

**No. 26675**

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**UNITED STATES OF AMERICA  
and  
EGYPT**

**Project Grant Agreement for basic education (with annex).  
Signed at Cairo on 19 August 1981**

*Authentic text: English.*

*Registered by the United States of America on 15 June 1989.*

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

**Accord de don pour un projet relatif à l'enseignement de base  
(avec annexe). Signé au Caire le 19 août 1981**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 15 juin 1989.*

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

Dated: August 19, 1981

A.I.D. Project Number 263-0139

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PROJECT GRANT AGREEMENT dated 19 August 1981, 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 the Agreement is to set out the understandings of the parties named above ("Parties"), with respect to the undertaking by the Grantee of the Project described below and with respect to the financing of the Project by the Parties.

<sup>1</sup> Came into force on 19 August 1981 by signature.

## Article 2. THE PROJECT

*Section 2.1. DEFINITION OF PROJECT.* The Project, which is further described in Annex 1, will assist the Cooperating Country provide technical assistance for planning and implementing educational change, purchase of instructional materials and equipment, and construction of new classrooms as part of an integrated effort to increase access to basic educational opportunities and improve the quality of instruction provided.

Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

## Article 3. FINANCING

*Section 3.1. THE GRANT.* To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Thirty-Nine Million United States ("U.S.") Dollars (\$39,000,000) ("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 equivalent of Twenty-Seven Million U.S. Dollars (\$27,000,000).

### *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 Thirty-One Million U.S. Dollars (\$31,000,000), including costs borne on an "in-kind" basis.

### *Section 3.3. PROJECT ASSISTANCE COMPLETION DATE*

(a) The "Project Assistance Completion Date" (PACD), which is June 30, 1986, or such 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, accom-

panied 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 or to the issuance of any commitment documents under this Agreement, 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) A statement of the names of the persons authorized pursuant to Section 8.2 to act as the representatives of the Grantee, together with a specimen signature of each person specified in such statement;

(b) Such other information and documentation as A.I.D. may reasonably request.

#### *Section 4.2. ADDITIONAL DISBURSEMENTS*

(a) *Technical Assistance.* Prior to any disbursement or to the issuance of any commitment documents for technical services under this Agreement, 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., an executed contract for technical assistance with an organization acceptable to A.I.D.

(b) *Instructional Materials and Equipment.* Prior to any disbursement or to the issuance of any commitment documents for instructional materials and equipment under this Agreement, 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., an executed contract or contracts for instructional materials and equipment.

#### *(c) Construction*

(1) Prior to any disbursement or to the issuance of any commitment documents for construction under this Agreement, 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.:

(i) A statement of the name of the person acting on behalf of the Grantee through the National Investment Bank and of any additional representatives together with a specimen signature of each person specified in such statement;

(ii) Guidelines to be used to select construction sites and evidence that all participating education zones and local councils have been informed of these guidelines and the role of the Ministry of Education in ensuring their application and that the zones and councils have agreed to abide by these guidelines;

(iii) Evidence that the Grantee has made necessary budgetary allocations for the Project;

(iv) Copies of the current-year educational investment plans of the Ministry of Education and participating education zones and current lists of the construction programs in each participating governorate to be financed with Project funds; and

(v) Such other information concerning Project-financed construction as A.I.D. may reasonably request.

(2) Prior to any disbursement or to the issuance of any commitment documents under this Agreement for construction under the Agreement in a particular

governorate, 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., maps of such governorate which mark the locations of existing schools and identify potential sites for Project-financed construction in accordance with Ministry of Education guidelines.

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

**Section 4.4. TERMINAL DATES FOR CONDITIONS PRECEDENT**

(a) If all of the conditions specified in Section 4.1 have not been met within 60 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.

(b) If all of the conditions specified in Section 4.2 pertaining to technical services have not been met within 360 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 cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(c) If all of the conditions specified in Section 4.2 pertaining to instructional materials and equipment have not been met within 450 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 cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(d) If all of the conditions specified in Section 4.2 pertaining to construction have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the 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. NATIONAL INVESTMENT FUNDS.** The Grantee agrees that it will make its best efforts to (a) invest in primary and preparatory or basic education at levels sufficient to keep pace with population growth and achieve the purpose of the Project, and (b) furnish to A.I.D., on an annual basis during the life of the Project,

evidence that the Grantee has made the budgetary allocations necessary to finance such investments.

