

No. 18608

**UNITED STATES OF AMERICA
and
EGYPT**

**Project Grant Agreement for housing and community up-
grading for low income Egyptians (with annexes).
Signed at Cairo on 26 August 1978**

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 l'amélioration de
logements et d'installations communales pour les Égyptiens
à faibles revenus (avec annexes). Signé au Caire
le 26 août 1978**

Texte authentique : anglais.

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

PROJECT GRANT AGREEMENT¹ AMONG THE ARAB REPUBLIC OF EGYPT, THE UNITED STATES OF AMERICA AND THE MINISTRY OF HOUSING FOR HOUSING AND COMMUNITY UPGRADING FOR LOW INCOME EGYPTIANS

Date: August 26, 1978

A.I.D. Project Number 263-0066

TABLE OF CONTENTS

PROJECT GRANT AGREEMENT

| | |
|---|--|
| Article 1. The Agreement | Section 5.2. Egyptian Government Contribution |
| Article 2. The Project | Section 5.3. Miscellaneous Covenants |
| 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 | Section 7.4. [Rate of Exchange] |
| Section 4.2. Additional Disbursement—Phase I | Article 8. Miscellaneous |
| Section 4.3. Additional Disbursement—Phase II | Section 8.1. Communications |
| Section 4.4. Notification | Section 8.2. Representatives |
| Section 4.5. Terminal Date for Conditions Precedent | Section 8.3. Standard Provisions Annex |
| Article 5. Special Covenants | Annex 1. [Description of Project] |
| Section 5.1. Project Evaluation | Annex 2. Evaluation Plan |
| | Annex 3. Standard Provisions Annex ² |

A.I.D. Project No. 263-0066

PROJECT GRANT AGREEMENT dated August 26, 1978, among the ARAB REPUBLIC OF EGYPT ("Grantee"), the MINISTRY OF HOUSING ("MOH"), and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

¹ Came into force on 26 August 1978 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 1. THE AGREEMENT

The purpose of this Agreement is to set out the understanding 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.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project will draw upon a combination of public and private resources and consists of the following principle components:

- (a) Construction of a New Community which will consist of approximately 7,200 dwelling solutions designed to demonstrate the social acceptability and marketability of minimal housing to be sold at much reduced subsidy by the Grantee;
- (b) Upgrading of up to six existing communities which will be urbanized and existing housing improved and conserved;
- (c) Establishment of a technical training center which will be built to supplement the existing supply of craftsmen in the building trade; and
- (d) Providing technical assistance and training in the fields of housing management, housing and land policy, and housing credit.

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.

The Ministry of Housing shall be the implementing agency on behalf of the Grantee for this Project.

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 fifty million United States dollars (\$50,000,000) ("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 equivalent of thirty million United States dollars (\$30,000,000).

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 be not less than the Egyptian pound equivalent of eighty million U.S. dollars (\$80,000,000), including costs borne on an "in-kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD) which is August 31, 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 any 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) Evidence that the Ministry of Housing has included in its budget for Fiscal Year 1979 adequate local currency for the Grantee's contribution to the Project for operation of the Project during Fiscal Year 1979;
- (c) An executed contract acceptable to A.I.D. for technical assistance services for the MOH Implementation Unit with a firm acceptable to A.I.D.;
- (d) Such other information and documents as A.I.D. may reasonably require.

Section 4.2. ADDITIONAL DISBURSEMENT—PHASE I. Prior to disbursement under the Grant or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, other than for technical assistance services

described in section 4.1 (c) and other than for construction services and commodities, Grantee shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.:

- (a) An executed contract acceptable to AID for design and supervisory services with an architectural and engineering services contractor acceptable to AID;
- (b) Evidence of formation of an implementation organization acceptable to AID under the jurisdiction of the MOH to include a steering committee and implementation unit to administer the Project;
- (c) Evidence of firm reservation of land for both components of the Project;
- (d) Such other documentation as AID may require.

Section 4.3. ADDITIONAL DISBURSEMENT—PHASE II. Prior to disbursement under the Grant, or the issuance by AID of documentation pursuant to which disbursement will be made, for construction services and commodities, Grantee shall, except as AID may otherwise agree in writing, furnish in form and substance satisfactory to AID:

- (a) An implementation plan prepared by MOH outlining specifications for design, social and community development activities, supporting action of other ministries and GOE agencies, schedules for progress and completion of the Project, model sales/mortgage agreements, model improvement loan agreement, financial plan and a Project evaluation plan;
- (b) A legal opinion furnished by legal counsel to the MOH that the implementation plans for new community and upgrading components of the Project are in compliance with the legal and regulatory authority of the MOH;
- (c) Evidence that the Crédit Foncier d’Egypte (CFE) has been engaged to implement financing arrangements for the Project and that the agreement or commitment conforms with existing laws and regulations of the GOE;
- (d) Evidence that the CFE as administrator for the Project has established a special Project account and has deposited a first installment for interim financing of construction for the Project;
- (e) Such other information and documents as AID may reasonably require.

