Alexandria having a total capacity of 40,000 MT; (2) a temporary combination grain-receiving and bagging system with a base annual throughput of 750,000 MT simultaneously at Piers 81 and 82, also at Alexandria Port; (3) procurement of approximately 100 portable belt bag grain conveyors to be assigned to various ports and inland open area grain storage locations; (4) construction of a 50,000 MT silo complex at the Port of Safaga complete with pneumatic ship unloading equipment which transports bulk grain directly to the silo for short-term storage or out-transport by truck or rail; and (5) procurement of specialized grain-testing equipment for improved laboratory control.

Attachment A to Annex 1

PROJECT FINANCIAL PLAN (SOURCE AND APPLICATION OF FUNDING)

As of September 6, 1977

Project No. 263-0037

<i>Project Inputs</i>	<i>Amount for a Fully Funded Project</i>	
	<i>Loan (US \$)</i>	<i>Borrower/ Grantee (L.E.)</i>
Safaga Silo	24,126,812	10,687,126
Bag Conveyors	572,400	6,996
Laboratory Equipment	63,000	2,120
Pier 81/82 Baggage System	6,769,669	1,537,917
TOF Facility	9,323,540	2,655,004
Unallocated	1,144,579	0
TOTAL PROJECT COSTS	42,000,000	14,889,163