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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

PROJECT PAPER

EGYPT: AG CANAL RECONSTRUCTION AND MAINTENANCE

Amendment No. 1

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT PAPER FACESHEET	1. TRANSACTION CODE <div style="border: 1px solid black; display: inline-block; padding: 2px;">C</div> A: ADD C: CHANGE D: DELETE	PP 2. DOCUMENT CODE <div style="border: 1px solid black; display: inline-block; padding: 2px;">3</div>
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3. COUNTRY/ENTITY Arab Republic of Egypt	4. DOCUMENT REVISION NUMBER <div style="border: 1px solid black; display: inline-block; padding: 2px;">1</div>
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5. PROJECT NUMBER (7 digit) <div style="border: 1px solid black; display: inline-block; padding: 2px;">263-0035</div>	6. BUREAU/OFFICE A. SYMBOL NE	B. CODE <div style="border: 1px solid black; display: inline-block; padding: 2px;">03</div>	7. PROJECT TITLE (Maximum 40 characters) <div style="border: 1px solid black; display: inline-block; padding: 2px;">AG Canal Reconstruction & Maintenance</div>
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8. ESTIMATED FY OF PROJECT COMPLETION FY <div style="border: 1px solid black; display: inline-block; padding: 2px;">81</div>	9. ESTIMATED DATE OF OBLIGATION A. INITIAL FY <div style="border: 1px solid black; display: inline-block; padding: 2px;">77</div> B. QUARTER <div style="border: 1px solid black; display: inline-block; padding: 2px;">3</div> C. FINAL FY <div style="border: 1px solid black; display: inline-block; padding: 2px;">79</div> (Enter 1, 2, 3, or 4)
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10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$) -						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FA	C. L/C	D. TOTAL	E. FA	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	31,200		31,200	31,200		31,200
(GRANT)	5,200		5,200	5,200		5,200
(LOAN)	26,000		26,000	26,000		26,000
OTHER						
U.S.						
HOST COUNTRY		4,300	4,300		4,300	4,300
OTHER COUNTRY						
TOTALS	31,200	4,300	35,500	31,200	4,300	35,500

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>77</u>		H. 2ND FY <u>78</u>		K. 3RD FY <u>79</u>	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) SA	120	064	064		26.00				5.200
(2)									
(3)									
(4)									
TOTALS					26,000				5,200

A. APPROPRIATION	N. 4TH FY		O. 5TH FY		LIFE OF PROJECT		12. N-GERTH EVALUATION SCHEDULED
	Q. GRANT	R. LOAN	S. GRANT	T. LOAN	U. GRANT	V. LOAN	
(1)					5,200	26,000	<div style="border: 1px solid black; display: inline-block; padding: 5px;"> MM YY </div>
(2)							
(3)							
(4)							
TOTALS							

13. DATA CHANGE INDICATOR: WERE CHANGES MADE IN THE PID FACESHEET DATA BLOCKS 12, 13, 14, OR 15 OR IN PID FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

No. 1190 11781

16. ORIGINATING OFFICE CLEARANCE	17. DATE DOCUMENT RECEIVED
SIGNATURE Donald S. Brown	W A I D P 28 728 12 200 MONTHS, DATE OF DISTRIBUTION
TITLE Director, USAID/Egypt	DATE SIGNED <div style="border: 1px solid black; display: inline-block; padding: 2px;">MM DD YY 06 21 79</div>

Egypt: AGRICULTURAL CANAL RECONSTRUCTION & MAINTENANCE

SUMMARY AND RECOMMENDATION

Grantee: Government of the Arab Republic of Egypt (GOE)

Implementing Agency: The Egyptian Ministry of Irrigation

Grant Amount: U.S. \$5.2 million

Terms: The Grant will be passed on to the Ministry of Irrigation as a loan at 8 1/2 percent per annum with repayment in 25 years including a 5 year grace period.

Purpose: Increase agricultural productivity by restoring and maintaining irrigation canals.

Project Description: Enhance capacity of two public sector companies to reconstruct and maintain irrigation canals to provide water supply and drainage. The AID grant will provide funding for engineering services, construction and equipment.

Total Project Cost: Total project cost in both foreign exchange and local currency is estimated at \$35.5 million. The foreign exchange component is estimated at \$31.2 million will be provided under the loan and grant. The GOE will provide the balance of \$4.3 million equivalent in local currency.