Section 4.4. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in sections 4.1, 4.2 and 4.3 have been met, it will promptly notify the Grantee.

Section 4.5. 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 evaluation program will contain the elements of the evaluation plan as set forth in annex II, and 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 of 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. EGYPTIAN GOVERNMENT CONTRIBUTION. The Grantee shall submit for A.I.D. approval evidence of a commitment of the MOH to furnish the Egyptian pound equivalent of 80 million U.S. dollars in local currency and/or in-kind support over the life of the Project in timely fashion.

Section 5.3. MISCELLANEOUS COVENANTS. The Grantee shall:

- (a) Carry out the Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial and administrative practices.
- (b) Cause the Project to be carried out in conformance with all the plans, specifications, and with all modifications therein approved by A.I.D. pursuant to the Grant Agreement including the provision on a timely basis of necessary local currency and in-kind support as specified in the Agreement and its annexes. This covenant shall be deemed to include the understanding that the Grantee undertakes to use whatever legal enforcement measures are necessary and proper to assure that the Project conforms to the Agreement and the annexes thereto.
- (c) Make available on a timely basis all local currency, building materials, i.e., cement, steel, etc., and all other resources required for the punctual and effective implementation of the program.
- (d) Devise, implement, and maintain a system of controls satisfactory to A.I.D. assuring that follow-on self-help expansion of the core units and all construction in the upgrading areas (whether or not funded under the Project) is carried out using approved building methods which will assure the structural integrity of each housing unit.
- (e) Transfer title to or permit occupancy of any dwelling units constructed under this Project only when full and operational utility services, including sewerage connections, have been provided.
- (f) Expand or erect additional industrial related facilities or other activities with significant environmental impact near the New Community site only upon prior evaluation of the potential environmental effects on the New Community and initiation of the steps necessary to ameliorate any significant negative effects thereby identified.
- (g) Require in any upgrading sites where both water and sewer can be made available, the provision of sewer connections if water is connected to a dwelling.

Article 6. PROCUREMENT SOURCE

Section 6.1. FOREIGN EXCHANGE COSTS. Disbursement 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. Disbursement 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 ("Local Currency Costs").

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 and 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 disbursement shall be obtained by acquisition by A.I.D. with U.S. dollars by purchase of local currency owned by the Arab Republic of Egypt.

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.

Section 7.4. RATE OF EXCHANGE. Except as may be more specifically provided under section 7.2, if funds provided under the Grant are introduced into Egypt by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Egypt at

the highest rate of exchange which, at the time the conversion is made, is not unlawful in Egypt.

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:

Ministry of Economy and Economic Cooperation
8, Adly Street,
Cairo, Egypt

or

Ministry of Housing
1, Ismail Abaza Street
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 the Minister of Economy and Economic Cooperation, the Minister of Housing, and the Deputy Chairman of the General Authority for Arab and Foreign Investment and Free Zones. 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, 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 3)¹ is attached to and forms part of this Agreement.

¹ See footnote 2, p. 288 of this volume.

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: Dr. HAMED A. EL-SAYEH
 Title: Minister of Economy and Economic Cooperation

United States of America:

By: [Signed]
 Name: HERMANN FR. EILTS
 Title: American Ambassador

Ministry of Housing:

By: [Signed]
 Name: Engineer AHMED TALAAT TEWFIK
 Title: Minister of Housing

ANNEX 1

DESCRIPTION OF PROJECT

A. Introduction

This Project Grant Agreement provides assistance to the GOE Ministry of Housing for the purpose of demonstrating the means to resolve Egypt's urban needs, particularly those of low-income workers and their families; and, in part by utilizing the results of this demonstration program, to assist the Ministry to formulate new housing and land policies and plans to guide Egypt in the future. It also provides assistance to the largest real estate bank in the A.R.E., the Crédit Foncier d'Egypte, to enable it to modernize administrative procedures and to assist directly low-income families, mobilize savings and secure mortgage credit for new homes and home improvements.

