Arab Republic of Egypt: Additional Loan for Giza North Power Project (Loan No. 8100-EG) Amendment to the Loan Agreement

Excellency:

We refer to the Loan Agreement dated April 11, 2012 (“Additional Loan Agreement”), between the Arab Republic of Egypt (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”), for the Giza North Power Project (“Project”). We also refer to the letter dated August 17, 2015 and the letter dated November 9, 2015, from the Borrower’s Ministry of International Cooperation requesting certain amendments to the Project.

Accordingly, we propose to amend the Additional Loan Agreement in respect of the provisions below:

1. Article 3.01 is amended to read as follows:

“3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause EEHC to carry out Part A.1 and Part A.2 (a) of the Project, through CEPC and EETC, and cause GASCO to carry out Part A.2 (b) and Part A.3 of the Project in accordance with the provisions of Article V of the General Conditions, the EEHC Project Agreement and the GASCO Project Agreement.”

2. The title of Part A of Schedule 1 (Project Description) is amended to read as follows:

“Part A: The Giza North Power Plant and Gas Pipelines Network”

3. In Part A of Schedule 1 (Project Description), a new paragraph 3 is added to read as follows:

“3. Connecting the following power plants to the gas pipeline system through the construction of gas pipelines as set forth below to secure adequate supply of gas for sustainable operation of the said power plants:

(a) for the Beni Suef Power Plant: (i) a pipeline of approximately 115 km; (ii) a pipeline of approximately 65 km; (iii) a pipeline of approximately 65 km;
for the New Capital Power Plant, a pipeline of approximately 4 km;

(c) for the Elborlous Power Plant, a pipeline of approximately 50 km;

(d) for the 6 October Power Plant, a pipeline of approximately 400 m;

(e) for the Damanhour Power Plant, a pipeline of approximately 4 km;

(f) for the ElSauof Power Plant, a pipeline of approximately 3.5 km;

(g) for the Mahmoudia Power Plant: (i) a pipeline of approximately 7 km; (ii) a pipeline of approximately 15 km; and (iii) a pipeline of approximately 27 km; and

(h) for the Suez Power Plant, a pipeline of approximately 25 km.”

4. **Section I.A of Schedule 2 is amended to read as follows:**

   **“A. Subsidiary Loan Agreements**

   1. To facilitate the carrying out of Part A.1 and Part A.2 (a) of the Project, the Borrower shall make the proceeds of the Loan under Categories (1) and (2) available to the EEHC under a subsidiary loan agreement between the Borrower and EEHC, under terms and conditions mutually agreeable to the Borrower and 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 (“EEHC Subsidiary Loan Agreement”).

   2. To facilitate the carrying out of Part A.2 (b) and Part A.3 of the Project, the Borrower shall make the proceeds of the Loan under Categories (3) and (5) available to the GASCO under a subsidiary loan agreement between the Borrower and GASCO, under terms and conditions mutually agreeable to the Borrower and 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 (“GASCO Subsidiary Loan Agreement”).

   3. The Borrower shall exercise its rights under the EEHC Subsidiary Loan Agreement and 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 Borrower shall not assign, amend, abrogate or waive the EEHC Subsidiary Loan Agreement or the GASCO Subsidiary Loan Agreement or any of their provisions.

   4. The Borrower shall cause the Project Implementing Entities to carry out the Project pursuant to 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.”

5. In Section I.B of Schedule 2, a new paragraph 3 is added to read as follows:

“3. The Borrower shall, prior to the commencement of any works relating to the construction of any gas pipeline for a corresponding power plant described in Part A.3 of the Project, ensure that: (a) an environmental and social due diligence of the relevant power plant is conducted under terms of reference acceptable to the Bank; and (b) measures acceptable to the Bank are taken in a manner acceptable to the Bank to address adverse impacts identified in the said environmental and social due diligence.”

6. The table in paragraph 2 of Section IV.A of Schedule 2 is deleted in its entirety and is replaced by the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods for Part A.1 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods for Part A.2(a) of the Project</td>
<td>18,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods for Part A.2(b) of the Project</td>
<td>44,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>(5) Goods for Part A.3 of the Project</td>
<td>178,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>240,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

7. In paragraph 1 of Section IV.B of Schedule 2, the period at the end of subparagraph (b) is deleted and replaced by the phrase “; or”, and a new subparagraph (c) is added to read as follows:

“(c) under Category (5) until: (i) the GASCO Subsidiary Loan Agreement has been amended to include provisions for the financing of Part A.3 of the Project, including provisions referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement, satisfactory to the Bank; and (ii) the proceeds of the Original Loan under Category (5) of the table in paragraph 2 of Section IV.A of Schedule 2 to the Original Loan Agreement have been fully disbursed.”

