EEHC Project Agreement

(Helwan South Power Project)

between

INTERNATIONAL BANK

FOR

RECONSTRUCTION AND DEVELOPMENT

and

EGYPTIAN ELECTRICITY HOLDING COMPANY

Dated November 5, 2013
PROJECT AGREEMENT

AGREEMENT dated November 5, 2013, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and EGYPTIAN ELECTRICITY HOLDING COMPANY ("EEHC") ("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. 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, the General Conditions or in the Appendix to this Agreement.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out Part A of the Project through UEEPC, in accordance with the provisions of Article V of the General Conditions and this Agreement and shall provide, promptly as needed, the funds, facilities, services and other resources required for Part A 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 Part A 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:
1-202-477-6391(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

Name: Hartwig Schafer

Title: Country Director

EGYPTIAN ELECTRICITY HOLDING COMPANY

By

[Signature]

Authorized Representative

Name: Eng. Gaker Desouki Moustafa

Title: Chairman
SCHEDULE

Execution of Part A of the Project

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of part A 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 under Category (1) 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 the Loan 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 of the Project, the Project Implementing Entity shall enter into an agreement with UEEPC (the UEEPC Agreement), as referred to in Section 5.02 of the Loan Agreement on terms and conditions acceptable to the Bank, including inter alia, the following conditions, that UEEPC shall:

(a) implement, with the assistance of the Project Implementing Entity, Part A of the Project in accordance with the UEEPC FMM and inform the Project Implementing Entity promptly of any event or circumstance which interferes or threatens to interfere with the smooth implementation of the Project; except as the Bank and EEHC may otherwise agree, UEEPC shall not amend, suspend, waive or abrogate any of the provisions of the UEEPC FMM;

(b) maintain, throughout the duration of the Project, a UEEPC 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 UEEPC Agreement;

(d) prepare and submit to the Project Implementing Entity quarterly and annual progress reports, including progress in the implementation of the EEHC/UEEPC ESIA, together with quarterly Financial Reports, for subsequent forwarding to the Bank;
(e) prepare annual financial statements in accordance with the provisions set out in Section II.B.1 of the Schedule to the Project Agreement;

(f) ensure that said financial statements are audited on an annual basis in accordance with the provisions set out in Section II.B.3 of the Schedule to the Project Agreement;

(g) 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 and make said reports publicly available in a timely fashion and in a manner agreed upon with the Bank;

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

(i) 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;

(j) 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;

(k) implement Part A of the Project in accordance with the EEHC/UEEPC ESIA, the EEHC/UEEPC ESIMP, and the EEHC/UEEPC RPF, and except as the Bank and EEHC may otherwise agree in writing, shall not amend, suspend, waive or abrogate any of the provisions of these documents;

(l) (i) prepare and disclose, after due consultation with the Bank and prior to the commencement of any activities under Part A of the Project that would cause direct adverse impacts on people from the involuntary taking of land for implementing said Part of the Project resulting in physical or economic displacement or loss of assets or access to assets, Resettlement Action Plans, acceptable to the Bank, as may be required pursuant to the provisions of the EEHC/UEEPC RPF; and (ii) implement said Resettlement Action Plans prior to the commencement of said activities, including ensuring that no displacement shall occur before necessary resettlement measures consistent with the Resettlement Action Plans applicable to such activity have been executed, and making payment in full of compensation to all affected people all in a manner satisfactory to the Borrower and the Bank; except as the Bank may otherwise agree, UEEPC shall not amend, suspend, waive or abrogate any of the provisions of the Resettlement Action Plans;

(m) prior to the commencement of any activities for implementing Part A of the Project, and based on consultations between the EEHC/UEEPC establish and make operational a grievance redressal mechanism pursuant to the provisions of the EEHC/UEEPC RPF, and maintain it throughout the duration of the Project with terms of reference, staff, powers, functions and resources satisfactory to the
Borrower and the Bank in order to address any issues that may arise in connection with the implementation of the EEHC/UEEPC RPF and the Resettlement Action Plans; and

(n) update if required, the EEHC/UEEPC ESIA, EEHC/UEEPC ESIMP, the EEHC/UEEPC RPF and the Resettlement Action Plans from time to time, with the prior agreement of the Bank, in order to address any issues that may emerge during the implementation of the Project relating to adverse impacts or consequences resulting therefrom, and take timely measures to address all such issues in accordance with the updated documents in a manner satisfactory to EEHC and the Bank.

2. Throughout the duration of the Project, the Project Implementing Entity shall: (a) maintain and enforce the UEEPC 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 UEEPC Agreement or its implementation; and (b) not amend the UEEPC Agreement except as otherwise agreed upon with the Borrower and the Bank.

3. The Project Implementing Entity shall cause UEEPC to maintain, throughout the implementation of the Project, a Project Management Coordinator under terms of reference, acceptable to the Borrower and the Bank, for the purpose of carrying out the detailed engineering design, procurement, construction, supervision and monitoring of Part A of the Project.

C. Project Implementation and Management

The Project Implementing Entity shall, after due consultation with the Bank, maintain arrangements, acceptable to the Bank, for the carrying out of the Project in accordance with the EEHC/UEEPC ESIA, the EEHC/UEEPC ESIMP, the EEHC/UEEPC RPF, and the UEEPC FMM. Except as the Borrower and the Bank shall otherwise agree, the Project Implementing Entity shall not amend, suspend, waive or abrogate the EEHC/UEEPC ESIA, the EEHC/UEEPC ESIMP, the EEHC/UEEPC RPF or the UEEPC FMM or any of their provisions.

