Project Agreement

(Additional Loan for Giza North Power Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

EGYPTIAN ELECTRICITY HOLDING COMPANY

Dated April 11, 2012
PROJECT AGREEMENT

Agreement dated \[\text{[Date]}\], 2012, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and EGYPTIAN ELECTRICITY HOLDING COMPANY ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between ARAB REPUBLIC OF EGYPT ("Borrower") and the Bank for the purpose of providing additional financing for activities related to Part A of the Original Project (as defined in the Appendix to the Loan Agreement). The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions, and in the Appendix to this Agreement.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part A.1 and A.2(a) of the Project, through CEPC and EETC, in accordance with the provisions of Article V of the General Conditions, and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — EFFECTIVE DATE; TERMINATION

3.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

3.02. This Agreement and all obligations of the Bank and of the Project Implementing Entity thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify the Project Implementing Entity thereof.

3.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the Chairman of the Board of the Egyptian Electricity Holding Company.

4.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INTBAFRAD  Telex: 248423(MCI) or 1-202-477-6391
Facsimile: 64145(MCI)

4.03. The Project Implementing Entity’s Address is:

EGYPTIAN ELECTRICITY HOLDING COMPANY
Ramsis Street, Extension Abbassia,
Cairo, Arab Republic of Egypt

Facsimile:
22612239
AGREED at Cairo, Arab Republic of Egypt, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

EGYPTIAN ELECTRICITY HOLDING COMPANY

By

[Signature]

Authorized Representative
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of its Respective part of the Project, the Project Implementing Entity shall enter into a subsidiary loan agreement with the Borrower ("EEHC Subsidiary Loan Agreement") pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under terms and conditions approved by the Bank which shall include, *inter alia*, the following: (i) repayment of principal, and payment of interest, charges and premium in accordance with Article II of this Agreement and Article III of the General Conditions; (ii) payment of any other charges which may be required by the Borrower; and (iii) foreign exchange risk to be borne by EEHC.

2. The Project Implementing Entity shall exercise its rights under the EEHC Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as mutually agreed upon between the Borrower and the Bank, the Project Implementing Entity shall not assign, amend, abrogate or waive the EEHC Subsidiary Loan Agreement or any of its provisions.

B. Institutional Arrangements.

1. For the purpose of carrying out Part A. I of the Project and by no later than one month after the Effective Date, the Project Implementing Entity shall amend its agreement with CEPC (the CEPC Agreement), on terms and conditions acceptable to the Bank, including *inter alia*, the following conditions, that CEPC shall:

(a) implement, on behalf of the Project Implementing Entity, Part A. I of the Project in accordance with the CEPC FMM and inform the Project Implementing Entity promptly of any event or circumstance which interferes or threatens to interfere with the smooth running of the Project;

(b) maintain, throughout the duration of the Project, a CEPC PMU at the Project site with qualified staff in adequate numbers;

(c) employ contractors as may be needed to carry out its obligations under the CEPC Agreement;

(d) prepare and submit to the Project Implementing Entity quarterly, and annual progress reports, including progress in the implementation of the EEHC EMP, together with quarterly Financial Reports, for subsequent forwarding to the Bank;

(e) prepare annual Project financial statements in accordance with international accounting standards;
ensure that its Project accounts are audited on an annual basis by independent auditors, in accordance with international auditing standards;

submit annual audit reports to the Project Implementing Entity, for subsequent forwarding to the Bank, not later than six (6) months from the end of each Fiscal Year until completion of the Project;

carry out its activities in accordance with sound administrative, engineering, accounting, utilities services and environmental standards;

for the duration of the Project, make available to the Project Implementing Entity, the Bank and the auditors referred to in Section II.B of this Schedule all documents, books, and records pertaining to the activities financed under the Project;

respond to queries, and report to the Project Implementing Entity findings and comments by the auditors referred to in Section II.B of this Schedule;

implement Part A.1 of the Project in accordance with the EEHC EMP, the EEHC RPF and CEPC FMM;

(i) prepare and disclose, prior to the commencement of any works requiring land acquisition under Part A.1 of the Project, Resettlement Action Plans, acceptable to the Bank, in accordance with the EEHC RPF; and (ii) implement the Resettlement Action Plans, to the extent provided in the EEHC RPF, prior to commencement of works on the particular site requiring land acquisition under the Project, including, unless otherwise agreed with the Bank, payment in full of compensation to all affected people prior to commencing of any related works; and

(i) prepare and disclose, prior to the commencement of any works under Part A.1 of the Project, an EMP, acceptable to the Bank, in accordance with the EEHC ESIA; and (ii) carry out the EMP in accordance with the EEHC ESIA.