The Project is to be carried out through the following six closely related implementation programs:

1. The design, construction and sale of a variety of minimum dwelling solutions as part of an integrated and comprehensive physical and social new community plan.
2. The promotion, design and construction of urbanization improvements and improvements to existing dwellings in established "informal" urban communities to conserve and upgrade the health, safety, and comfort function of these existing areas.
3. The design and introduction of automatic data processing procedures and consumer banking services specifically oriented towards low-income workers-families and their needs for home ownership and home improvement.
4. The promotion and organization of cooperative and community associations made up of housing program beneficiaries who will help manage improvements in their communities.
5. The design, testing and market introduction of a variety of improved building materials, products and construction methods and the training of building craftsmen-contractors and design professionals in the use of conventional and improved methods particularly appropriate for low-cost housing.

6. The evaluation and analysis of the foregoing programs coupled with technical assistance to assist the Government of Egypt formulate effective land and housing policies and long- and medium-term plans to resolve the acute housing needs of the country.

This network of activities [is] planned to demonstrate the means to develop housing projects for low-income families without excessive subsidy suitable to their needs, their capability and maintenance.

B. *Goals of the Shelter Sector*

The goal of this Project is to reinforce the orientation of the GOE and the Ministry of Housing to provide acceptable housing for the population and an equitable distribution of housing resources and community services.

C. *Indicators of Goal Achievement*

The Ministry of Housing, as part of its defined functions, contributes to the articulation and implementation of Egyptian housing and urbanization policy. This Project will assist the Ministry to more effectively implement its housing policy and planning functions. Other institutions such as the Ministry of Reconstruction, the Ministry of Planning, the Crédit Foncier d'Egypte and the General Authority for Housing, Building and Planning Research have important roles to play as well. This Project is designed to provide direct support to the MOH, in design and construction management activities, housing finance, building methods, and training.

Indicators of goal achievement are the occupancy of dwelling units provided in the new community with evident satisfaction of the beneficiaries; urbanization and active home improvement programs in upgrading areas[;] expanded programs of housing finance for low-income families; successful utilization of opportunities for new building methods, products and ongoing training by craftsmen and professionals.

D. *Project Outputs*

The primary outputs to be achieved by this Project associated with the Ministry of Housing and the Crédit Foncier will be as follows:

Ministry of Housing

1. A recommended national housing and land policy will be prepared.
2. Urbanization and construction of up to 7,200 dwelling solutions on a 150 hectare site in Helwan, complete with water, sewerage, solid waste collection, electric services, street lights, paved major streets, schools, health center and community center. An illustrative example of the distribution and mix of construction to be provided is as follows:
 - a) 6 700 enclosed core dwellings on 50 to 65 square meter lots
 - 800 4 m² toilet cores
 - 1 300 10m² partially enclosed units
 - 2 000 10m² enclosed units
 - 2 000 20m² two room units
 - 600 30m² three room units
 - b) 500 Site and service lots of 100 square meters
 - c) 5 Primary schools
 - d) 2 Preparatory schools
 - e) 2 Secondary schools
 - f) 1 Health Center
 - g) 1 Community center
 - h) 1 Coop.—Credit Admin. Building
 - i) 1 Post Office, Fire Station
 - j) 1 Open Market Plaza
 - k) 9 Solid Waste Holding Stations
 - l) 1 Temporary Sewage Treatment Facility

In addition, improved commercial space, government services space, a cooperative and credit building and improved recreation areas should be provided.

3. Urbanization of up to 112 hectares in existing "informal" communities in Helwan and Ain Shams in Cairo, complete with water, sewerage, solid waste collection, electric services, street lights, paved major streets, and up to 5 primary schools, 4 preparatory schools, 14 health centers and 3 community centers.

4. A vocational training facility will be constructed, equipped and adequately staffed to graduate up to 900 skilled craftsmen per year in the building trades. In addition, testing and new product feasibility studies, seminars and other training activities will be completed to familiarize home improvement credit borrowers, small contractors and design professionals with appropriate building methods and materials for low-cost housing and home improvement.

5. Cooperatives composed of Project beneficiaries and community associations will be promoted, organized, and provided with technical assistance to maintain a high quality of neighborhood maintenance, undertake mutual programs of community improvement and services (including solid waste collection) and to be responsible for proper social integration of residents.

6. An implementation unit will be organized as part of the MOH supplemented by staff seconded from important and concerned ministries and GOE agencies which is skilled to expedite construction and commodity purchase for intensive and integrated programs of housing and urbanization; to promote, organize, assist and work through cooperatives and community association of project beneficiaries; provide assistance in transferring of land titling in informal settlements; resident selection and sales procedures; mortgage recuperation maintenance; financial reporting; monitoring and evaluation and policy and plan preparation for land and use of housing on a national scale.

7. As part of the new community marketing and innovative building products testing activities, a model house estate will be erected on a prominent location in Helwan to contain examples of each of the several illustrative building types plus a site and service lot solution of 50 to 65 m² with a perimeter privacy wall and the same solution without the perimeter wall.

