January 8, 2014

Eng. Gaber Desouki Moustafa
Chairman
Egypt Electricity Holding Company
Cairo, Egypt

Re: Arab Republic of Egypt: Ain Sokhna Power Project
Loan No. 7633-EG
Amendment to Project Agreement

Dear Eng. Gaber Desouki Moustafa:

We refer to the Loan Agreement between the Arab Republic of Egypt (“Borrower”) and the International Bank for Reconstruction and Development (the “Bank”), dated March 15, 2009, as amended (the “Loan Agreement”) and to the Project Agreement of the same date between the Bank and the Egyptian Electricity Holding Company (EEHC) (the “Project Agreement”), both for the above-referenced Project (the “Project”).

We also refer to the letter dated June 22, 2011, from Eng. Mohamed Hammam, Assistant to the Minister, Ministry of International Corporation requesting the Bank to use the savings of US$179.5 million under the Project to strengthen the electricity network. Based on said request and the subsequent discussions between the respective representatives of the Borrower, EEHC and the Bank, I am pleased to inform you that the Bank concurs with your request. Accordingly, the Project Agreement is amended as follows:

1. Paragraphs 2 and 3 of Section I.A of the Schedule to the Project Agreement are renumbered as paragraphs 3 and 4 respectively and a new paragraph 2 is added to read as follows:

"2. For the purpose of carrying out Part A.1 of the Project and by no later than January 31, 2014 the Project Implementing Entity shall enter into an agreement with EETC (the EETC Agreement), on terms and conditions satisfactory to the Bank, including inter alia, the following conditions, that EETC shall:

(a) implement, on behalf of the Project Implementing Entity, Part A.1 of the Project;
(b) maintain the PMU at the Project site for Part A.1 of the Project, with qualified staff in adequate numbers;
(c) employ contractors as may be needed to carry out its obligations under the EETC Agreement;"
(d) prepare and submit to the Project Implementing Entity quarterly, and annual progress reports, including progress in the implementation of the ESMP for Part A.1 of the Project, together with quarterly Financial Monitoring Reports, for subsequent forwarding to the Bank;

(e) prepare annual Project financial statements in accordance with international accounting standards acceptable to the Bank;

(f) ensure that its Project accounts are audited on an annual basis by independent auditors, acceptable to the Bank, in accordance with international auditing standards;

(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;

(h) carry out its activities in accordance with sound administrative, engineering, accounting 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) prepare, with input from the Project Implementing Entity as necessary or appropriate, the Project Implementation Manual for Part A.1 of the Project, and, after the approval of the Project Implementation Manual by the Bank and its adoption by the Project Implementing Entity, implement said part of the Project in accordance with the Project Implementation Manual and inform the Project Implementing Entity promptly of any event or circumstance which interferes or threatens to interfere with the smooth running of the Project; and

(l) implement Part A.1 of the Project in accordance with the ESMP, RPF and Project Implementation Manual.”

2. The following new paragraphs 5 and 6 are added after paragraph 4 in Section 1.A of the Schedule to the Project Agreement:

“5. The Project Implementing Entity shall approve and adopt, within one month of entering into the EETC Agreement, the Project Implementation Manual, prepared by EETC with input, as necessary, from the Project Implementing Entity and in substance satisfactory to the Bank for day to day implementation of Part A.1 of the Project, including inter alia, all applicable procurement and financial management processes and procedures and shall implement the Project in accordance with the Project Implementation Manual.

6. Throughout the duration of the Project, the Project Implementing Entity shall maintain and enforce the EETC Agreement, and shall promptly notify the Bank and the Borrower of any event or circumstance which interferes with, or may interfere with the EETC Agreement or its implementation.”

3. The monitoring indicators referred to in Section II. A.1 of the Schedule to the Project Agreement are revised as set out in the attachment to this letter amendment.
4. In Section II.B of the Schedule to the Project Agreement, the words “cause EDEPC" wherever they appear shall be replaced with the following words: “cause EDEPC and EETC".