2. For the purpose of carrying out Part A.2(a) of the Project and by no later than one month after the Effective Date, the Project Implementing Entity shall enter into an agreement with EETC (the EETC Agreement), on terms and conditions acceptable to the Bank, including inter alia, the following conditions, that EETC shall:

implement, on behalf of the Project Implementing Entity, Part A.2(a) of the Project in accordance with the provisions of the EETC FMM and inform the Project Implementing Entity promptly of any event or circumstance which interferes or threatens to interfere with the smooth running of the Project;

maintain, throughout the duration of the Project, an EETC PMU at the Project site with qualified staff in adequate numbers;
employ contractors as may be needed to carry out its obligations under the EETC Agreement;

prepare and submit to the Project Implementing Entity quarterly, and annual progress reports, including progress in the implementation of the EEHC EMP, together with quarterly Financial Reports, for subsequent forwarding to the Bank;

prepare annual Project financial statements in accordance with international accounting standards;

ensure that its Project accounts are audited on an annual basis by independent auditors, in accordance with international auditing standards;

submit annual audit reports to the Project Implementing Entity, for subsequent forwarding to the Bank, not later than six (6) months from the end of each Fiscal Year until completion of the Project;

carry out its activities in accordance with sound administrative, engineering, accounting, utilities services and environmental standards;

for the duration of the Project, make available to the Project Implementing Entity, the Bank and the auditors referred to in Section II.B of this Schedule all documents, books, and records pertaining to the activities financed under the Project;

respond to queries, and report to the Project Implementing Entity findings and comments by the auditors referred to in Section II.B of this Schedule;

implement Part A.2(a) of the Project in accordance with the EEHC EMP, the EEHC RPF and EETC FMM;

(i) prepare and disclose, prior to the commencement of any works requiring land acquisition under Part A. 2(a) of the Project, Resettlement Action Plans, acceptable to the Bank, in accordance with the EEHC RPF; and (ii) implement the Resettlement Action Plans, including, unless otherwise agreed with the Bank, payment in full of compensation to all affected people prior to commencing of any related works; and

(i) prepare and disclose, prior to the commencement of any works under Part A. 2(a) of the Project, a Site-specific EMP, acceptable to the Bank, in accordance with the EEHC ESIA; and (ii) carry out the Site-specific EMP in accordance with the EEHC ESIA.

Throughout the duration of the Project, the Project Implementing Entity shall: (a) maintain and enforce the CEPC Agreement, including any amendments to it, and the EETC Agreement, including any amendments to it, and shall promptly notify the Bank and the Borrower of any event or circumstance which interferes with, or may interfere with the CEPC Agreement or the EETC Agreement or their implementation; and (b) not
amend the CEPC Agreement or the EETC Agreement except as otherwise agreed upon with the Borrower and the Bank.

C. Project Implementation and Management

The Project Implementing Entity shall maintain arrangements, satisfactory to the Bank, for the carrying out of the Project in accordance with the EEHC ESIA, the EEHC RPF, the CEPC FMM and the EETC FMM. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not amend or waive any provision of the EEHC ESIA, the EEHC RPF, the CEPC FMM or the EETC FMM, if, in the opinion of the Borrower or of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

D. Anti-Corruption

The Project Implementing Entity shall cause CEPC and EETC to carry out their Respective Parts of the Project in accordance with the provisions of the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants dated October 15, 2006, and revised in January 2011.

E. Safeguards

1. For the purpose of carrying out the Project, the Project Implementing Entity shall:

   (a) prepare and disclose, prior to the commencement of any works requiring land acquisition under the Project, Resettlement Action Plans, acceptable to the Bank, in accordance with the EEHC RPF; and

   (b) implement the Resettlement Action Plans, to the extent provided in the EEHC RPF, prior to commencement of works requiring land acquisition under the Project, including, unless otherwise agreed with the Bank, payment in full of compensation to all affected people prior to commencing of any related works. Except as mutually agreed upon between the Borrower and the Bank, the Borrower or the Project Implementing Entity shall not amend, suspend or abrogate any of the provisions of the Resettlement Action Plans.