Grant Application: The Government of Egypt has requested AID to provide a \$5.2 million grant for this project. The application is attached as Annex A.

Mission Views: USAID/Egypt has recommended authorization of the proposed grant.

Source of U.S. Funds: Fiscal Year 1979 Economic Support Fund.

Statutory Requirements: All statutory criteria have been met. See Annex B.

Recommendation: Authorize a \$5.2 million grant to the Government of the Arab Republic of Egypt on terms and conditions set forth in the draft loan authorization in Annex D.

USAID Project Committee:

Theodore T. Foley, Loan Officer

James L. Sloan, Engineer

Marvin M. Parker, Agricultural Officer

Richard C. McClure, Controller

George Flores, Program Officer

Theodore B. Carter, Legal Officer

Background:

On September 27, 1977, AID signed a \$26.0 million Loan Agreement (AID Loan 263-K-040) with the Government of Egypt and its Ministry of Irrigation for financing approximately 88% of the foreign exchange costs of the Canal Maintenance Project 263-0035.

The purpose of the Canal Maintenance Project is to assist the GOE to restore and maintain the irrigation supply and drainage canals which are crucial to maintaining required levels of agricultural productivity throughout the country. Technical assistance and equipment provided under the Project will enhance the canal maintenance capability of the principal public sector entities engaged in this work under the aegis of the GOE Ministry of Irrigation.

Funds provided under this loan of \$26.0 million provide for procurement of earthmoving equipment, principally draglines, backhoes, scrapers and hydraulic dredges, supporting transportation equipment, and shop and field maintenance equipment. Funding provisions are also made for related engineering and management consulting services and for the training of Egyptian operating staffs. Equipment provided will be assigned to the Egyptian Dredging Company and to the General Irrigation Company for Mechanical Dredging by the Ministry of Irrigation for utilization on irrigation canal maintenance projects throughout Egypt.

The Project Implementation Schedule of the 1977 PP estimated that shop/transportation/service equipment awards would be made in July 1978, excavation equipment awards in September 1978 and, equipment deliveries would be completed before August 1979.

Delays incurred in obtaining a consultant engineering contract, in fulfilling CP's, and in approval of IFB/s, have caused a one-year delay in the estimated implementation schedule, and as a result there has been considerable escalation of costs for equipment.

These delays were primarily attributed to the need to reconcile various points of issue, such as the provision of consulting services and certain testing requirements, which arose during Project execution from the incompatibility of traditional Egyptian legal and procurement practices with current U.S. legal and procurement requirements.

Consultant contract negotiations were initiated in December 1977. Due to delays in coming to an agreement with the Ministry of Irrigation on scope of services and form of contract, the contract was not signed until

April 12, 1978. CP's of the Loan Agreement were fulfilled on April 26, 1978. The host country contract services of Louis Berger International, Inc. were mobilized and implementation started in June 1978.

Draft IFB's were prepared by the consultant in June 1978, but did not receive host country approval until all issues concerning the IFB's were resolved in a meeting on December 16, 1978 among the Ministry of Irrigation, Egyptian Dredging Company, consultants, and USAID/Egypt. The principal point of issue concerned the Ministry's desire to require productivity testing with related penalties for test results lower than manufacturer's guaranteed output and the USAID reluctance to see such a requirement incorporated as a condition of tender. The compromise solution involved the dropping of the testing requirement and the substitution of a prequalification of manufacturers as a prerequisite for invitation for bid.

Once the issues had been resolved, procurement procedures were initiated and procurement implementation proceeded at a normal pace. Nevertheless, the delays already incurred have caused the Project Implementation Schedule to be revised. We estimate shop/transport/service equipment awards will be made in July 1979; excavation equipment awards will be made in August 1979, and equipment deliveries will be completed by the end of September 1980. (See revised Annex C, attached.)

The amount finally reserved for consultant services from AID Loan 263-K-040 has been fully expended. The 1977 Project Paper estimated \$500,000 for consultant services, however, the Ministry of Irrigation insisted upon reducing consultant services to an absolute minimum and made a lump-sum contract amounting to \$178,692 for a limited number of person-months of specialist services. The difference was then attributed to contingency availabilities. Under the contract the time allotted for person-months to provide contract specialists (with the exception of the economist) are expended and, therefore, under present arrangements the consultant will not be participating in future bid analyses and related services. USAID/Egypt is not staffed to assume the consultant workload. Therefore, the Committee perceived a need for consultant services to complete the present scope of work of the contract by funding the person-months of work needed to assist in bid analyses, awards, inspections, setup and testing services, to provide a timely completion of the Project. We estimate that these services could cost up to \$250,000. No funding available for these services remains under the Loan.

