

No. 24937

**CANADA
and
EGYPT**

**Development Loan Agreement (with annexes). Signed at
Ottawa on 18 August 1981**

Authentic text: English.

Registered by Canada on 16 July 1987.

**CANADA
et
ÉGYPTE**

**Accord de prêt de développement (avec annexes). Signé à
Ottawa le 18 août 1981**

Texte authentique : anglais.

Enregistré par le Canada le 16 juillet 1987.

DEVELOPMENT LOAN AGREEMENT¹ BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT

This AGREEMENT made in duplicate this eighteenth day of August 1981 between the GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT (hereinafter called "Egypt"), acting through the MINISTRY OF ECONOMY AND ECONOMIC COOPERATION, and the GOVERNMENT OF CANADA (hereinafter called "Canada"), acting through the CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (hereinafter called CIDA).

Whereas Canada, acting through the Canadian International Development Agency, is willing to make a development loan to Egypt, acting through the Ministry of Economy and Economic Cooperation for the procurement of locomotives as described in Annex A to this agreement,

Now therefore the parties hereto agree as follows:

Article I. THE LOAN

Section 1.01. Canada shall make available to Egypt on the terms and conditions hereinafter set forth a loan in an amount not exceeding twenty-six million three hundred and fifty thousand dollars (\$26,350,000).

Section 1.02. Canada shall open on its books a loan account in the name of Egypt, and shall credit to such account the full amount of the loan. Withdrawals, payments and disbursements may be made from the loan account in accordance with the provisions of this agreement.

Section 1.03. This loan shall be free from interest, commitment or service charges.

Section 1.04. Repayment of the principal amount of the loan shall be made in eighty (80) semi-annual instalments of three hundred twenty-nine thousand three hundred seventy-five dollars (\$329,375), due and payable on the last day of March and September in each year, commencing on March 31, 1990 and ending on September 30, 2029.

Section 1.05. Egypt shall have the right to prepay principal in whole or in part on any date without Notice to Canada. The amount of any prepayment shall be applied on the installments of principal then remaining payable in the reverse order of their maturity.

Section 1.06. All payments and prepayments as set forth herein shall be made by Egypt in Canadian dollars to the Receiver General for Canada, and shall be deemed to have been paid when received by the Receiver General for Canada.

Section 1.07. The principal of the loan shall be paid to Canada without any deductions whatsoever, and more particularly shall be free from any taxes, charges or other restrictions imposed under the laws of Egypt, and those in effect in its territories or administrative, political or judicial divisions or subdivisions.

¹ Came into force on 18 August 1981 by signature, in accordance with section 6.05.

Section 1.08. The Parties agree that they will negotiate, at the request of either Canada or Egypt, concerning acceleration of payments to the Receiver General for Canada to be made under this agreement at any time after six (6) months before the first payment of principal becomes due and payable. Egypt and Canada shall mutually determine whether such an acceleration should take place on the basis of the capacity of Egypt to service a more rapid liquidation of its obligations in the light of its internal and external financial and economic position.

Article II. USE OF THE LOAN

Section 2.01. Except as may otherwise be specifically agreed to by Canada, the proceeds of the loan shall be used by Egypt exclusively for the purchase of agreed goods and services as described in Annex A, and procedures for procurement and payment shall be those set forth in Annex B.

Section 2.02. Equipment, materials and services to be financed from the proceeds of the loan shall be procured in Canada, and shall have an overall Canadian content of not less than sixty-six and two-thirds percent (66 $\frac{2}{3}$ %).

Section 2.03. Goods, materials and services contracted prior to the effective date of this agreement may not be financed out of the proceeds of the loan except as may otherwise be agreed to by Canada.

Section 2.04. Proceeds from the loan shall not be used by Egypt to meet the costs of any taxes, fees or customs duties imposed directly or indirectly by Egypt on the equipment, materials and services to be procured under this agreement.

Article III. WITHDRAWALS OF PROCEEDS OF LOAN

Section 3.01. Withdrawals shall be deemed to occur on the dates on which payments are made by Canada in accordance with the provisions of this agreement.

Section 3.02. Subject to the conditions and limitations set forth, Egypt shall be entitled to withdrawals from the loan account in such amounts as are required to meet the costs of the equipment, materials and services which are eligible for financing as said costs become due and payable in accordance with Annex B hereto.

