Loan Agreement

(Farm-level Irrigation Modernization Project)

between

ARAB REPUBLIC OF EGYPT

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated September 23, 2011
LOAN AGREEMENT

Agreement dated September 23, 2011, between ARAB REPUBLIC OF EGYPT ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred million United States Dollars ($100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("the Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("the Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Ministry of Agriculture and Land Reclamation (MALR).

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower on the principle amount of the Loan withdrawn and outstanding from time to time, for each Interest Period shall be at a rate equal to the Reference Rate (as defined in paragraph 81 of the Appendix of the General Conditions that apply to this Loan) for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions.

2.05. The Payment Dates are January 15 and July 15 in each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

2.08. The Borrower represents that it has designated its Ministry of Finance for the purpose of handling on behalf of the Borrower, debt service payments with respect of the Loan.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through MALR in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement and the Project Operational Manual.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. This Agreement shall become effective once the Bank has received evidence that all necessary constitutional procedures have been taken by the Borrower in accordance with the provisions of Section 9.01 of the General Conditions.
4.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the date of this Agreement, or such later date established by the Bank in accordance with Section 9.04 of the General Conditions.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Minister of Planning and International Cooperation of the Borrower and the Assistant to the Minister for International, Regional and Arab Financing Organizations of the Ministry of International Cooperation of the Borrower are severally designated as the Borrower’s Representative.

5.02. The Borrower’s Address is:

Ministry of International Cooperation
8 Adly Street,
Cairo, Arab Republic of Egypt

Cable address: Ministry of International Cooperation
Facsimile: (202) 2391-5167

5.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: (202) 2391-2815
1-202-477-6391
AGREED at the District of Columbia, United States of America, as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

By /s/ Fayza Aboulnaga

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Inger Andersen

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to increase agricultural profitability and improve equity in access to higher-quality water for small-scale farmers in the command areas of Mahmoudia, Manaifa and Meet Yazid located in the Nile Delta.

The Project and consists of the following parts:

Part A: Marwa and Farm-Level Irrigation Improvements

Provision of goods, works and services for carrying out a program to improve irrigation for farms, through EALIP, including:

1. Carrying out of marwa improvements, such as installation of various pipe and hydrant systems, construction of lined open channels and small gated outlets.

2. Upgrading of existing mesqa systems; such as modifications of mesqa inlets; upgrading of mesqa pumping stations and associated fittings; replacement of diesel pumps at the mesqa pumping stations with electric or diesel pumps or rehabilitation of existing diesel ones; installation of dedicated rural electric-power grids or upgrade of existing ones to operate the electric pumps and provision of new valves for off take into marwas.

3. Carrying out of land improvement activities, such as laser land-leveling, reshaping of field drains, soil improvements, and use of flexible hose systems and gated pipes.

4. Carrying out of field surveys, designs, and construction supervision and management.

Part B: Farm-Level Technology Modernization

Provision of goods, works and services for carrying out a program to enhance farmer knowledge and adoption of technologies that improve irrigation and associated land and crop production, through ARC, including:

1. Organization of farmer meetings and exchange visits to increase farmer awareness of marwa improvements.

2. Carrying out demonstrations of improved marwa and farm-level irrigation systems, improved on-farm water management, and associated land improvement and agronomic practices for both field crops and horticultural crops.

3. Provision of training of: (a) lead farmers and extension staff in irrigation management and associated practices; and (b) private sector service providers, all through workshops on installation and repair of irrigation infrastructure, project implementation and administration staff, and senior management and policy level officials.

4. Carrying out a program to improve extension delivery through: publications and mass media broadcasting; increasing the outreach of various networks (such as MALR’s
interactive web-based extension information networks, Rural and Agricultural Development Communication Network and Virtual Extension and Research Communication Network); facility improvement; and provision of transportation and field allowances.

5. Provision of Project implementation support, including: (a) carrying out pilots and studies to support development of future field-level irrigation improvement and monitoring and evaluation activities; and (b) carrying out of activities related to implementation of the EMP.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall maintain throughout the duration of the Project: (a) the Project Steering Committee; and (b) the Project Management Unit, as detailed in the POM, with membership, functions and responsibilities and with staff in adequate numbers whose qualifications and experience shall be at all times acceptable to the Bank.

2. Not later than one month after the Effective Date, the Borrower shall, through EALIP, furnish to the Bank the POM on terms acceptable to the Bank.

3. The Borrower shall: (a) establish by not later than June 30, 2011 a monitoring and evaluation system designed under terms of reference acceptable to the Bank; (b) provide adequate training to staff responsible for monitoring and evaluation of the Project activities; and (c) thereafter, use the said evaluation and monitoring system to monitor the progress achieved in the execution of the Project.