8. Paragraph 2 of Section IV.B of Schedule 2 is amended to read as follows:

2. The Closing Date is December 31, 2017.”

9. The Appendix (Definitions) is amended to read as follows:
"Definitions

1. "Beni Suef Power Plant" means a power plant constructed or to be constructed in the vicinity of the city of Beni Suef within the governorate of Beni Suef.

2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement; "Categories" means more than one such Category.

3. "CEPC" means the Cairo Electricity Production Company, an Egyptian joint stock company, wholly owned by EEHC, and established and operating pursuant to Law No. 159 of 1981, or any successor or successors thereof.

4. "Co-financier" means the European Investment Bank (EIB), referred to in paragraph 15 of the Appendix to the General Conditions.

5. "Co-financing" means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of one hundred twenty million Euro (€120,000,000) to be provided by the Co-financier to assist in financing the Project.

6. "Co-financing Agreement" means the agreement to be entered into between the Borrower and the Co-financier providing for the Co-financing. The Co-financing Agreement is expected to be effective by not later than June 30, 2012.

7. "Damanhour Power Plant" means a power plant constructed or to be constructed in the vicinity of the city of Damanhour within the governorate of Al Beheira.

8. "Elborlous Power Plant" means a power plant constructed or to be constructed in the vicinity of the city of Balteem within the governorate of Kafr Alsheikh.

9. "ElSauof Power Plant" means a power plant constructed or to be constructed in the vicinity of the city of Alexandria within the governorate of Alexandria.

10. "EEHC" means the Egyptian Electricity Holding Company established and operating pursuant to Law No. 164 of 2000, or any successor or successors thereof.

11. "EEHC ESIA" means the Borrower’s updated environmental and social impact assessment for its Respective Parts of the Project, disclosed in InfoShop on June 23, 2011, setting forth the matters to be addressed in the site-specific EMP regarding mitigating, monitoring and institutional measures to be taken during the implementation and operation of its Respective Parts of the Project to offset or reduce adverse environmental impacts to levels acceptable to the Bank in accordance with its policies.

12. "EEHC Project Agreement" means the agreement between the Bank and EEHC of even date herewith, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental to the EEHC Project Agreement.

13. "EEHC RPF" means the Borrower’s resettlement policy framework for its Respective Parts of the Project, disclosed in InfoShop on June 23, 2011, setting forth the rules, procedures and guidelines for the acquisition of land and/or other assets from persons
affected by the Project (if any), and/or the resettlement and rehabilitation of such persons (if any), and the compensation thereof.

14. “EEHC Subsidiary Loan Agreement” means the agreement to be entered into between the Borrower and EEHC pursuant to the provisions of Part A of Section I of Schedule 2 of this Agreement, as the same may be amended from time to time; and such term includes all schedules to the EEHC Subsidiary Loan Agreement.

15. “EETC” means the Egyptian Electricity Transmission Company established and operating pursuant to Law No. 159 of 1981 of the Borrower, or any successor or successors thereof.

16. “EMP” means Borrower’s generic environmental management plan for each of Part A. 1, Part A. 2(a) or Part A. 2(b) of the Project prepared in accordance with the EEHC ESIA, or the GASCO ESIA, as the case may be, and disclosed in Infoshop on June 23, 2011, and June 28, 2011. “EMPs” means all such generic environmental management plans prepared pursuant to the EEHC ESIA and the GASCO ESIA.

17. “GASCO” means the Egyptian Natural Gas Company, established in March 1997 pursuant to Investment Law No. 230 of 1989 and amended by Law No. 8 of 1997, or any successor or successors thereof.

18. “GASCO ESIA” means the Borrower’s updated environmental and social impact assessment for its Respective Parts of the Project, disclosed in-country on February 9, 2016 and in the Bank’s InfoShop on February 10, 2016, setting forth the matters to be addressed in the Site-Specific EMP regarding mitigating, monitoring and institutional measures to be taken during the implementation and operation of its Respective Parts of the Project to offset or reduce adverse environmental impacts to levels acceptable to the Bank in accordance with its policies.