Section 3.03. Egypt, or its designated agent shall provide Canada with a copy of each invitation to tender, contract or purchase order for the procurement of equipment, materials and services in respect of which any withdrawal is to be made.

Section 3.04. Withdrawals from the loan account may be made in favour of such persons or agencies as may be designated by Egypt and agreed to by Canada.

Section 3.05. In each calendar month Egypt, or its designated agent, shall submit to Canada one (1) application for withdrawal of such amounts as shall have been paid or will be paid during that month, unless otherwise agreed to by Canada.

Section 3.06. Egypt or its designated agent shall furnish, or cause to be furnished, to Canada such documents and other evidence in support of its application for withdrawal as Canada may reasonably request, such evidence to be sufficient in form and substance to establish that the amounts to be withdrawn are properly related to the purposes of this agreement.

Article IV. CANCELLATION AND SUSPENSION

Section 4.01. Egypt may, by sixty (60) days Notice to Canada, cancel all or any part of the loan not withdrawn by Egypt prior to the giving of such Notice, and not required to meet outstanding financial obligations to suppliers or firms incurred under the loan.

Section 4.02. If any of the following events occur, Canada may suspend in whole or in part the right of Egypt to make withdrawals under the loan agreement, or declare the principal outstanding due and payable immediately and cancel that part of the loan not previously withdrawn:

- a) A default by Egypt in the payment of principal or in any other payments or repayments required under this agreement and the Annexes hereto;
- b) A default on the part of Egypt in the performance of any other undertakings under this agreement;
- c) Any extraordinary situation which renders it impossible for Egypt to perform its obligations under this agreement.

Section 4.03. If the full amount of the loan is not committed by December 30, 1982, the balance will be cancelled, and the final installments of the repayment to be made by Egypt shall be reduced accordingly, except as may otherwise be agreed to by Canada.

Article V. GENERAL UNDERTAKINGS

Section 5.01. Egypt and Canada shall each ensure that this Agreement is carried out with due diligence and efficiency, and each shall furnish to the other all such information as shall reasonably be requested.

Section 5.02. Egypt shall assume the responsibilities mentioned in Annex C hereto, and shall afford accredited representatives of Canada all reasonable opportunities to visit any part of the territories of Egypt for purposes related to this loan agreement.

Section 5.03. This agreement, and any Annex hereto, shall be free from any taxes, fees or other charges that may be imposed under the laws of Egypt in connection with the execution, issues, delivery and registration thereof.

Section 5.04. Egypt shall at all times provide, or cause to be provided as needed, all other monies and resources which may be required to implement this agreement.

Section 5.05. For the purposes of this agreement and Annexes hereto, Egypt shall include any agent or agents authorized by and on behalf of Egypt with regards to its rights, duties and obligations herein.

Article VI. COMMUNICATIONS

Section 6.01. Any communication or document given, made or sent by either Egypt or Canada pursuant to this agreement or any Annex hereto shall be in writing, and shall be deemed to have been duly given, made or sent to the party to which it is addressed at the time of its delivery by hand, mail, telegram, cable or radiogram at its respective address, namely:

For Egypt:

Mail Address:

The Chairman
Egyptian Railways
Cairo Station Building
Ramses Square
Cairo, A.R.E.

For Canada:

Mail Address:

Canadian International Development Agency
200 Promenade du Portage
Hull, Québec
Canada
K1A 0G4

Cable Address:

CIDA OTTAWA

and/or

Mail Address:

Canadian Embassy
6 Sharia Mohamet Fahmi el Sayed
Garden City, Cairo

Cable Address:

DOMCAN CAIRO

Section 6.02. Any one of the parties hereto may, by notice to the other party hereto, change the address to which any Notice, or request intended for the party so giving such Notice, shall be addressed.

Section 6.03. All communications and documents submitted to Canada shall be in either the English, the Arabic or the French language and all technical specifications herein shall be in terms of Canadian standards except where Canada may agree otherwise in writing.

Section 6.04. This agreement may be simultaneously executed in the English language, and in several counterparts, each of which so executed shall be deemed to be an original.