*Section 5.3. LOGISTIC SUPPORT.* The Grantee agrees that it will provide on a timely basis all local logistic support required to ensure effective utilization of goods and services financed under the Grant.

*Section 5.4. MANAGEMENT OF GRANT FUNDS.* The Grantee agrees to manage Grant funds in such a way as to ensure completion of all construction initiated under the Project or to provide all necessary financial resources to ensure their completion.

*Section 5.5. CLASSROOMS.* The Grantee agrees that the classrooms financed under the Grant will be placed in full utilization as soon as reasonably possible after the completion of construction. The Grantee further agrees to provide all necessary staff, furniture and maintenance required to operate Project-financed classrooms. Furthermore, it agrees to provide regular, twice-yearly reports on the use and operation of Project-financed classrooms during the life of and for one year following the completion of the Project.

*Section 5.6. SCHOOL DESIGNS.* The Grantee agrees to obtain A.I.D. approvals for all school designs to be used under the Project.

*Section 5.7. INSTRUCTIONAL MATERIALS AND EQUIPMENT.* The Grantee agrees to purchase only instructional materials and equipment of a nature and level appropriate to the basic education curriculum.

*Section 5.8. COMPETITIVE PROCEDURES.* The Grantee agrees to use competitive procedures in accordance with Egyptian Government Regulations to obtain construction services and encourage, to the maximum extent possible, the participation of construction firms from the private sector.

*Section 5.9. AUDIT REPORTS.* The Grantee agrees to make available all official Egyptian Government audit reports related to Project financing and cooperate with A.I.D. efforts to audit and/or evaluate any or all aspects of the Project.

*Section 5.10. ADVANCE PAYMENTS.* The Grantee agrees that in no event will A.I.D. funds be used to provide advance payments of any kind whatsoever to building contractors.

*Section 5.11. CONSTRUCTION SITES.* The Grantee agrees that it will select sites for Project-financed construction which will maximize the Project's impact on increased enrollments among rural children between the ages of 6 and 15, particularly girls. The Grantee further agrees that it will furnish to A.I.D. on an annual basis during the life of the Project, in form and substance satisfactory to A.I.D., copies of the educational investment plans of the Ministry of Education and participating Education Zones and lists of the construction programs in each participating governorate to be financed with Project funds.

#### *Article 6. PROCUREMENT SOURCE*

*Section 6.1. FOREIGN EXCHANGE COSTS.* Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as

A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

*Section 6.2. LOCAL CURRENCY COSTS.* Disbursements 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 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 disbursements may be obtained by acquisition by A.I.D. with U.S. dollars by purchase. The U.S. dollar equivalent of the local currency made available hereunder will be the amount of U.S. dollars required by A.I.D. to obtain the local currency.

*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 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, requests, 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:

Minister of Economy  
8, Adly Street  
Cairo, Egypt

To A.I.D.:

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

To the Implementing Organization:

Minister of Education and Scientific Research  
Falaki Street  
Garden City, Cairo

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 individual, holding or acting in the office of Minister of Economy, Minister of State for Economy or Minister of Education and Scientific Research, and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

*Section 8.3. STANDARD PROVISIONS ANNEX.* A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

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

Arab Republic of Egypt:

By: [Signed]

Name: Dr. ABDEL RAZZAK ABDEL  
MEGUID

Title: Deputy Prime Minister for Economic and Financial Affairs and  
Minister of Planning, Finance  
and Economy

United States of America:

By: [Signed]

Name: ALFRED L. ATHERTON, Jr.

Title: American Ambassador



*Implementing Organizations*

In acknowledgement of the foregoing Agreement, representatives of the Implementing Organization have subscribed their names:

Ministry of Education and Scientific  
Research:

*By:* [Signed]

*Name:* Dr. MOUSTAFA KAMAL HELMI

*Title:* Minister of Education and Scientific Research

National Investment Bank:

*By:* [Signed]

*Name:* Dr. ABDEL RAZZAK ABDEL  
MEGUID

*Title:* Chairman

Ministry of Economy:

*By:* [Signed]

*Name:* Dr. SOLIMAN NOUR EL DIN

*Title:* Minister of State

## ANNEX I

## PROJECT DESCRIPTION

*A. General*

The Project is intended to raise literacy rates in Egypt, particularly among rural women. The Project will seek to increase the enrollment rates of children, especially rural girls, between the ages of 6 and 15 and improve the relevance, efficiency and effectiveness of primary and basic education in Egypt. To achieve these ends, the Project will finance the construction of approximately 6595 new classrooms and the acquisition of furniture for these classrooms in five governorates: Beheira, Kafr El Sheikh, Assiut, Sohag and Qena. It will provide funds to purchase instructional materials and equipment for approximately 1000 basic education schools throughout Egypt. In addition, it will provide approximately 140 person-months of technical assistance in program or policy areas related to the relevance, efficiency and effectiveness of education.