19. “GASCO Project Agreement” means the project agreement between the Bank and GASCO, dated April 11, 2012, as amended through February 17, 2016; and such term includes all schedules and agreements supplemental to the GASCO Project Agreement.

20. “GASCO RPF” means the Borrower’s updated resettlement policy framework for its Respective Parts of the Project, disclosed in-country on February 9, 2016 and in the Bank’s Infoshop on February 10, 2016, setting forth the rules, procedures and guidelines for the acquisition of land and/or other assets from persons affected by the Project (if any), and/or the resettlement and rehabilitation of such persons (if any), and the compensation thereof.

21. “GASCO Subsidiary Loan Agreement” means the subsidiary loan agreement between the Borrower and GASCO, dated September 23, 2012, as the same may be amended from time to time; and such term includes all schedules to the GASCO Subsidiary Loan Agreement.

22. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010, except that for purposes of paragraph 1 (a) (i) of Section I.A of the Schedule to the GASCO Project Agreement, “General Conditions” means the “International Bank for Reconstruction and
Development General Conditions for Loans", dated July 1, 2005 (as amended through February 12, 2008).

23. "Legal Opinion" means the legal opinion provided by the Borrower for the purposes of Section 9.02 of the General Conditions.

24. "Mahmoudia Power Plant" means a power plant constructed or to be constructed in the vicinity of the city of Al-Mahmodia within the governorate of Al Beheira.

25. "New Capital Power Plant" means a power plant constructed or to be constructed in the vicinity of the governorate of Cairo.

26. "Original Loan" means the loan provided under the Original Loan Agreement.

27. "Original Loan Agreement" means the loan agreement for a Giza North Power Project between the Borrower and the Bank, dated November 4, 2010, as amended through February 17, 2016 (Loan No. 7895-EG).

28. "Original Project" means the Project described in the Original Loan Agreement.

29. "Procurement Plan" means the Borrower’s procurement plan for the Project, dated October 10, 2011, and referred to in paragraph 1.18 of the Procurement Guidelines, updated from time to time in accordance with the provisions of said paragraphs.

30. "Project Implementing Entities" means both EEHC and the Project Implementing Entity (GASCO).

31. "Project Implementing Entity" means EEHC.

32. "Project Implementing Entity (GASCO)" means GASCO.

33. "Resettlement Action Plan" or "RAP" means the site-specific resettlement action plan, or abbreviated resettlement action plan, as the case may be, to be prepared and adopted pursuant to paragraph 1 of Section I.B of Schedule 2 to this Agreement, satisfactory to the Bank, containing, inter alia, a program of actions, measures and policies for compensation of persons affected by land acquisition, including compensation arrangements, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular compliance with, its terms for each site; and “RAPs” means more than one such RAP.

34. “Respective Parts of the Project” means: (i) in the case of EEHC, Parts A.1 and A.2 (a) of the Project; and (ii) in the case of GASCO, Parts A.2 (b) and A.3 of the Project.

35. “Site-specific EMP” means a site-specific environmental management plan to be prepared pursuant to paragraph 2 of Section I.B of Schedule 2 of this Agreement, satisfactory to the Bank, in respect of works to be undertaken by the Borrower under the Project defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of activities under each phase of the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as the same may
be amended and supplemented from time to time with mutual agreement of the Bank and the Borrower; and “Site-specific EMPs” refers to one such Site-specific EMP.

36. “Suez Power Plant” means a power plant constructed or to be constructed in the vicinity of the city of Suez within the governorate of Suez.

37. “Withdrawal Schedule” means the table of eligible expenditures in paragraph 2 of Section IV of Schedule 2 to this Agreement.

38. “6 October Power Plant” means a power plant constructed or to be constructed in the vicinity of the city of 6 October within the governorate of Giza.”

All the terms and conditions of the Additional Loan Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please indicate your agreement with the foregoing amendments on behalf of the Borrower by countersigning and dating two (2) original copies of this letter and returning one countersigned original to us. Upon receipt by the Bank of the countersigned copy, these amendments shall become effective as of the date of this letter.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Asad Alam
Country Director
Egypt, Yemen and Djibouti

AGREED:

ARAB REPUBLIC OF EGYPT

By: Sahar Nasr
Name: Sahar Nasr
Title: Minister of International Cooperation
Date: February 21, 2016