Crédit Foncier d'Egypte

8. Procedures will be designed and executed to disburse and monitor the flow of funds to construction contractors and administrative agencies of the Project.

9. A decentralized consumer credit institution will be planned, equipped and staffed to administer sales agreements, mortgage loans, home improvement loans and savings programs of low-income families.

E. Project Inputs

This Agreement provides for capital assistance, technical assistance, participant training, land, commodities, equipment and services to the Ministry of Housing and the Crédit Foncier d'Egypte in relation to the six major Project implementation programs noted in the beginning of this annex 1 Project description. Inputs are described below by major category and designated in Illustrative Budget Summaries on pages 300 and 301 which follow.

1. Technical assistance to AID/GOE in planning, new project development and monitoring:

a) Senior Advisor-Architect Planner. The advisor will work closely with the Housing Officer, AID in coordinating technical assistance and monitoring of the Project, in advising on the development of additional assistance to the MOH and the Government of Egypt in urban development and in developing new projects for AID/GOE funding.

- b) **Social Development and Evaluation Specialist.** This advisor, with appropriate back-up assistance, will expand social and urban physical survey programs for the benefit of Project evaluation and to serve as a data base for new Project development.
 - c) **Civil Engineer.** Working closely with the AID/Housing Officer, AID Engineers and the Implementation Unit, this advisor will review plans, specifications and other contract documents requiring AID concurrence and assist in developing new projects for AID/GOE funding.
2. **Technical Assistance to the Ministry of Housing—Project Implementation Unit:**
- a) **Community and Cooperative Specialist.** Working with the implementation unit and related ministries this advisor will assist in administration of the cooperative development component of the new community and upgrading programs, and to assist housing cooperatives and community associations develop and manage supplementary services to maintain a safe and sanitary environment in their neighborhoods.
 - b) **Home Improvement Advisor.** The advisor will assist the MOH and Crédit Foncier in design and management of home expansion and improvement credit programs and in supervising the development of innovative building systems and products for low cost housing application. Included in the technical assistance illustrative budget is a fund of about \$75,000 for subcontracts for building systems testing, materials and local support staff.
3. **Technical Assistance to the Crédit Foncier—Branch Bank operation in Helwan:**
- Branch Bank systems Advisor. This advisor will assist in design and organization of a savings and credit system for mortgages and home improvement loans for low-income beneficiaries, organization of accounting and disbursing procedures for construction and other services performed in the Project and utilization of electronic data processing equipment.
4. **Short-term Consultant Services to AID and to the MOH.** Technical Assistance advisors from the U.S. will be provided as needed for specific purposes combined with service contracts with appropriate Egyptian institutions. Among their functions will be the following:
- a. **Building Systems Engineering:** to design, test, and encourage adoption of low-cost building products and methods, and to assist in market testing of low-cost building products and preparation of investment feasibility studies for funding by others.
 - b. **Evaluation:** to assist in design and analysis of social and physical components of the Project in conjunction with a service contract with an appropriate Egyptian evaluation agency. Included in the technical assistance illustrative budget is a fund of about \$100,000 for local evaluation services.
 - c. **Housing Policy and Plan Formulation:** to translate demonstrated results of the several Project components and other elements of Egyptian goals and priorities into coherent policies and practical plans for future investment.
 - d. **Land Policy and Plan Formulation** to coordinate housing and economic policy with the physical circumstance of the country to derive coherent policies and practical plans for growth.
 - e. **Finance Policy** to assist in formulation of a policy and effective plan for housing finance within a new national housing policy.
4. **Training:**

In addition to the education and training programs implicit as part of specific technical assistance, training courses and seminars are provided for in this Agreement for associated MOH and CFE staff, community maintenance and technical training institute staff, social

promoters and community leaders, design professionals, small contractors and technical supervisors of home improvement credit. Training will take place in Egypt and the U.S. and will be conducted by professional consultants from the U.S. and Egypt. Subjects covered will be dictated by needs as they arise, but can include topics such as:

- a) Innovative building systems and methods appropriate for lowest cost housing in Egypt;
- b) Sewerage treatment facility maintenance;
- c) Cooperative and community association promotion, development and administration;
- d) Techniques of construction management, commodity purchasing, personnel administration, evaluation and reporting;
- e) Branch bank administration and management, techniques and procedures for consumer banking operations, utilization of electronic data processing equipment;
- f) Upgrading teaching skills for building trades teachers and technical supervisors of construction. Training will take place in the form of seminars, workshops and study tours throughout the course of the Project implementation period. A total training program of 30 man-months in the United States and 175 man-months in Egypt is planned.