As indicated above, the foreign exchange procurement planned for the Project cannot be accomplished with the U.S. dollar funds now available. Project costs have escalated substantially in the two years since the original estimates were prepared, making the shortfall even more striking.

The financing plan for the Project was based upon feasibility study cost estimates calculated in early 1977 by Louis Berger International, Inc. (Contract No. AID/Afr-c-1132 Egypt). The Project Paper dated September 5,

1977 used these data to estimate the foreign exchange requirements of the Project at \$29,532,666.

Financial Plan

A revised financial plan for the PROJECT was made by the consultants in early May 1979 updating the 1977 U.S. dollar cost estimate levels of current prices in the categories of equipment required for the canal maintenance and repair project. However, the Project equipment bids were received by the Egyptian Dredging Company on May 15 and June 4, 1979, and therefore, provide a more accurate basis for estimation of this foreign exchange requirement.

Consequently, we undertook a review of the apparent low bids received, and added freight costs along with the inclusion of other cost provisions in the ICB such as spare parts. The use of apparent low bid figures, before evaluation and award, carries the risk that the apparent low bids may not prove to be responsive and the actual awards may be made to a higher bidder who is responsive. The Chairman of the Egyptian Dredging Company recommends that at least 10% should be added to these calculations to provide for the contingency. Based upon past bidding experience, we agree that it is reasonable to include this 10% contingency and have taken this into account in the funding estimates.

The benefit values of the project are expected to maintain their relative position with respect to costs. However, even if the benefit values were not to have increased at all, the primary I.R.R. of the original project would only be affected by about one point - to 18.0%, still some three points above the 15% estimated opportunity cost of capital.

The revised 1979 estimates have been reviewed with representatives of the Egyptian Dredging Company (acting for the Ministry of Irrigation) and the Ministry of Economic Cooperation of the GOE. Table I below compares estimated current U.S. dollar requirements with the original estimates. For comparison purposes, contingencies have been included in the line item figures. For the reasons stated above,

all of the U.S. dollar costs are proposed to be funded by AID. Since this project provides only equipment procurement and related incidental delivery costs to sites, and does not include operational costs, the project does not inherently involve large local currency costs. The only local currency costs attributable to the project are those provided

for a small amount of dredge discharge pipes, duties, local freight to project sites, and the LE per diem components of the training services costs. We could arbitrarily assign a portion of the Ministry of Irrigation's operating budget and attribute it to a host country contribution, but such costs do not fall within the purview of Project 263-0035. No additional LE pounds are estimated as needed for the Project. For the reasons stated above, it is not appropriate to insist that GOE contribute the usual 25% to this specific project.

Table I

Estimated U.S. \$ Foreign Exchange Costs (Revised)
(thousands)

<u>CATEGORY</u>	<u>EQUIPMENT</u>	1977 <u>ESTIMATES</u>	1979 <u>ESTIMATES</u>
I	Dredging Equipment	\$ 1,880	\$ 3,058
II	Earthmoving Equipment	2,975	2,985
III	Transport Equipment	2,547	3,273
IV	Draglines/Backhoes	13,072	11,243
V	Shop/Field/Maintenance	1,485	3,465
	Spare Parts I-IV less draglines	2,838	2,230
	Spare Parts - draglines	276	352
	Spare Parts - V	74	202
	Freight	<u>3,772</u>	<u>3,882</u>
	SUB-TOTAL EQUIPMENT	\$28,919	\$30,690
	Training Services	38	105
	Consultant Services	<u>575</u>	<u>429</u>
	TOTAL	<u>\$29,532</u>	<u>\$31,214</u>

The Arab Republic of Egypt, acting through its duly authorized representatives, has requested authorization of an increase in the amount of the project to provide AID assistance in financing all of the foreign exchange costs of the project. (See Annex A.)

Although the assistance to the GOE will be on grant terms, we are recommending that, except for the consultant services, the Egyptian Government reloan funds for the project on more realistic terms: interest at 8 1/2 percent per annum, with repayment in 25 years including 5 years grace. The Ministry is expected to pass these terms along to the two operating

companies, the Egyptian Dredging Company and the General Irrigation Company, which are controlled by the Ministry and will operate and maintain this equipment. The above terms are based on our desire to return to proper economic costing in Egypt, and are the same terms as the relending agreement now in effect for procurement of equipment under Loan 263-K-040.

