

No. 19202

**UNITED STATES OF AMERICA
and
EGYPT**

**Project Grant Agreement for major cereals improvement
system (with annexes). Signed at Cairo on 25 July 1979**

Authentic text: English.

Registered by the United States of America on 30 October 1980.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉGYPTE**

**Accord de don pour un projet relatif à l'accroissement de la
production des principales céréales (avec annexes).
Signé au Caire le 25 juillet 1979**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 30 octobre 1980.

PROJECT GRANT AGREEMENT¹ BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE UNITED STATES OF AMERICA FOR MAJOR CEREALS IMPROVEMENT SYSTEM

Dated: July 25, 1979

A.I.D. Project Number 263-0070

TABLE OF CONTENTS

PROJECT GRANT AGREEMENT

<p>Article 1. The Agreement</p> <p>Article 2. The Project</p> <p style="padding-left: 20px;">Section 2.1. Definition of the Project</p> <p>Article 3. Financing</p> <p style="padding-left: 20px;">Section 3.1. The Grant</p> <p style="padding-left: 20px;">Section 3.2. Grantee Resources for the Project</p> <p style="padding-left: 20px;">Section 3.3. Project Assistance Completion Date</p> <p>Article 4. Conditions Precedent to Disbursement</p> <p style="padding-left: 20px;">Section 4.1. Conditions Precedent to Initial Disbursement</p> <p style="padding-left: 20px;">Section 4.2. Conditions Precedent to Disbursement for Technical Services</p> <p style="padding-left: 20px;">Section 4.3. Conditions Precedent to Disbursement for Architectural and Engineering Services</p> <p style="padding-left: 20px;">Section 4.4. Conditions Precedent to Disbursement for Construction and Renovation</p> <p style="padding-left: 20px;">Section 4.5. Conditions Precedent to Disbursement for Commodities</p> <p style="padding-left: 20px;">Section 4.6. Notification</p>	<p style="padding-left: 20px;">Section 4.7. Terminal Date for Conditions Precedent</p> <p>Article 5. Special Covenants</p> <p style="padding-left: 20px;">Section 5.1. Project Evaluation</p> <p style="padding-left: 20px;">Section 5.2. Execution of the Project</p> <p style="padding-left: 20px;">Section 5.3. Continuation of Support</p> <p style="padding-left: 20px;">Section 5.4. Pricing Policies</p> <p>Article 6. Procurement Source</p> <p style="padding-left: 20px;">Section 6.1. Foreign Exchange Costs</p> <p style="padding-left: 20px;">Section 6.2. Local Currency Costs</p> <p>Article 7. Disbursement</p> <p style="padding-left: 20px;">Section 7.1. Disbursement for Foreign Exchange Costs</p> <p style="padding-left: 20px;">Section 7.2. Disbursement for Local Currency Costs</p> <p style="padding-left: 20px;">Section 7.3. Other Forms of Disbursement</p> <p style="padding-left: 20px;">Section 7.4. Rate of Exchange</p> <p>Article 8. Miscellaneous</p> <p style="padding-left: 20px;">Section 8.1. Communications</p> <p style="padding-left: 20px;">Section 8.2. Representatives</p> <p style="padding-left: 20px;">Section 8.3. Standard Provisions [Annex]²</p> <p>Annex I. Project Description</p>
---	---

PROJECT GRANT AGREEMENT, dated July 25, 1979, 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

¹ Came into force on 25 July 1979 by signature.

² For the text of the Standard Provisions Annex, see "Project Grant Agreement between the Arab Republic of Egypt and the United States of America for applied science and technology research, signed at Cairo on 29 March 1977", in United Nations, *Treaty Series*, vol. 1116, p. 97.

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

Article 2. THE PROJECT

Section 2.1. DEFINITION OF THE PROJECT. The Project, which is further described in Annex 1, will assist the Grantee to finance the foreign exchange and local currency costs of goods and services required for a Major Cereals Improvement System:

Principal activities shall include:

- (1) Provision of technical assistance in the form of short- and long-term training and the long-term technical expertise of an institutional contractor,
- (2) Construction or upgrading of four existing cereal research facilities, and the design and implementation of a research project to eliminate identified constraints to cereal production,
- (3) Establishment of a pilot extension program with special linkage to the Project research effort,
- (4) Assistance to the seed producing and processing industry of Egypt to improve capability of meeting needs of farmers for increased supplies of high quality seeds,
- (5) Initiation of a program to identify appropriate levels and types of mechanization for cereal production, and
- (6) Procurement of commodities necessary to carry out Project activities.

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 Thirty Million United States ("U.S.") Dollars (\$30,000,000) ("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 Five Million Seven Hundred Seventy Thousand United States Dollars (\$5,770,000).