5. Capital Assistance:

Capital assistance will be provided under this Agreement by AID and the Government of Egypt for execution of work for the urbanization of land, erection of building to house community facilities such as schools, health centers, government services, etc., erection of housing, provision of credit for housing improvement, and provision of technical services for design and construction management. As part of this input component, administration and management costs will be provided by the GOE.

Contingency costs for inflation and unforeseen circumstances will be shared at roughly a 2:1 ratio with the major burden assumed by the GOE.

6. Commodities, Equipment and Services:

The GOE will transfer title of individual parcels which are part of 150 hectares of land in Helwan and will provide appropriate parcels of land as required in Helwan and Ain Shams, Cairo, for the erection of necessary community facilities, model house estate and Technical Training Institute for the Building Industry. Commodities and equipment will be purchased in the United States as required by this Project. In addition to commodities and equipment specifically anticipated in this Agreement, MOH will procure from other funding sources, and in a timely manner, vehicles to assist the functioning of the MOH Implementation Unit, vehicles to supplement the solid-waste collection services of the District of Helwan for use in program sites and electronic data processing equipment to assist the Crédit Foncier d'Égypte.

Egypt-based project support provided by the GOE will expedite priority procurement of strategic building materials, legalization of land titles in "informal" communities, procurement of necessary government certifications and approvals.

ILLUSTRATIVE BUDGET SUMMARY

AGENCY FOR INTERNATIONAL DEVELOPMENT

(In \$000,000)

| <i>Program</i> | <i>Year 1</i> <i>(1/2 year)</i> | <i>Year 2</i> | <i>Year 3</i> | <i>Year 4</i> | <i>Year 5</i> | <i>Year 6</i> <i>(1/2 year)</i> | <i>Total</i> |
|---------------------------------|------------------------------------|---------------|---------------|---------------|---------------|------------------------------------|--------------|
| New Community | | | | | | | |
| Construction | — | 2.5 | 2.5 | 8.2 | 13.2 | 3.4 | 29.8 |
| Improvement Credit | — | — | .2 | .4 | 2.7 | .7 | 4.0 |
| Design/Supervision | — | 1.8 | .5 | .4 | .4 | .2 | 3.3 |
| Upgrading | | | | | | | |
| Construction | — | 1.9 | 4.6 | 4.6 | 5.5 | 3.0 | 19.6 |
| Improvement Credit | — | — | — | — | — | — | — |
| Design Supervision | — | — | — | — | — | — | — |
| Technical Assistance | .2 | .7 | .7 | .7 | .7 | .4 | 3.4 |
| Training | .1 | .2 | .1 | — | — | — | .4 |
| Inflation and Contingency | — | — | — | — | — | — | 19.5 |
| TOTAL | .3 | 7.1 | 8.6 | 14.3 | 22.5 | 7.7 | 80.0 |

ILLUSTRATIVE BUDGET SUMMARY

GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT

(In Egyptian pounds equal to \$000,000)

| <i>Program</i> | <i>Year 1</i> <i>(1/2 year)</i> | <i>Year 2</i> | <i>Year 3</i> | <i>Year 4</i> | <i>Year 5</i> | <i>Year 6</i> <i>(1/2 year)</i> | <i>Total</i> |
|---------------------------------|------------------------------------|---------------|---------------|---------------|---------------|------------------------------------|--------------|
| New Community | | | | | | | |
| Land | 5.7 | — | — | — | — | — | 5.7 |
| Construction | — | .8 | 1.5 | 5.2 | 7.2 | 1.5 | 16.2 |
| Improvement Credit | — | — | — | — | — | — | — |
| Design/Supervision | — | .2 | .1 | .1 | — | — | .4 |
| Upgrading | | | | | | | |
| Land | — | .6 | — | — | — | — | .6 |
| Construction | — | .6 | 1.3 | 1.3 | 1.4 | .1 | 4.7 |
| Improvement Credit | — | .2 | .3 | 1.0 | 1.5 | .5 | 3.5 |
| Design/Supervision | — | .5 | .3 | .3 | .2 | .1 | 1.4 |
| Administration-Management | | | | | | | |
| MOH | .1 | .3 | .5 | .6 | .7 | .3 | 2.5 |
| CFE Branch Bank | .3 | .1 | .2 | .3 | .3 | .1 | 1.3 |
| Inflation and Contingency | — | — | — | — | — | — | 43.7 |
| TOTAL | 6.1 | 3.3 | 4.2 | 8.8 | 11.3 | 2.6 | 80.0 |

