Project Agreement

(Additional Loan for Giza North Power Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

EGYPTIAN NATURAL GAS COMPANY

Dated April 11, 2012
PROJECT AGREEMENT

Agreement dated [April 1, 2012], entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and EGYPTIAN NATURAL GAS 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. 2(b) of the Project, 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 and Managing Director of the Egyptian Natural Gas 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 64145(MCI)
Facsimile: 1-202-477-6391

4.03. The Project Implementing Entity’s Address is:

Egyptian Natural Gas Company (GASCO)
Ring Road, El Teseen Street
5th Settlement, New Cairo
Egypt

Facsimile:
00202-26171514
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 NATURAL GAS 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 Part A. 2(b) of the Project, the Project Implementing Entity shall enter into a subsidiary loan agreement with the Borrower (“GASCO 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 GASCO.

2. The Project Implementing Entity shall exercise its rights under the GASCO 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 GASCO Subsidiary Loan Agreement or any of its provisions.

B. Project Implementation and Management

The Project Implementing Entity shall maintain arrangements, satisfactory to the Bank, for the carrying out of Part A. 2(b) of the Project in accordance with the GASCO ESIA, the GASCO RPF, and the GASCO FMM. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not amend or waive any provision of the GASCO ESIA, the GASCO RPF, or the GASCO 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.

C. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out 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.
D. Safeguards

1. The Project Implementing Entity shall: (a) prepare and disclose, prior to the commencement of any works requiring land acquisition under Part A. 2(b) of the Project, Resettlement Action Plans, acceptable to the Bank, in accordance with the GASCO RPF; and (b) implement the Resettlement Action Plans, to the extent provided in the GASCO RPF, respectively, 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.

2. The Project Implementing Entity shall: (a) prepare and disclose, prior to the commencement of any works under Part A. 2 (b) of the Project, Site-specific EMPs, acceptable to the Bank, in accordance with the GASCO ESIA; and (ii) carry out the Site-specific EMPs in accordance with the GASCO ESIA.

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 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, including the operations, resources and expenditures related to its Respective Part of the Project.

2. The Project Implementing Entity shall have its financial statements referred to above reflecting its operations and financial condition audited by the Central Auditing Organization and the Financial Statements reflecting the operations, resources and expenditures related to the Project audited by independent auditors acceptable to the Bank, both 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 audited financial statements for each period shall
be furnished by the Project Implementing Entity to the Borrower and the Bank not later than six (6) months after the end of the period.

3. The Project Implementing Entity shall 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. All goods required for Part A. 2(b) 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.

2. 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 Procurement Guidelines referred to in paragraph 1 and of this Section III.A above.

B. Particular Methods of Procurement of Goods

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. "Central Auditing Organization" means the Borrower's central auditing organization established and operating according to Law Number 144 of 1988, as amended by Law Number 157 of 1988.

2. "GASCO FMM" means the financial management manual, dated August 23, 2011, prepared by the Project Implementing Entity for the implementation of Part A. 2(b) of the Project, as amended from time to time, as agreed with the Bank.

3. "Financial Report" means each report prepared in accordance with the provisions of Section II.B of the Schedule to this Project Agreement.

4. "Fiscal Year" means, individually, the twelve (12) month period corresponding to any of the Borrower's or the Project Implementing Entity's fiscal years, which period commences on January 1 and ends on December 31 in each calendar year, and the term "Fiscal Years" means, collectively, more than one Fiscal Year.

5. "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 Procurement Guidelines referred to in paragraph 1 of Section III.A of this Agreement, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.