Section 6.05. This agreement and Annexes A, B and C attached hereto, which form part of this agreement, may be amended from time to time upon agreement of the parties concerned. This agreement will come into force at the time of its signature.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have signed this agreement.

DONE in duplicate at Ottawa, this eighteenth day of August 1981 each copy being equally authentic.

For the Government
of Canada:

[Illegible]

Witness: [Illegible]

For the Government
of Egypt:

[Illegible]

Witness: [Illegible]

ANNEX A TO LOAN AGREEMENT DATED AUGUST 18, 1981,
BETWEEN EGYPT AND CANADA

USE OF THE LOAN

The Loan shall be used exclusively to finance the cost of supply of the following purchases within the loan amount of \$26,350,000.

- 1) Twenty-five (25) General Motors 1650/1500 H.P. Model G22W (AC) Diesel Electric Locomotives as per the specifications and conditions of Egypt Railways Order No. 25/32, as amended, for 143 locomotives from General Motors Market Development of Canada Limited.
- 2) Spare parts and tools according to lists which will be agreed upon.

ANNEX B TO LOAN AGREEMENT, DATED AUGUST 18, 1981,
BETWEEN CANADA AND EGYPT

1. Upon receipt of a duly executed copy of the contract documents covering the purchase of the 143 locomotives mentioned in Annex A, CIDA shall issue a Purchase Order Confirmation to the supplier, confirming that CIDA will make payments directly to the supplier in accordance with Section 2 below.

2. CIDA shall make payments of the FAS cost of the locomotives and spare parts upon presentation and processing of the documents listed in paragraph B section 7 of Egyptian Railways Order No. 25/32.

ANNEX C TO LOAN AGREEMENT, DATED AUGUST 18, 1981,
BETWEEN EGYPT AND CANADA

RESPONSIBILITIES OF THE GOVERNMENT OF EGYPT

1. Egypt shall be responsible for all local and foreign costs related to the project over and above that being contributed by Canada.

2. Egypt will use its best endeavours to ensure and facilitate the prompt clearance through Egypt Customs, without cost to the Loan Fund for import, customs and other duties and taxes, of all equipment and materials required for the project. Egypt will make prompt payment of import, customs and other duties and taxes leviable, if any, on the equipment and materials.

3. Egypt, through Egyptian Railways, shall provide all equipment and labour which is to be obtained from Egypt, and is not provided from Canada. This equipment and personnel will be made available so as to ensure timely completion of the project.

4. Egypt will provide the suppliers with:

- a) All permits, licences, and other such documents required to enable Canadian personnel to carry out their responsibilities in Egypt; and
- b) All export and exit permits required for the return of any of the materials, equipment or effects (including personal effects) which are the property of, or are provided by the Government of Canada, the suppliers or individual Canadians employed on the project.

5. Canadian personnel employed by the suppliers, and their dependants will be exempt from income and other local taxes and will be allowed to bring their bona fide personal and household effects into the country duty-free provided:

- a) That these effects are brought into Egypt within six months of the individual's arrival in that country; and

b) That these effects are liable to payment of duties or taxes if sold or otherwise disposed of in Egypt.

6. Provide access to those parts of Egypt required to enable Canadian personnel to carry out their responsibilities in Egypt in connection with the project.

7. Deal with the settling, at no cost to the Loan Account, of any claim which may be made against the Canadian suppliers or their employees and their dependants with respect to liability for:

- a) Injury or death of any person during the performance of his duties;
- b) Injury or death of any person arising from the work; and
- c) Property damage.

This provision will not relieve any person from liability for fraudulent or criminal acts.

8. Egypt will pay for the shipment of the goods from Canadian ports to port of discharge in Egypt.

9. Egypt will provide proof of insurance prior to shipment and also will be responsible for the preparation and submission of claims covering short shipments, loss or damage to materials and equipment incurred while in transit from Canada to Egypt.

Egypt shall immediately notify CIDA of any payment it receives for loss or damage to commodities or materials in transit under an insurance policy or otherwise.

Egypt shall use such proceeds to replace the commodities or materials or portion thereof with like goods from a Canadian source.

10. Egypt will be responsible for costs of demurrage or damage resulting from failure to provide proper berthing and/or clearance.