ILLUSTRATIVE BUDGET SUMMARY FOR TECHNICAL
ASSISTANCE—EVALUATION AND TRAINING

(In \$000)

| <i>Program</i> | <i>Person/ Months</i> | <i>\$</i> | <i>LE</i> |
|--|---------------------------|----------------|------------|
| 1. Technical Assistance to AID/GOE | | | |
| Senior Advisor—Architect Planner | 60 | 450 | 150 |
| Social Development—Evaluation Specialist | 60 | 400 | 150 |
| Civil Engineer (Egyptian) | 60 | — | 75 |
| 2. Technical Assistance to MOH | | | |
| Community Cooperative Specialist | 60 | 400 | 150 |
| Home Improvement Credit Technician | 60 | 400 | 150 |
| Branch Bank Systems Advisor | 24 | 190 | 75 |
| 3. Consultants | | | |
| Building Materials Research Eng. | 12 | 48 | 25 |
| Housing Finance Specialist | 8 | 40 | 15 |
| Land Policy Planner | 4 | 16 | 8 |
| Housing Policy Planner | 4 | 16 | 8 |
| Evaluation—Statistician | 8 | 32 | 15 |
| Subtotal | <u>360</u> | <u>\$1,992</u> | <u>821</u> |
| 4. Special Contracts | | | |
| Building Systems Testing | — | — | 54 |
| Survey and Evaluation | — | — | 71 |
| Subtotal | <u>—</u> | <u>—</u> | <u>125</u> |
| TOTAL T/A—EVALUATION | <u>—</u> | <u>\$1,992</u> | <u>946</u> |
| 5. Participant Training | | | |
| Innovation Building Systems | 100 | — | 89 |
| Sewerage Building Maintenance | 5 | 30 | — |
| Coop.—Community Assoc. Development | 20 | — | 18 |
| MOH—Technical Skills in U.S. | 10 | 60 | — |
| in Egypt | 20 | — | 18 |
| Crédit Foncier Tech. Skills in U.S. | 10 | 60 | — |
| in Egypt | 10 | — | 9 |
| Technical Training Institute Skills in U.S. | 5 | 30 | — |
| in Egypt | 25 | — | 22 |
| TOTAL TRAINING | <u>205</u> | <u>\$180</u> | <u>156</u> |

F. Implementation Targets

The following illustrative schedule of significant events in the course of Project implementation represents an idea of suggested dates for MOH and AID Mission project management to be examined and verified in the course of preparation by the Ministry of the Project Implementation Plan. These implementation targets permit a projection of the completion financed and technical plans and the issuance of implementation documents. The following illustrative schedule of implementation is foreseen after the signing of the Agreement.

| <i>Event</i> | <i>Completion Date</i> |
|---|------------------------|
| 1. Establish office, equipment and staff implementation agency and steering committee | 10/78 |
| 2. Establish US Technical Assistance Basic Team | 11/78 |
| 3. Sign Egyptian A/E Contract | 12/78 |
| 4. Establish T/A Housing policy-Land policy study | 1/79 |
| 5. Sign U.S. A/E Contract | 2/79 |
| 6. Home Improvement Credit Program Functioning | 4/79 |
| 7. Initiate Commodity Procurement | 4/79 |
| 8. Sign construction contract-First Area | 4/79 |
| 9. Innovative Bldg. Matls./Methods Testing program begun | 6/79 |
| 10. Complete New Community Urbanization plans | 1/80 |
| 11. Complete construction of model house estate | 4/80 |
| 12. Sign construction contract for housing and urbanization-New Community | 4/80 |
| 13. Evaluation Program begun | 5/80 |
| 14. Move-in on Model House Site | 7/80 |
| 15. Move-in First New Community Section | 3/81 |
| 16. Termination of Project | 6/83 |

G. Financial Plan

1. General

This Agreement provides for the contribution by AID as a Grant of the equivalent in dollars and Egyptian pounds of \$80 million over the period of Project implementation. The GOE, in turn, will contribute \$80 million equivalent in-kind and cash for a total estimated project value of the equivalent of \$160 million.

To assure an adequate flow of operating funds for the construction phase of the program, the Ministry of Housing and the Crédit Foncier d'Egypte will enter into a Sub-Agreement whereby, in return for a GOE guarantee of its funds, the CFE will advance up to LE 20 million as interim financing to the Ministry. The CFE will serve as Depository, Administrator and Fiscal Agent of Project contributions made from time to time by AID and the GOE. AID funds will be utilized for all foreign exchange procurement requirements which are estimated at approximately fifty percent (50%) of the U.S. cost of the Project. Local currency contribution requirements for AID will be secured from contributions in dollars through Egyptian Central Bank mechanisms.