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 Six Million Nine Hundred Sixty Thousand Egyptian Pounds (L.E. 6,960,000), including costs borne on an "in kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD), which is September 30, 1984, 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. CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT. Prior to any disbursement or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee shall, except as the parties may agree otherwise in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A statement of the names and titles with specimen signatures of the persons who will act as the representatives of the Grantee;
- (b) Evidence that the Minister of Agriculture has established an Executive Committee consisting of representatives of organizations and agencies of the Grantee which are involved in cereal production together with a statement of the functions of the Executive Committee;
- (c) Evidence that the Minister of Agriculture has established the Major Cereals Directorate with operating authority sufficient to carry out project implementation along with a statement of the functions of the Directorate; and
- (d) Such other documentation as A.I.D. may require.

Section 4.2. CONDITIONS PRECEDENT TO DISBURSEMENT FOR TECHNICAL SERVICES. Prior to any disbursement or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for technical services, the Grantee shall, except as the parties may agree otherwise in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) Evidence of formation of a multidisciplinary team of Egyptian scientists which will have its headquarters at Giza, and which will establish linkages between research and extension to address the problems and issues of cereal grain production;
- (b) A statement signed by the Project Director General describing the relationship of the team to American scientists working on the Project;
- (c) Evidence of an executed contract with a contractor acceptable to A.I.D. for the technical advisory services for the Project;
- (d) Such other documentation as A.I.D. may require.

Section 4.3. CONDITIONS PRECEDENT TO DISBURSEMENT FOR ARCHITECTURAL AND ENGINEERING SERVICES. Prior to any disbursement or to the

issuance by A.I.D. of documentation pursuant to which disbursement will be made for architectural and engineering services, the Grantee shall, except as the parties may agree otherwise in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) Evidence of availability of adequate sites for both the construction of the physical facilities contemplated for the Project and for field trial activities;
- (b) Evidence of an executed contract with a contractor acceptable to A.I.D. for the architectural and engineering services for the Project, and evidence that Egyptian counterparts have been assigned as part of the Project team in positions corresponding to technical positions of the technical services contractor; and
- (c) Such other documentation as A.I.D. may require.

Section 4.4. CONDITIONS PRECEDENT TO DISBURSEMENT FOR CONSTRUCTION AND RENOVATION. Prior to any disbursement or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for construction or renovation of a particular facility to be assisted under this Project, the Grantee shall, in each case of construction or renovation, except as the parties may agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) Final plans and specifications for such renovation or construction;
- (b) A Project Implementation Plan which shall include a modified fixed amount reimbursement acceptable to A.I.D. provided that construction during the first year of project implementation may be financed by an advance from A.I.D. The Project Implementation Plan shall also indicate the Grantee's commitment to raise budget levels to cover project construction in subsequent years. Details of the project implementation may be elaborated in project implementation letters;
- (c) Evidence of a signed construction or renovation contract with a contractor acceptable to A.I.D.;
- (d) Such other documentation as A.I.D. may reasonably require.

Section 4.5. CONDITIONS PRECEDENT TO DISBURSEMENT FOR COMMODITIES. Prior to any disbursement or the issuance by A.I.D. of documentation pursuant to which disbursement will be made for Project commodities, with the exception of Project vehicles and office equipment and supplies, the Grantee shall, except as the parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D., a commodity procurement and utilization plan.

Section 4.6. NOTIFICATION. When A.I.D. has determined that the Conditions Precedent specified in Sections 4.1, 4.2, 4.3, 4.4 and 4.5 have been met, it will promptly notify the Grantee.

Section 4.7. 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. EXECUTION OF THE PROJECT. The Grantee shall 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 Agreement, and shall provide on a timely basis the necessary local currency and in-kind support as specified in the Project Agreement.

The Grantee shall submit for A.I.D. approval prior to implementation, issuance or execution, all plans, specifications, construction schedules, bid documents, documents concerning solicitation of proposals relating to eligible items, contracts, and all modifications to these documents.

Section 5.3. CONTINUATION OF SUPPORT. The Grantee shall make available after the termination of the Project, sufficient resources, including the provision of funds, to support on a long term basis the research and extension activities which have been supported by the Project.

Section 5.4. PRICING POLICIES. The Grantee agrees to exercise its best efforts to institute appropriate pricing policies in order to assist the Project to reach the objective of stimulating production of the cereal crops with which the Project is concerned.

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, origin and nationality 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(n) 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. DISBURSEMENT

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

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (a) requests for reimbursement for such goods or services, or, (b) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or

- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (a) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (b) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless the 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 the Arab Republic of Egypt at the highest rate of exchange prevailing and declared for foreign exchange currency by the competent authorities of the Arab Republic of Egypt.