5. Paragraph 6 of the Appendix (Definitions) to the Project Agreement is amended to read as follows:

“6 “Project Implementation Manual” means the Project Implementing Entity’s implementation manual, prepared by EDEPC for the day to day implementation of Part A of the Project and by EETC for Part A.1 of the Project, (a) including the standard bidding documents for each procurement method and category, standard contracts, pre-qualification documents and standard evaluation reports to be used under the Project, and (b) the financial and accounting policies and procedures for the Project, as such manual may be updated from time to time by agreement of the Project Implementing Entity and the Bank.”

6. Paragraph 8 of the Appendix (Definitions) to the Project Agreement is amended to read as follows:

“8 “PMU” means the Project Management Unit, referred to in Section I.A, paragraph 1(b) of the Schedule to this Project Agreement in respect of Part A of the Project, and referred to in Section I.A, paragraph 2(b) of the Schedule to this Project Agreement in respect of Part A.1 of the Project.”

7. The following new paragraphs are added after paragraph 8 of the Appendix (Definitions) to the Project Agreement:

“9 “EETC” means the Egypt Electricity Transmission Company, an Egyptian joint stock company, wholly owned by the Project Implementing Entity, established and operating pursuant to Law No. 159 of 1981, or any successor thereof.

10 “EETC Agreement” means the agreement to be entered into between the Project Implementing Entity and EETC, pursuant to the provisions of paragraph 2 of Part A of Section I of the Schedule to this Project Agreement.”
Please confirm your agreement with the foregoing amendments by signing, dating and returning to us the enclosed copy of this letter. Upon receipt by the World Bank of the countersigned copy of this letter as well as the countersigned copy of the letter amending the Loan Agreement, this amendment will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By Hartwig Schafer
Director
Egypt, Yemen and Djibuti County Department

AGREED:
Egyptian Electricity Holding Company

By
Authorized Representative

Name Eng. Gaber Desouki Moustafa
Title Chairman
Date ___________________________
PERFORMANCE MONITORING INDICATORS
Ain Sokhna Power Project Loan No. 7633-EG

**Project Development Objective (PDO):** (i) ensure continuous electricity supply to meet demand in a sustainable manner through investment in new generation capacity and (ii) improve the sector’s financial sustainability by providing assistance to the Egyptian Electricity Holding Company (EEHC) to support sector revenue improvement.

**Revised Project Development Objective:**

<table>
<thead>
<tr>
<th>PDO Level Results Indicators</th>
<th>Core</th>
<th>D = Drop</th>
<th>C = Continue</th>
<th>N = New</th>
<th>R = Revised</th>
<th>UOM (^1)</th>
<th>Baseline (2008)</th>
<th>Progress To Date (2013)</th>
<th>Annual Target Values</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation Capacity of Ain Sokhna Power plant</td>
<td>☒</td>
<td>C</td>
<td>MW</td>
<td>0.00</td>
<td>0.00</td>
<td>650</td>
<td>1300</td>
<td>1300</td>
<td>1300</td>
<td>Annually</td>
<td>EEHC reports</td>
<td>EEHC</td>
<td></td>
</tr>
<tr>
<td>Increase in electricity supply (Net) with the construction of the Ain Sokhna Power Plant</td>
<td>☐</td>
<td>C</td>
<td>GWh/y</td>
<td>0.00</td>
<td>0.00</td>
<td>1000</td>
<td>4500</td>
<td>6000</td>
<td>6000</td>
<td>Annually</td>
<td>EEHC operation financial reports</td>
<td>EEHC</td>
<td></td>
</tr>
<tr>
<td>Increase in electricity supply (Net) with the network upgrade (A1)</td>
<td>☐</td>
<td>N</td>
<td>GWh/y</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>6723</td>
<td>Annually</td>
<td>EEHC operation reports</td>
<td>EEHC</td>
<td></td>
</tr>
<tr>
<td>Electricity average tariff (reflect prices adjustment = total Bill/Total energy)</td>
<td>☐</td>
<td>C</td>
<td>Pt/kWh</td>
<td>18</td>
<td>23.2</td>
<td>25.2</td>
<td>27.1</td>
<td>29.2</td>
<td>31.3</td>
<td>Annually</td>
<td>EEHC financial reports</td>
<td>EEHC</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) UOM = Unit of Measurement.
<table>
<thead>
<tr>
<th>Direct project beneficiaries of which female percent is</th>
<th>R</th>
<th>Number %</th>
<th>612388 49%</th>
<th>2683300 49%</th>
<th>3484320 49%</th>
<th>7196267 49%</th>
<th>Annually</th>
<th>EEHC Annual report</th>
<th>EEHC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission lines constructed under Component A1</td>
<td>N</td>
<td>km</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>50</td>
<td>280</td>
<td>Annually</td>
<td>EEHC</td>
</tr>
<tr>
<td>Substation MVA</td>
<td>N</td>
<td>MVA</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>750</td>
<td>1500</td>
<td>Annually</td>
<td>EEHC</td>
</tr>
<tr>
<td>Minimum Ain Sokhna power plant capacity factor</td>
<td>N</td>
<td>Percent %</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>Annually</td>
<td>EEHC reports</td>
<td>EEHC</td>
</tr>
</tbody>
</table>