It is agreed that immediate payment of local funds will be made by the CFE upon approval of the MOH Implementation Unit (IU) and these disbursements will be charged to the Project loan account. On a monthly basis, the accounting and control unit of the IU will examine disbursements occurring during the previous month, allocate responsibility for funds disbursed to the GOE and to USAID and will solicit funds in convenient increments from USAID and GOE. These disbursements of USAID and GOE will flow directly to the CFE and reduce the loan balance of the Project.

2. Mortgage Credit Terms and Conditions

The interest rate for mortgage loans in the New Community program will be 8%, discounted at the discretion of the MOH to an effective 7% as a means to discourage speculation or violation of other terms of sale. The mortgage is payable within 30 years and beneficiaries may elect either a level monthly payment option or monthly fixed graduated payment option increasing annually which results in first payment beginning at about 50% of the level monthly payment rate.

Down payments required from buyers are established at 5% of the sales price for all dwelling solutions with a covered area of less than 30 meters square and lot sizes below 65 square meters. Dwelling solutions on larger lots and with covered areas of 30 meters square or larger require a down payment of 10% of the sales price for purchase. All dwelling solutions will be offered for deed purchase or cooperative purchase.

As part of their purchase contract, residents of the New Community Program will be further required not to sell their dwelling solution without prior approval for at least three years.

The interest rate for home improvement credit will be 8% for a term not to exceed 30 years.

Eligibility for resident selection and mortgage credit in the New Community is open to all workers in Helwan who demonstrate a total wage with bonuses and allowances from their principle employer of LE 800 or less on August 25, 1978, or the equivalent salary at the time of purchase during the implementation period. No eligibility requirement is established for auction lots in the new community nor for home improvement credit within defined Project upgrading areas.

3. *Sales price and cost recovery*

In anticipation of the development of a self-sustaining system of housing finance, this Agreement provides for a minimum of subsidy to be applied to the sales price of new low-cost housing in the new community program of this Project. It is agreed that the cost of land, streets, drainage, on-site water supply, sewerage, core housing solutions, Egyptian design and construction services shall be recovered from the beneficiaries through the sales price of the dwelling solution. The maximum monthly mortgage charge as a percent of family income should be approximately 20 percent, and the maximum monthly charge as a percent of family income for home improvement loans is approximately 25 percent.

H. *Functional Arrangements*

The organization responsible to carry out the Project is the Ministry of Housing (MOH) which, in turn, will be associated with the Crédit Foncier d'Egypte and other government and quasi-government agencies in pursuing the administration and management of the Project.

1. *Implementation Unit*

A Group comprising a Project Implementation Unit will be set up by the MOH to discharge the key responsibility. The Unit will be composed of

- The Project Steering Committee, which will have overall responsibility for policy, planning and intergovernmental and private sector agency coordination;
- The Project Implementation Agency, which will be in charge of all day-to-day implementing activities.

2. *Crédit Foncier d'Egypte*

Services of the Crédit Foncier d'Egypte in this Project will be subject to a separate Agreement with the Ministry of Housing, however the following services are envisioned. The Crédit Foncier d'Egypte will establish a branch bank operation with facilities provided for it in Helwan and Ain Shams and will be Financial Administrator-Controller for the project, extend interim credit and receive funds from the GOE and AID for disbursement to contractors; participating government agencies; service organizations and non-government institutions as required in the implementation of the Project.

The Crédit Foncier will also provide services in the sales program of the New Community Program, accept savings deposits of beneficiaries and administer the home expansion and improvement credit program in the New Community and upgrading areas of the Project.

3. *Design and Construction Management Services*

a) New Community Program. Design services for urbanization will be provided by a U.S. Architect-Engineer (A&E) firm in association with an Egyptian A&E firm. Construction management services for urbanization and building construction, U.S. Commodity procurement services and training in construction management will also be provided

by this U.S. A&E firm under contract to the Implementation Unit. Design for building construction will be carried out under separate contract by an Egyptian A/E firm.

b) Upgrading Program. Design and construction management services for urbanization will be carried out under one or more separate contracts to the Implementation Unit by Egyptian A/E firms.

c) Home Expansion and Improvement. Design of representative credit packages for home expansion and improvement will be carried out under contract to the Implementation Unit by an Egyptian A/E firm, and construction management and technical construction supervision will be executed by the staff of the Implementation Unit in close cooperation with the Crédit Foncier d'Égypte.

d) Egyptian source and origin commodities will be procured by the Implementation Unit.

4. *Community Services and Development*

The Implementation Unit will coordinate the design, equipping and staffing of planned community facilities such as schools, health and community centers and district government services with appropriate ministries and other agencies.

