

No. 18597

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**UNITED STATES OF AMERICA  
and  
EGYPT**

**Project Grant Agreement for hydrographic survey (with  
annex). Signed at Cairo on 27 September 1977**

*Authentic text: English.*

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

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

**Accord de don relatif à un projet de relevé hydrographique  
(avec annexe). Signé au Caire le 27 septembre 1977**

*Texte authentique : anglais.*

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

# PROJECT GRANT AGREEMENT<sup>1</sup> BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE UNITED STATES OF AMERICA FOR HYDROGRAPHIC SURVEY

Dated: September 27, 1977

A.I.D. Project Number 263-0071

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A.I.D. Project No. 263-0071

PROJECT GRANT AGREEMENT dated September 27, 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 below, and with respect to the financing of the Project by the Parties.

<sup>1</sup> Came into force on 27 September 1977 by signature.

<sup>2</sup> 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 consist of providing goods and services required for (1) a hydrographic survey of the approaches to the Suez Canal and the Southern Terminus of the Suez Mediterranean Pipeline; (2) training of Grantee personnel in the use of hydrographic equipment and in conducting hydrographic surveys; and (3) furnishing hydrographic survey equipment to the Ministry of Maritime Transport. 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.

## 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 eight million United States ("U.S.") dollars (\$8,000,000) ("Grant").

The Grant may be used only to finance foreign exchange costs, as defined in section 6.1, of goods and services required for the Project.

*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 total resources provided by Grantee for the Project will be not less than six hundred sixty-eight thousand Egyptian pounds (L.E. 668,000), including costs borne on an "in-kind" basis.

*Section 3.3. PROJECT ASSISTANCE COMPLETION DATE.* (a) The "Project Assistance Completion Date" (PACD), which is December 31, 1979, 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 (1) in response to requests received by A.I.D. after December 31, 1978, or (2) 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 three (3) 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; and
- (b) Such other information and documents as A.I.D. may reasonably request.

*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 90 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 COVENANTS

*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.

*Section 5.2. HYDROGRAPHIC SURVEY WORK.* The Grantee covenants to assure that hydrographic survey work will be performed on a continuing basis for the purpose of upgrading nautical charts of Egyptian coastal waters and ports.

*Section 5.3. LOCAL CURRENCY BUDGET.* Grantee covenants that, except as A.I.D. may otherwise agree in writing, a budget showing the local currency (Egyptian pound) costs of the Project will be submitted to A.I.D. within two months from the signing of this Agreement.

*Section 5.4. IMPREST FUND.* Grantee covenants that within thirty (30) days from the submission of the Budget referred to in section 5.3 herein, the Grantee will have established an imprest fund with the U.S. Naval Medical Research Unit, in an amount to be mutually agreed by A.I.D. and the Grantee, for those Egyptian pound costs which are directly related to survey and ship operations of the U.S. Navy ships, but not to the costs associated with Grantee's crewmen, surveyors and trainee salaries. The capitalization of the fund will be mutually agreed to by the Grantee and A.I.D.

*Section 5.5. TRAINING.* The Grantee covenants that within twelve (12) months from the signing of this Agreement, it will submit a plan to A.I.D. for the training of Egyptian nationals in hydrographic engineering, including marine environment, applied oceanography and oceanographic data processing.

*Section 5.6. USE OF SURVEY.* Grantee covenants that the nautical charts and other finished products resulting from the Project survey shall be made available to mariners of all nations.

#### *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 6.1 (b) with respect to marine insurance.

#### *Article 7. DISBURSEMENTS*

*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. 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 Agree-

ment 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:

Ministry of Maritime Transport  
7, Sharia Abdel Khalek Sarwat  
Cairo, Egypt

To A.I.D.:

A.I.D.  
American 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 individuals holding or acting in the offices of Minister of Economy and Economic Cooperation, Minister of Maritime Transport, 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., 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 in 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)\* 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.

The Arab Republic of Egypt:

*By:* [Signed]  
*Name:* Dr. MAHMOUD SALAH EL DIN  
HAMED  
*Title:* Minister of Finance and Acting  
Minister of Economy and Eco-  
nomic Cooperation

United States of America:

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

\* See footnote 2, p. 78 of this volume.

## ANNEX 1

## PROJECT DESCRIPTION

The purpose of this project is to increase the efficiency of the Suez Canal by making the approaches to the Canal and the Southern terminus to the Suez Mediterranean (SUMED) pipeline safer to world navigation. The economic importance of the Canal is described in section VI of the project paper. As Egypt expands the operation of the Canal, safe navigation of the areas covered under this project become increasingly more important to Egypt.

The project will provide financing for the US Navy to gather hydrographic survey data required to permit the production of accurate nautical charts covering the approaches to the Suez Canal and the Southern terminus of the SUMED pipeline. (The Northern terminus of the pipeline is accurately covered by existing charts.) The principle desired output—new nautical charts—will be prepared by the US Defense Mapping Agency approximately six months after receipt of consolidated survey data. This chart preparation will be accomplished, without cost to this project, as a service to all mariners. Copies of such charts will be provided to the Grantee.

A secondary output will be an evaluation of the adequacy of existing navigational aids (NAVAIDS) and recommendations on their improvements. This will be provided to the Grantee for this overall effort to increase the safety and efficiency of the Canal.

Finally, the project will also provide training in modern hydrographic survey methods to Egyptian specialists and furnish a modest amount of equipment which will facilitate future mapping operations by Egyptian marine agencies. Such mapping activity will serve to maintain the accuracy of the new nautical charts as natural and/or man-made changes in underwater geography occur.

The principal assumption upon which this project is based is that better charts will allow safer and more efficient navigation of the increasing traveled area to be covered by this project. It is not the only aid to safer and more efficient navigation, however, in the Canal Zone Area. The Grantee is undertaking and plans to undertake a series of steps, including additional fixed navigation aids, automated piloting systems, etc., to increase both the efficiency and safety of the operation of the Suez Canal.

The total cost of the project is estimated at \$8,000,000 in foreign exchange and \$954,000 equivalent Egyptian pounds. A.I.D.'s grant will finance the foreign exchange costs. The Ministry of Maritime Transport (the Ministry) will finance the Egyptian pound costs from its operating budget. The implementing agency will be the Ministry.

*Attachment A to Annex I*

## PROJECT IMPLEMENTATION PLAN\* (SOURCE AND APPLICATION OF FUNDING—\$000)

As of September , 1977

Item	Foreign Exchange	(Expressed in US \$)	
		Egyptian Pounds	Total
(a) Ship Operations .....	3,614	716	4,330
Labor .....	(1,846)		
Other** .....	(1,768)		
(b) Helicopter .....	203		203
Personnel .....	(90)		
Operations .....	(113)		
(c) Oceanographic Unit and Nav aids Support .....	1,198	5	1,203
(d) Naval Oceanographic Office .....	1,572	46	1,618
Salaries .....	(832)		
Travel .....	(150)		
Supplies .....	(192)		
Support .....	(19)		
Other .....	(379)		
Total Hydrographic Survey .....	6,587	767	7,354
Hydrographic Equipment .....	500	—	500
Training .....	186	100	286
Contingency .....	727	87	814
<b>TOTAL PROJECT COST</b>	<b>8,000</b>	<b>954</b>	<b>8,954</b>

\* The costs indicated in the Financial Plan are based on estimates only and are subject to adjustment.

\*\* Includes fuel, subsistence, consumables, port expenses, equipage, maintenance and repair.