D. Anti-Corruption

The Project Implementing Entity shall, and shall cause UEEPC, to carry out Part A 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 Part A of the Project, the Project Implementing Entity shall provide the required support and assistance to UEEPC to:
(a) implement the EEHC/UEEPC RPF and the Resettlement Action Plans in a manner acceptable to the Bank including ensuring that all land acquisition required for the purposes of carrying out activities under the project, and activities related to resettlement and rehabilitation of persons, as the case may be, under the project in connection with such activities shall be completed prior to commencing the carrying out of such activities, and that a grievance redressal mechanism shall be made operational prior thereto; and

(b) implement the EEHC/UEEPC ESIA and the EEHC/UEEPC ESIMP in a manner acceptable to the Bank including ensuring that remedial measures shall be taken during the implementation and operation of the Project to offset or reduce adverse environmental impacts to levels set forth in the EEHC/UEEPC ESIA.

2. The Project Implementing Entity shall take all measures as necessary in order to address any issues that may emerge during the implementation of the Project relating to adverse impacts or consequences resulting therefrom in a manner acceptable to the Borrower and the Bank, including updating the EEHC/UEEPC ESIA, EEHC/UEEPC ESIMP, the EEHC/UEEPC RPF and the Resettlement Action Plans from time to time, as necessary, with the prior agreement of the Bank. The Project Implementing Entity shall and shall cause UEEPC to take timely measures in accordance with the provisions of these updated documents to address any such issues in a manner acceptable to the Borrower and the Bank.

3. In the event that any land required for the Project is proposed to be acquired by purchasing said land from land owners who are willing to sell on a voluntary basis under certain terms and conditions, EEHC shall cause UEEPC to: (a) carry out adequate consultations with the land owners related to the sale transactions and make a detailed assessment of the price based on appropriate methodology taking into account all relevant considerations; (b) enter into appropriate contracts with the land owners containing terms and conditions agreed to voluntarily by them; (c) provide to the Bank copies of said contracts as may be requested by the Bank to demonstrate the voluntary nature of the sales transactions; and (d) address direct impacts, if any, on people who may be adversely affected by said transactions from the loss of land use, income or livelihood in accordance with the principles of the EEHC/UEEPC RPF.

4. Without limitation on its other reporting obligations under this Agreement, EEHC shall and shall cause UEEPC to provide to the Bank within thirty (30) days after the end of each calendar semester during the implementation of the Project a consolidated report on the status of compliance with the implementation of the EEHC/UEEPC RPF, the EEHC/UEEPC ESIA, EEHC/UEEPC ESIMP and the Resettlement Action Plans giving details of, inter alia: (a) measures taken in furtherance of said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said measures; and (c) remedial measures taken or required to be taken to address such conditions.

5. For the purpose of facilitating the implementation of the Project, EEHC shall and shall cause UEEPC to ensure that the piece of land, measuring about 38 hectares located in the site of the power plant to be built under Part A of the Project and transferred to UEEPC
by the Borrower under Presidential Decree No. 43 of February 14, 2010 for building said plant, shall be free from all encumbrances, and in the event that any person is adversely affected directly by said transfer resulting in the loss of use of said land, or loss of income or livelihood derived therefrom, EEHC shall take, and shall cause UEEPC to take, all necessary measures in order to promptly rehabilitate and compensate said person, as the case may be, in accordance with the principles set out in the EEHC/UEEPC RPF.
Section II. **Project Monitoring, Reporting and Evaluation.**

A. **Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of Part A of the Project and prepare Project Reports for said 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 Bank and the Borrower not later than forty five (45) days after the end of the period covered by such 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 UEEPC to maintain a financial management system and prepare its and the 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, and UEEPC, including the operations, resources and expenditures related to Part A of the Project.

2. The Project Implementing Entity shall prepare and furnish to the Borrower and the Bank not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Project Implementing Entity shall and shall cause UEEPC to have: (a) the financial statements in respect of their operations and financial condition, referred to in paragraph 1 of this Section II.B above, audited by the Borrower’s Central Audit Organization in accordance with consistently applied auditing standards acceptable to the Bank; and (b) the financial statements in respect of the operations, resources and expenditures related to Part A of the Project, 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 and UEEPC. 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 and in a manner acceptable to the Bank.
Section III. Procurement

A. General

1. Goods. All goods required for 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 Procurement Guidelines, and with the provisions of this Section.

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines.

B. Particular Methods of Procurement of Goods

1. International Competitive Bidding. Goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Each contract for goods shall be in the form of a single responsibility Plant Design, Supply and Installation contract. The draft bidding documents for each said contract shall contain provisions acceptable to the Bank and 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. "Financial Report" means each report prepared in accordance with the provisions of Section II.B.2 of the Schedule to this Project Agreement. "Financial Reports" means more than one such Financial Report.

2. "Fiscal Year" means, individually, the twelve (12) month period corresponding to any of the Borrower's, the Project Implementing Entity's, or UEEPC'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.

3. "Procurement Plan" means the Project Implementing Entity's procurement plan for the Project, dated May 12, 2013, 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.

4. "UEEPC FMM" means the financial management manual, dated June, 2012, prepared by UEEPC for the implementation of Part A of the Project, as said manual may be amended from time to time with the prior approval of the Bank.

5. "UEEPC PMU" means the UEEPC Project Management Unit established by UEEPC in April, 2013, for the purpose of managing, coordinating, implementing and supervising the Project, and includes a Financial Management Unit that will have overall responsibilities for the Project's financial management aspects of the Project.