The Implementation Unit will promote, organize and provide technical assistance for the community development program which consists of the following:

In the new community program, beneficiaries will be organized in approximately equal proportions into community associations of individual home owners and housing mutual associations which hold single title to land, dwellings and their improvements on behalf of each resident share-holder.

In the upgrading program, urbanization and titling of land with access to home improvement credit shall be contingent upon the demonstrated responsiveness of residents through their organized community association to supplement Project investments with their own efforts of maintenance and additional improvement. Where effective community associations do not already exist, the Project Implementation Unit will promote, organize, and provide technical assistance to create effective associations.

5. *Technical Assistance and Training*

This Agreement provides that technical assistance and training will be coordinated by AID/MOH and will be provided in both long-term and short-term arrangement to:

- a) The Implementation Unit for general Project implementation, community/cooperative development, home improvement credit, community cooperative management, building products design, market analysis and evaluation and, through the A/E contract, for construction management.
- b) The CFE for branch bank operations and project financial management, electronic data processing methods.
- c) The Ministry of Housing for land, housing and housing finance policy and plan development.

6. *Monitoring*

USAID/Cairo will have primary responsibility to monitor the Project through its Housing Office assisted by assigned USAID engineering officers. USAID will maintain a close working relationship with the Ministry of Housing, the Implementation Unit, the CFE and all construction service contractors, technical advisors and related personnel and will require written reports in English on a regular reporting schedule to assure effective monitoring of Project activities and progress.

ANNEX 2

EVALUATION PLAN

The MOH and USAID will jointly conduct or contract for evaluations of Project progress and final results as mutually agreed to support timely implementation and assurance of accomplishment of equal objectives. In support of this work, an evaluation section will be included in the MOH Project Implementation Agency.

A. Evaluation Objectives

The periodic and terminal evaluation of the Project will be designed to:

1. Assess the effect of a comprehensive shelter and community service program in both new housing and upgrading areas, as regards to its ability to provide access to housing and services at a more favorable cost;
2. Measure the extent to which core units are expanded to accommodate family needs or to house new occupants;
3. Assess the impact of new credit terms on the expansion of core housing, upgrading of existing housing and development of [a] new shelter program;
4. Test the capacity of the government agencies to implement and maintain programs, building on the concepts underlying this Project; and
5. Measure the spin-off effects of the Project on building materials production, new employment generation, skill training in the building trades, and related components.

B. Evaluation Schedule

Baseline data will be collected in the upgrading communities from July through October 1978. This will build on initial information gathered during the development phase of the Project. Topics covered include basic socio-economic data (age, sex, family size, education, income, etc.), an assessment of felt priority needs for community improvements and general indices of resident satisfaction with various aspects of their living environment. A sample of 1,200 families will be surveyed in the six upgrading areas, divided proportionally according to population size. An additional 250 families living in communities which have similar general geographic areas will be selected for control purposes.

During implementation and upon completion of the AID inputs to the Project, four major evaluations are anticipated:

1. The model home demonstration phase will be evaluated. Basically, this is to be a test of resident satisfaction with the core house design and the financial arrangements. Program modifications will be considered on the basis of the findings of this survey.
2. An interim in-depth evaluation focused on: *a*) the 1,500 housing unit, first integrated neighborhood in the new community: housing facilities and community organization, *b*) progress in community upgrading program regarding improvements, community facilities, and the build-up of community associations (including follow-up with control communities). In both new housing and upgrading communities, a comparison of the Project with alternate house types and home improvement costs would be made, *c*) the functioning of the implementation unit responsible for this Project and its relationship with A&E firms working with the unit. There will be an assessment made at this stage as to whether the original Project design was followed and the manner in which the implementation process is contributing to the achievement of Project purposes and goals. Surveys, interviews and analysis of documents pursuant to this interim evaluation will be conducted in the last quarter of 1981.
3. Follow-up evaluation to see if recommendations arising from interim evaluation have been put into practice.

4. Final in-depth evaluation on progress and impact of all project components, to take place after the end of the Project. The focus of this evaluation will be on the physical and socio-economic changes which have taken place in the new and upgrading communities (in reference to control communities), the institutional performance and evolution of the MOH in relation to its work on this Project, the impact of the innovations of housing finance and quality of home construction and improvement, and the effect the Project has on GOE policy formation in the shelter sector.

It is planned that evaluations will be conducted as a joint effort of the MOH and USAID, utilizing in-house capacity and outside assistance, Egyptian or U.S., according to the needs.

Funding for all evaluation activities, local research and technical assistance and training will be included under the Project.