Covenants and Conditions Precedent

The Grant Agreement will contain all of the covenants contained in the present Loan Agreement with (1) changes necessary to the "borrower" terminology and (2) an appropriate covenant to prescribe how and on what terms the Grant funds will be made available to the Ministry of Irrigation.

With regard to conditions precedent to disbursement under the Grant, no conditions precedent other than (1) those relating to designation of representatives by the Grantee and (2) a condition precedent requiring evidence that the Grant proceeds will be made available to the Ministry of Irrigation on terms acceptable to AID by means of a regrant agreement for the consulting engineering services and a loan for all other eligible project costs, appear to be appropriate.

Minor amendments will be made to the Loan Agreement to reference the additional assistance to the project under the Project Grant Agreement. The Project Grant Agreement will specifically refer to the Loan Agreement as additional assistance under the Project. The Amendment to the Loan Agreement and the Project Grant Agreement will be executed at the same time.

Conclusion:

In view of the above, the Capital Assistance Committee concludes that, to ensure successful completion of the Project, it is in the U.S. interests to provide an additional \$5.2 million of financing for the Project.

CAPITAL ASSISTANCE COMMITTEE

Loan Officer	: Theodore T. Foley (drafting Officer)
Engineer	: James L. Sloan
Program Officer	: George Flores
Agriculture Officer	: Marvin M. Parker
Controller	: Richard C. McClure
Legal Officer	: Theodore B. Carter

MINISTRY OF ECONOMY
AND ECONOMIC COOPERATION

Economic Cooperation

APPROVED	FILED	3	4
NAME	INITIALS		

ANNEX A



Mr. Donald S. Brown,
AID Director,
United States Embassy,
CAIRO

1825

Cairo 20 June, 1979

Dear Mr. Brown,

One of the problems Egypt is facing is the declining water flow in the irrigation canals caused by canal silting and weed growth. If the 26,000 miles of canals and drains are not continually maintained, this will cause a serious decline in food production.

Our Government has, therefore, considered irrigation canal maintenance as one of its high priorities and is replacing rehabilitating dredging, earthmoving and similar equipment.

This requires substantial foreign exchange expenditures. In 1977 the foreign exchange costs of the projects were estimated at \$ 29.5 million. In response to our government's request dated September 5, 1977, A.I.D. provided a loan of \$ 25 million to assist in funding the foreign exchange costs of the Canal Maintenance project. At that time it was estimated that the balance of foreign exchange funds would be obtained from other sources. Recent budgetary restrictions make it difficult to allocate these funds without a serious sacrifice of other high priority projects. Costs have escalated since 1977 and we now estimate that it will require \$ 31.2 million to finance the foreign exchange costs of the project.

In order to implement this Agricultural Canal Maintenance project, we request a grant of \$ 5.2 million from the Agency for International Development to finance the foreign exchange costs of the project which cannot be funded from the loan.

Your efforts in this respect will be highly appreciated.

I remain,

Sincerely yours,


ABDEL AZIZ EL-SAYID
Under Secretary of State
For Economic Cooperation



SC(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable generally to projects with FA. funds and project criteria applicable to individual fund sources: Development Assistance (with a subcategory for criteria applicable only to loans); and Economic Support Fund.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT.1. FY 79 App. Act Unnumbered;
FAA Sec. 653(b); Sec. 634A.

(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project; (a) A Congressional Notification on this Grant was sent to the Congress on July 26, 1979. Obligations may be incurred on August 9, 1979.

(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure)? (b) Yes.

2. FAA sec. 611(a) (1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes.

3. FAA Sec. 611(a) (2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? No further legislative action is required.

4. FAA Sec. 611(b); FY 79 App. Act Sec. 101. If for water or water-related land resource construction, has project met the standards and criteria as per the Principles and Standards for Planning Water and Related Land Resources dated October 25, 1973? N.A.
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistance Administrator taken into consideration the country's capability effectively to maintain and utilize the project? Yes. The Mission Director has previously so certified for the Project.
6. FAA Sec. 209. Is project susceptible of execution as part of regional or multilateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. No. But future A.I.D. assistance in this area may be so susceptible.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. This Project will improve the efficiency of GOE agriculture and commerce by assisting the GOE to restore and maintain supply and drainage canals which are crucial to maintaining required levels of agricultural productivity throughout the country.