Building sites will be selected so that new classrooms will have maximum effect on increasing enrollment rates. Communities in which Project-financed classrooms will be built are those in which female enrollments fall below the national average, the existing school is incomplete, the nearest school is more than a reasonable walking distance away, overcrowding is severe, the existing building is clearly substandard, or community standards require separate facilities for girls.

Specific classrooms constructed with A.I.D. funds will be identified and a suitable plaque will be placed on each new school or classroom unit.

*B. Implementation*

The Ministry of Education is primarily responsible for Project implementation. It shall be responsible for:

- 1) Identifying the instructional materials and equipment to be financed through the Project;
- 2) Negotiating contracts with United States ("U.S.") suppliers for the purchase and delivery to Egypt of such materials and equipment;
- 3) Distributing the purchased materials and equipment to schools throughout Egypt, regardless of whether or not such schools were financed through the Project;
- 4) Identifying the educational problems or issues upon which Project-financed technical assistance will be focused;
- 5) Contracting with a U.S. firm to supply the necessary technical assistance;
- 6) Applying, through the Education Zones of the participating governorates, site selection criteria and preparing all documentation related to Project-financed construction; and
- 7) Providing, through the Education Zones of the participating governorates, necessary furniture, staff, and maintenance to ensure the use of Project-financed classrooms.

The Housing Departments of the participating governorates will be responsible for construction oversight, including bid evaluation, site supervision and the preparation of payment vouchers. The Housing Departments will also assure that all construction contracts are awarded through competitive procedures which do not favor public sector construction firms.

The National Investment Bank (the "Bank"), working in cooperation with the participating Education Zones, will exercise Project financial control on behalf of the Grantee.

A.I.D. will provide funds under the Project for instructional materials and equipment, technical assistance and Project evaluation in accordance with procedures which will be established and approved by A.I.D. during Project implementation.

A.I.D. funds for construction will be made in the following manner. An initial advance will be made to the Bank based upon demonstrated cash needs for the following period of not to exceed three months. Cash needs are to be derived from information provided by the participating Education Zones. The Bank and participating Education Zones will open and maintain special accounts in their names and that of the Project for the purpose of depositing A.I.D. funds. Advances will be replenished upon receipt of documentation showing cumulative expenditure, source of funds to cover them, current cash position and cash needs for the subsequent period of not to exceed three months. A.I.D. funds will be accounted for separately by the Bank and each participating Education Zone. At least once every twelve months, the Bank will arrange for an independent audit of the Project-related books and records maintained by the Bank and participating Education Zones. Notwithstanding any other provision of this Agreement, A.I.D. funds will not be used to pay any charges or fees of the Bank resulting from the Bank's services in the handling of Project funds. All such charges and fees shall be paid by the Grantee. In no event will A.I.D. funds be used to provide advance payments to construction contractors. Any interest or other earnings on A.I.D.-financed local currency under the Project shall be paid to A.I.D. as earned and shall not be used to offset Project expenditures.

#### *C. Summary Implementation Schedule*

This is a planned five-year project scheduled to begin during the final quarter of A.I.D. fiscal year 1981. It is anticipated that the procurement of instructional materials and equipment will begin during the second month of the Project, with supplier contracts negotiated by the eighteenth month, deliveries to the Port of Alexandria by the twenty-eighth month and distribution to recipient schools by the thirtieth month. Similarly it is expected that the contract for technical services will be signed by the fourteenth month and the first consultants will have arrived in Egypt by the seventeenth month. Contracting procedures related to Project-financed construction are planned to begin during the fourth month and will mark the beginning of a quarterly cycle of new starts and completions which will end with the fifty-seventh month. Project evaluations are scheduled to begin during the tenth, thirty-second and fifty-sixth months.

#### *D. Project Financial Plan and Budget*

A Project Financial Plan and Budget will be provided in a mutually agreed upon Implementation Letter to be issued under the Agreement.

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