2. For the purpose of carrying out the Project, the Project Implementing Entity shall:

   (a) prepare and disclose, prior to the commencement of any works under the Project, Site-specific EMPs, acceptable to the Bank, in accordance with the EEHC ESIA; and

   (b) carry out the Site-specific EMPs in accordance with the EEHC ESIA. Except as mutually agreed upon between the Borrower and the Bank, the Borrower, or the Project Implementing Entity shall not amend, suspend or abrogate any of the provisions of the Site-specific EMPs.
Section II.  Project Monitoring, Reporting and Evaluation.

A.  Project Reports

1.  The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators agreed with the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later forty five (45) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.

2.  The Project Implementing Entity shall provide to the Borrower not later than three months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B.  Financial Management, Financial Reports and Audits

1.  The Project Implementing Entity shall maintain a financial management system and prepare financial statements, and shall cause CEPC and EETC to maintain a financial management system and prepare Project financial statements, in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, CEPC and EETC, including the operations, resources and expenditures related to Part A.1 and Part A. 2(a) of the Project.

2.  The Project Implementing Entity shall cause CEPC and EETC to have the Project financial statements, referred to in paragraph 1 of this Section II.B above, audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion.

Section III.  Procurement

A.  General

1.  Goods for Part A. 1 of the Project. All goods required for Part A. 1 of the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006”, and with the provisions of this Section.

2.  Goods for Part A. 2(a) of the Project. All goods required for Part A. 2(a) of the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with
the requirements set forth or referred to in Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe the particular procurement method of review by the Bank of particular contracts refer to the corresponding method described in the applicable Procurement Guidelines referred to in paragraphs 1 and 2 of this Section III. A above.

**B. Particular Methods of Procurement of Goods**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used: (a) National Competitive Bidding in accordance with the provisions set forth in paragraph 3 below; and (b) Shopping.

3. The draft bidding documents for goods to be procured through NCB shall incorporate the principles established in Section I of the applicable Procurement Guidelines; they shall be furnished to the Bank for its prior review and approval.

**C. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
APPENDIX

Definitions

1. “CEPC Agreement” means the agreement entered into between the Project Implementing Entity and CEPC, with respect to the loan provided by the Bank to the Borrower with respect to the Original Project, and amended pursuant to the provisions of paragraph 1 of Section IB of the Schedule to this Project Agreement.

2. “CEPC FMM” means the financial management manual, dated July, 2011, prepared by the Project Implementing Entity for the implementation of Part A1 of the Project, as amended from time to time, as agreed with the Bank.

3. “CEPC PMU” means the CEPC Project Management Unit, established August 12, 2011, and referred to in Section I.B. paragraph 1(b) of the Schedule to this Project Agreement.

4. “EETC” means the Egyptian Electricity Transmission Company, a joint stock company, wholly owned by the Project Implementing Entity, established and operating according to Law No. 151 of 1981, or any successor or successors thereof.

5. “EETC Agreement” means the agreement to be entered into between the Project Implementing Entity and EETC, pursuant to the provisions of paragraph 2 of Section IB of the Schedule to this Project Agreement.

6. “EETC FMM” means the financial management manual, dated August 2011, prepared by the Project Implementing Entity for the implementation of Part A2(a) of the Project, as amended from time to time, as agreed with the Bank.

7. “EETC PMU” means the EETC Project Management Unit, established June 23, 2010, and referred to in Section I.B. paragraph 2(b) of the Schedule to this Project Agreement.

8. “Financial Report” means each report prepared in accordance with the provisions of Section II.B of the Schedule to this Project Agreement. “Financial Reports” means more than one such Financial Report.

9. “Fiscal Year” means, individually, the twelve (12) month period corresponding to any of the Borrower’s, the Project Implementing Entity’s, CEPC’s or EETC’s fiscal years, which period commences on July 1 and ends on June 30 in each calendar year, and the term “Fiscal Years” means, collectively, more than one Fiscal Year.

10. “Procurement Plan” means the Project Implementing Entity’s procurement plan for the Project, dated October 10, 2011, and referred to in paragraph 1.16 of the applicable Procurement Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.