8. FAA Sec. 601(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). All commodities and services financed under the grant will be procured from U.S. suppliers.
9. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services. The grant agreement will so provide. All local currency required will be provided by ARETO and/or GOE.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? Yes. Release by the GOE is not a problem at present.
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
12. FY 79 App. Act Sec. 608. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N.A.

SELECTION CRITERIA FOR PROJECTDevelopment Assistance Project
Criteria

a. FAA Sec. 102(b); 111; 113; 191a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

N.A.

b. FAA Sec. 103, 103A, 104, 105, 106, 107. Is assistance being made available: (include only applicable paragraph which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source.)

N.A.

- 1
- (1) [103] for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, is full account taken of needs of small farmers; N.A.
- (2) [104] for population planning; under Sec. 104(c); if so, extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, communal distribution systems and other modes of community research; N.A.
- (3) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens non-formal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development; N.A.

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- (4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is:
- (i) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations; N.A.
- (ii) to help alleviate energy problems; N.A.
- (iii) research into, and evaluation of, economic development processes and techniques; N.A.
- (iv) reconstruction after natural or manmade disaster; N.A.
- (v) for special development problem, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance; N.A.
- (vi) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development. N.A.
- c. [107] Is appropriate effort placed on use of appropriate technology? N.A.

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)? N.A.

e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? N.A.

f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental and political processes essential to self-government. N.A.

g. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth? N.A.

2. Development Assistance Project Criteria (Loans Only)

a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, including reasonableness of repayment prospects. N.A.

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete in the U.S. with U.S. enterprise, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan? N.A.

3. Project Criteria Solely for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance support promote economic or political stability? To the extent possible, does it reflect the policy directions of Section 102? Yes

b. FAA Sec. 533. Will assistance under this chapter be used for military, or paramilitary activities? Yes

5C(3) - STANDARD ITEM CHECKLIST

Listed below are statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed? Yes

2. FAA Sec. 604(a). Will all commodity procurement financed be from the U.S. except as otherwise determined by the President or under delegation from him? Yes

3. FAA Sec. 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will agreement require that marine insurance be placed in the U.S. on commodities financed? Yes

4. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? N.A.

5. TAA Sec. 408(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items? N.A.

6. FAA Sec. 603. (a) Compliance with requirement in Section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. Yes
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes. It is anticipated that only the U.S. private sector will provide services under this grant.
8. International Air Transport. Fair Competitive Practices Act. 1974
If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available? Yes

A.

9. FY 79 App. Act Sec. 105. Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States? N.A.

B. Construction

1. FAA Sec. 501(d). If a capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interest? Yes
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? Yes
3. FAA Sec. 320(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million? Yes

C. Other Restrictions

1. FAA Sec. 122(e). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N.A.
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N.A.

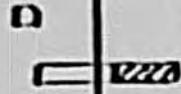
- C.
3. FAA Sec. 620(h). Do arrangements preclude promoting or assisting the foreign aid projects or activities of Communist-bloc countries, contrary to the best interests of the U.S.? Yes
4. FAA Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the U.S., or guaranty of such transaction? Yes
5. Will arrangements preclude use of financing:
- a. FAA Sec. 104(f). To pay for performance of abortions or to motivate or coerce persons to practice abortions, to pay for performance of involuntary sterilization, or to coerce or provide financial incentive to any person to undergo sterilization? Yes.
- b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes.
- c. FAA Sec. 660. To finance police training or other law enforcement assistance, except for narcotics programs? Yes.
- d. FAA Sec. 662. For CIA activities? Yes.
- e. 71 79 App. Act Sec. 10-. To pay pensions, etc., for military personnel?

- 5
- f. FY 79 App. Act Sec. 106.
To pay U.N. assessments? Yes.
- g. FY 79 App. Act Sec. 107.
To carry out provisions of
FAA sections 209(d) and 251(h)?
(Transfer of FAA funds to multi-
lateral organizations for lend-
ing.) Yes.
- h. FY 79 App. Act. Sec. 112.
To finance the export of nuclear
equipment, fuel, or technology
or to train foreign nations in
nuclear fields? Yes.
- i. FY 79 App. Act Sec. 601.
To be used for publicity on
propaganda purposes within
U.S. not authorized by Congress? Yes.

