GASCO Project Agreement

(Helwan South Power Project)

between

INTERNATIONAL BANK
FOR
RECONSTRUCTION AND DEVELOPMENT

and

EGYPTIAN NATURAL GAS COMPANY

Dated November 5, 2013
PROJECT AGREEMENT

AGREEMENT dated November 5, 2013, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and EGYPTIAN NATURAL GAS COMPANY ("GASCO" or "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 B of the Project 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 B 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 B 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 its Chairman of the Board and Managing Director.

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: Washington, D.C. 64145(MCI)

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

Hartwig Schafer
Authorized Representative

Name: Hartwig Schafer
Title: Country Director

EGYPTIAN NATURAL GAS COMPANY

By

Eng. Ashraf Zaki

Name: Eng. Ashraf Zaki
Title: Chairman and Managing Director
SCHEDULE

Execution of Part B of the Project

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of Part 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 under Category (2) 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. Institutional Arrangements

1. The Project Implementing Entity shall implement Part B of the Project in accordance with the GASCO FMM in a manner satisfactory to the Bank.

2. The Project Implementing Entity shall maintain, throughout the duration of the period, the GASCO PMU with terms of reference, powers, functions, staff and resources acceptable to the Bank.

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 Part B of the Project in accordance with the GASCO ESIA, the GASCO ESIMP, the GASCO RPF, and the GASCO FMM. Except as the Borrower and the Bank shall otherwise agree, the Project Implementing Entity shall not amend, suspend, waive or abrogate the GASCO ESIA, the GASCO ESIMP, the GASCO RPF, or the GASCO FMM or any of their provisions.

D. Anti-Corruption

The Project Implementing Entity shall ensure that Part B 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.
E. Safeguards

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

   (a) implement the GASCO RPF in a manner acceptable to the Borrower and the Bank;

   (b) prior to the commencement of any activities under Part B 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, prepare and disclose, after due consultation with the Bank, Resettlement Action Plans, acceptable to the Bank, as may be required pursuant to the provisions of the GASCO RPF;

   (c) 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 activities have been executed, and making payment in full of compensation to all affected people, all in a manner acceptable to the Borrower and the Bank. Except as the Bank may otherwise agree, the Project Implementing Entity shall not amend, suspend, waive or abrogate any of the provisions of the Resettlement Action Plans; and

   (d) prior to the commencement of any activities for implementing Part B of the Project, establish and make operational a grievance redressal mechanism pursuant to the provisions of the GASCO RPF, and maintain it throughout the duration of the Project with terms of reference, staff, powers, functions and resources acceptable to the Borrower and the Bank in order to address any issues that may arise in connection with the implementation of the GASCO RPF and the Resettlement Action Plans.

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

   (a) implement the GASCO ESIAs and the GASCO ESIMPs in a manner acceptable to the Borrower and the Bank;

   (b) prepare and disclose, after due consultation with the Bank, prior to the commencement of any activities under Part B of the Project, Site-specific EMPs, acceptable to the Bank, as may be required pursuant to the provisions of the GASCO ESIAs; and

   (c) carry out the Site-specific EMPs in a manner acceptable to the Borrower and the Bank. Except as the Bank may otherwise agree, the Project Implementing Entity shall not amend, suspend, waive or abrogate any of the provisions of the Site-specific EMPs.

3. 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 GASCO ESIAs, the GASCO ESIMPs, the Site-Specific EMPs, the GASCO RPF and the Resettlement Action Plans from time to time, as necessary, with the prior agreement of the Bank. The Project Implementing Entity shall 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.
4. 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, GASCO shall: (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, after due consultations, 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 GASCO RPF.

5. Without limitation on its other reporting obligations under this Agreement, GASCO shall 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 GASCO RPF, the GASCO ESIs, the GASCO ESIMPs, the Site-specific EMPs 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.

Section II. Project Monitoring, Reporting and Evaluation.

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of Part B 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 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 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, including the operations, resources and expenditures related to Part B 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 have its financial statements referred to in paragraph 1 of this Section II.B 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 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. 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 method, other than International Competitive Bidding, may be used for procurement of goods specified in the Procurement Plan: National Competitive Bidding.

3. The draft bidding documents for goods 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. “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.

2. “GASCO FMM” means the financial management manual, dated May, 2011, prepared by the Project Implementing Entity for the implementation of Part B of the Project, as said manual may be amended from time to time with the prior approval of the Bank.

3. “GASCO PMU” means the GASCO Project Management Unit, established on June, 2012, including its financial management team, and referred to in Section I.B.2 of the Schedule to this Project Agreement.

4. “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 Procurement Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.