Article 8. MISCELLANEOUS

Section 8.1. COMMUNICATIONS. Any notice, request, document, or other communication submitted by A.I.D. or the Grantee 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 Agriculture
Dokki, Giza
Cairo, Egypt

To A.I.D.:

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

All such other 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 Agriculture. 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 2)¹ is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written:

Arab Republic of Egypt:

By: [Signed]
Name: Dr. MAHMOUD M. DAWOOD
Title: Minister of Agriculture

United States of America:

By: [Signed]
Name: ALFRED L. ATHERTON, Jr.
Title: American Ambassador

ANNEX 1

PROJECT DESCRIPTION

The Major Cereals Research and Extension Project is designed to provide new information and knowledge for increased cereal grain production by improving research and extension capabilities. This will be accomplished by establishing a coordinated research-extension program and developing a cadre of well qualified researchers and extension specialists. The knowledgeable, commodity oriented cadre will focus on identifying and eliminating constraints to cereal grain production on farmers' fields. Over 214 study years of training will be provided during the Project.

Although the Project will not attempt to address directly any national goal for increased cereal grain production, it will provide significant knowledge and expertise prerequisite to increased production of approximately 25 percent.

The thrust of the project will be directed toward administrative restructuring, and improving capabilities in research, extension, seed production and processing and mechanization.

Administrative Restructuring

A Major Cereals Directorate will be formed to establish linkages between research and extension to address the problems and issues of cereal grain production. Within the Directorate policy guidance and appropriate action policies will be developed. The Executive Committee of the Directorate shall consist of high ranking officials from the agricultural sector.

¹ See footnote 2, p. 214 of this volume.

Research

The main thrust of cereal production research will be carried out at the four research stations. A cadre of capable Egyptian specialists will be selected and trained in breeding, agronomy, biometrics, entomology, pathology, economics and research station management. The cadre and technical specialists will design and conduct a research project to eliminate identified constraints.

Extension

A line of communications between researchers and farmers will be provided by a select team of cereal production specialists. They will receive practical training in cereal production techniques for conducting on-farm trials and demonstration in the 8 governorates.

A pilot extension program will be developed and tested by the end of the second year in each of the four prototype areas. The extension program will utilize present personnel and facilities whenever possible. However, the pilot program will provide village agents in each village of two districts each in Gharbiyah and Minia Governorates. It is projected that in the third or fourth year of the Project four more districts from the other governorates may be selected to expand the pilot program under expanded financing by the GOE.

Seed Production and Processing

The thrust of this activity will be aimed at improving existing seed production and processing facilities and training personnel so that sufficient high quality seed is available to carry out the planned demonstration activities.

Mechanization

A limited mechanization program will be initiated to identify appropriate levels and types of mechanization for cereal production. New and/or modified equipment will be developed and tested to determine effectiveness. Some training in equipment design, operation and utilization will be provided as deemed necessary.

Technical Services

The Project will be implemented by the Major Cereals Directorate under authority delegated by the Minister of Agriculture. Technical assistance and training program inputs will be provided under a contract between CID (Consortium for International Development) and the Government of Egypt. A project Technical Manager will be provided by the Project Contractor to assist and coordinate all activities of the Project in Egypt for the duration of the contract.

Commodities and Project Procurement

CID will advise on all aspects of specifications for Project procurement of commodities. Procurement generally for the Project shall be by means of contracts entered into by the MOA, financed by A.I.D.

A comprehensive evaluation and review of the Project's accomplishments will be conducted during the third and fifth year of the Project, to determine the effectiveness and utility of completed activities. The evaluations will also serve as a basis for determining the focus of future national or regional programs related to cereal grain production.

A summary cost estimate and financial plan is provided in Appendix 1 to this annex.

APPENDIX I TO ANNEX I

*Summary Financial Plan—Source and Use—
Egypt Major Cereals Project*

(000 U.S. \$)

<i>Source</i>	<i>USAID*</i>		<i>GOE</i>		<i>Total</i>	
	<i>FX</i>	<i>LC</i>	<i>FX</i>	<i>LC</i>	<i>\$</i>	<i>%</i>
Use:						
1. Staff and consultants	5,624.5	2,371.5	—	7,807.8	15,803.8	40
2. Training	1,356.0	1,038.0	—	635.0	3,029.0	7
3. Construction	3,460.3	182.0	—	—	3,642.3	9
4. Commodities	8,777.3	—	—	—	8,777.3	22
5. Other costs	170.0	842.4	—	—	1,012.4	2
6. Land	—	—	—	1,500.0	1,500.0	4
7. Inflation	3,432.5	1,100.8	—	—	4,533.3	12
8. Contingency	1,408.0	234.8	—	—	1,642.8	4
TOTAL	24,228.6	5,769.5	—	9,942.8	39,942.8	100

* Total USAID inputs rounded to \$ 30.0 million.