4. The Borrower shall: (a) carry out an assessment, based on terms of reference acceptable to the Bank, of the following procurement methods i.e. force account, community based procurement and community based contracting schemes; (b) by June 30, 2013 furnish the results of the said assessment to the Bank for its review and comments; and (c) integrate the recommendations resulting from the said assessment as they shall have been agreed upon with the Bank to enhance these contracting schemes to ensure sustainable implementation of the Project.

5. The Borrower shall ensure that the Project is carried out pursuant to the provisions of Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants dated October 15, 2006 with the modifications related thereto as agreed upon between the Borrower and the Bank on November 3, 2010.

B. Safeguards

1. The Borrower shall: (a) implement the EMP in a manner acceptable to the Bank; and (b) ensure that the Project is carried out in accordance with the provisions of the EMP as referred to in the Appendix.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five days (45) after the end of the period covered by such report.
B. **Financial Management, Financial Reports and Audits**

1. The Borrower shall, through MALR, maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall, through MALR, prepare and furnish to the Bank, as part of the Project Report, 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 accordance with the provisions of Section 5.09 of the General Conditions.

3. The Borrower shall have the Financial Statements related to the Project audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. **Procurement**

A. **General**

1. **Goods, Works and Services.** All goods, works and technical services required for the Project and to be financed by the Bank under the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, in Sections I and IV of the Consultant Guidelines, respectively, 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

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

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

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.
Procurement Method

(a) National Competitive Bidding in accordance with the provisions set forth in paragraph 3 below.
(b) Shopping
(c) Direct Contracting
(d) Force Account
(e) Established Private or Commercial Practices which have been found acceptable to the Bank
(f) Community Participation Procedures described in the POM.
(g) Non-consulting Services procured in accordance with paragraph 3.14 (performance-based or output-based procurement) of the Procurement Guidelines.

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

C. Particular Methods of Procurement of Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, technical services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Services. The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for technical services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection (for audits)</td>
</tr>
<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Established Private or Commercial Practices which have been found acceptable to the Bank</td>
</tr>
<tr>
<td>(g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.</td>
</tr>
<tr>
<td>(h) Sole Source Procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. 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.
Section IV.  Withdrawal of Loan Proceeds

A.  General

1. The Borrower may through MALR withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional arrangements as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such arrangements), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and works under the Project</td>
<td>98,750,000</td>
<td>60%</td>
</tr>
<tr>
<td>(2) Technical services and non-consultants services under the Project</td>
<td>1,000,000</td>
<td>60%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>250,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Premia for Interest Rate Caps and Interest Rate Collars</td>
<td>0</td>
<td>Amount due under Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>100,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B.  Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is June 30, 2016
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15</td>
<td></td>
</tr>
<tr>
<td>Beginning January 15, 2018 through July 15, 2038</td>
<td>2.33%</td>
</tr>
<tr>
<td>On January 15, 2039</td>
<td>2.14%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

   (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Definitions

1. “ARC” means the Agricultural Research Center of the MALR established pursuant to Presidential Decree 2425/1971 and includes any successor or successors thereto.

2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. “Co-financier” means the Agence Française de Developpment. “Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of thirty five million Euros (€35,000,000) to be provided by the Co-financier to assist in financing the Project.

4. “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 have become effective by not later than June 30, 2011.


6. “EALIP” means the Executive Authority for Land Improvement Projects of the MALR established pursuant to Presidential Decree 2431/1971 and includes any successor or successors thereto.

7. “EMP” means the Borrower’s Environmental Management Plan for the Project, including sound environmental and pest management practices and standards, furnished to the Bank on August 10, 2010, as such EMP may be updated from time to time by agreement between the Borrower and the Bank, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce potential adverse environmental impacts to levels acceptable to the Bank.


9. “MALR” means the Borrower’s Ministry of Agriculture and Land Reclamation and any successor thereof.


11. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated November 3, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and
paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to
time in accordance with the provisions of said paragraphs.

12. “Project Management Unit” and “PMU” mean the Project management unit referred to in
Section I. A. 1 (b) of Schedule 2 to this Agreement.

13. “Project Operational Manual” (POM) means the project operational manual referred to in
Section I. A. 2 of Schedule 2 of this Agreement, as the same shall be updated from time to
time.

14. “Project Steering Committee” means the Project Steering Committee referred to in
Section I. A. 1 (a) of Schedule 2 to this Agreement.