ACTIVITIES

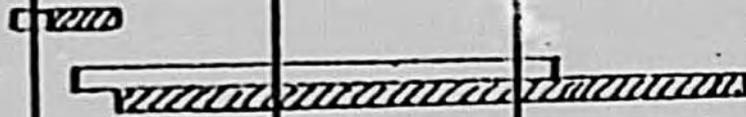
A. Loan Agreement

- 1. Signing
- 2. Conditions Precedent



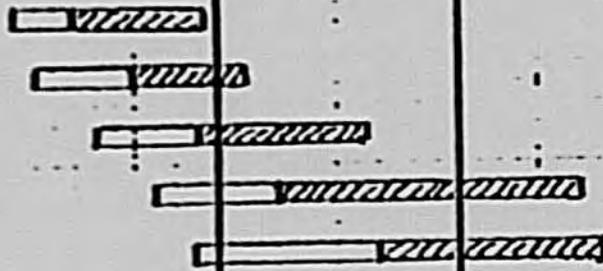
B. U.S. Consultant

- 1. Contract
- 2. Services

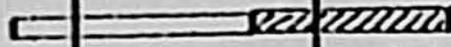


C. Procurement

- 1. Finalize IFBs
- 2. Advertise
- 3. Award
- 4. Transport/Tool Deliv.
- 5. Excav. Equip. Deliv.



D. Facility Improvements



E. Training

- 1. U.S. Factory
- 2. On Site O&M



 1977 Estimate
 1979 Revised Estimate

PROJECT IMPLEMENTATION SCHEDULE
 PROJECT 263-0035

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

THE ADMINISTRATOR

FIRST AMENDMENT
TO
PROJECT AUTHORIZATION

Arab Republic of Egypt: Agricultural Canal Reconstruction
and Maintenance

Provided From: Foreign Assistance Act, Section 531
("Economic Support Fund")

1. Pursuant to the authority vested in the Administrator, Agency for International Development ("A.I.D.") by the Foreign Assistance Act of 1961, as amended (the "Act"), and Delegations of Authority issued thereunder, I hereby amend the authorization for the Canal Maintenance Project, as approved on September 26, 1977, in order to furnish grant assistance in addition to the loan assistance originally authorized.

I hereby authorize grant financing to the Arab Republic of Egypt ("the Cooperating Country") of not to exceed Five Million Two Hundred Thousand United States Dollars (\$5,200,000) to finance the foreign exchange costs of materials, equipment, and services in order to improve its capacity to restore and maintain agricultural irrigation canals.

a. Conditions Precedent to Disbursement of Grant Funds

Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement under which grant funds shall be disbursed, Grantee shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.;

(1) a statement of the persons or persons acting as Grantee's representatives, plus a specimen signature of each such person;

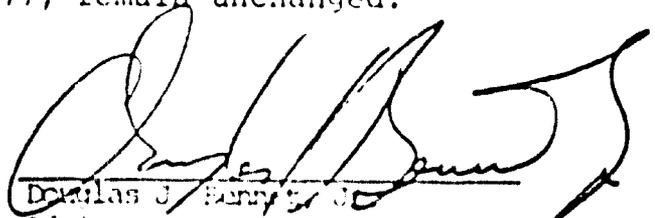
(2) evidence that the Grant proceeds will be made available to the Ministry of Irrigation on terms and conditions acceptable to A.I.D., in the form of a Regrant Agreement for consulting and engineering services, and a loan for all other funds made available to the Ministry from this Grant;

(3) such other information and documents as A.I.D. might require.

b. Covenants - Loan by Grantee to Ministry

In order to assist the Ministry of Irrigation in carrying out the Project, the Grantee shall loan to the Ministry all the Grant proceeds (the Loan Agreement) except those proceeds which are for payment of consulting architectural and engineering costs which shall be granted to the Ministry under terms and conditions satisfactory to A.I.D. (Regrant Agreement). The Loan Agreement shall contain terms and conditions satisfactory to A.I.D., to include but not be limited to, repayment to the Grantee within twenty-five (25) years, including a five (5) year grace period, and an interest rate of eight and one-half (8 1/2) percent per annum.

2. All other provisions of the Project Authorization as approved on September 26, 1977, remain unchanged.


Douglas J. Berry
Administrator
September 20, 1979
Date