## Intermediate Results and Indicators

<table>
<thead>
<tr>
<th>Intermediate Results Indicators</th>
<th>Core</th>
<th>Data Source/Methodology</th>
<th>Frequency</th>
<th>Responsibilit y for Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of Ain Sokhna Power Plant is completed</td>
<td>C</td>
<td>EEHC/EDEPC progress reports</td>
<td>Semi Annual</td>
<td>EEHC</td>
</tr>
<tr>
<td>EEHC Current Ratio</td>
<td>C</td>
<td>EEHC financial</td>
<td>Annually based on</td>
<td>EEHC</td>
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</table>
### Intermediate Results and Indicators

<table>
<thead>
<tr>
<th>Intermediate Results Indicators</th>
<th>Core</th>
<th>D = Drop</th>
<th>C = Continue</th>
<th>UOM</th>
<th>Baseline Original Project Start (2008)</th>
<th>Progres To Date (2013)</th>
<th>Target Values</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibilit y for Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEHC Devt Service Coverage Ratio</td>
<td>□</td>
<td>C</td>
<td>Number</td>
<td>1.52</td>
<td>1.1</td>
<td>=&gt;1.1</td>
<td>=&gt;1.2</td>
<td>=&gt;1.4</td>
<td>EEHC</td>
<td>reports</td>
</tr>
<tr>
<td>Construction of Transmission lines</td>
<td>□</td>
<td>N</td>
<td>Percent %</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>40%</td>
<td>100%</td>
<td>Semi Annual</td>
</tr>
<tr>
<td>Construction of Substations</td>
<td>□</td>
<td>N</td>
<td>Percent</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>40%</td>
<td>100%</td>
<td>Semi Annual</td>
</tr>
</tbody>
</table>

**Notes on indicators:**

a. The indicator for the Generation Capacity for this project represents the installed capacity at ISO conditions.

b. The calculation of beneficiaries' number assumes that the output of Ain Sokhna and then Helwan South will spread across grid-connected consumers in all sectors, existing and new, in cities and rural. The per capita consumption 1,549kWh/capita of the year 2012 is used as a baseline with a growth of 2.7% per year to estimate its value for the calculation of number of beneficiaries when the project is operational, and the percentage of female beneficiary is taken as the senses % of females in the total population.

c. Debt service coverage ratio (DSCR) is defined in two ways (The targets in the table apply to both definitions):

   (i) Dividing operating earnings before interest expenses, taxes, depreciation and amortization expenses (EBITDA) for a fiscal year with the sum of financing expenses for such fiscal year and the scheduled debt principal repayment for the same fiscal year.

   (ii) Dividing the sum of net operating cash flow and financing expenses for a fiscal year with the sum of financing expenses for such fiscal year and the scheduled debt principal repayment for the same fiscal year.