

PD-AX-991  
60218

A.I.D. Project Number 263-0139

FOURTH AMENDMENT  
TO  
GRANT AGREEMENT  
BETWEEN  
THE ARAB REPUBLIC OF EGYPT  
AND THE  
UNITED STATES OF AMERICA  
FOR  
BASIC EDUCATION

Point of Contact

FM/LMD (if Loan)  
FM/PAFD  
FM/CAD  
GC/ANE  
ANE/Desk  
ANE/PR Officer  
ANE/PD Officer & File  
PPC/CDIE/DI

Dated: JUN 22 1988.

**CONFORMED  
COPY**

JUN 22 1988

Fourth Amendment, dated to the Grant Agreement, dated August 19, 1981 between the Arab Republic of Egypt ("Grantee") and the United States of America, acting through the Agency for International Development ("A.I.D.") for Basic Education.

SECTION 1. The Grant Agreement as amended on November 10, 1983, August 28, 1986 and May 18, 1987, is hereby further amended as follows:

A. Section 3.1 is amended by deleting "One Hundred Thirty Million United States ("U.S.") Dollars (\$130,000,000)" and substituting "One Hundred Sixty Six Million United States ("U.S.") Dollars (\$166,000,000)" therefor; and by deleting "One Hundred Five Million, Five Hundred Thousand United States ("U.S.") Dollars (\$105,500,000)" and substituting "One Hundred Thirty Five Million, One Hundred Fifty Thousand United States ("U.S.") Dollars (\$135,150,000)" therefor.

B. Section 3.2(b) is amended by deleting "One Hundred Twenty Six Million, Forty Thousand Egyptian Pounds (LE 126,040,000)" and substituting "One Hundred Fifty Nine Million, Seven Hundred Eighty Thousand Egyptian Pounds (LE 159,780,000)" therefor.

SECTION 2. Ratification. The Grantee will take all necessary action to complete all legal procedures necessary to ratification of this Fourth Amendment and will notify A.I.D. as promptly as possible of the fact of such ratification.

SECTION 3. Language of Amendment. This Fourth Amendment is prepared in both English and Arabic. In the event of ambiguity or conflict between the two versions, the English language version will control.

SECTION 4. Except as specifically amended or modified herein, the Grant Agreement shall remain in full force and effect in accordance with all of its terms.

SECTION 5. This Fourth Amendment shall enter into force when signed by both parties hereto.

IN WITNESS WHEREOF, the Arab Republic of Egypt and the United States of America, each acting through its respective duly authorized representatives, have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

UNITED STATES OF AMERICA

BY : M. W. Makramallah  
NAME : Maurice Makramallah  
TITLE: Minister of International  
Cooperation

BY : Frank G. Wisner  
NAME : Frank G. Wisner  
TITLE: American Ambassador

BY : Ahmed Abdel Salam  
NAME : Ahmed Abdel Salam Zaki  
TITLE: Administrator of the  
Department for Economic  
Cooperation with U.S.A.

BY : Marshall D. Brown  
NAME : Marshall D. Brown  
TITLE: Director, USAID/Egypt

Implementing Organizations

In acknowledgement of the foregoing Agreement, representatives of the implementing organizations have subscribed their names:

MINISTRY OF EDUCATION:

NATIONAL INVESTMENT BANK:

BY : Ahmed F. S.

BY : Zafer El-Bishry

NAME : Ahmed Fathi Sorour

NAME : Zafer El-Bishry

TITLE: Minister of Education

TITLE: Deputy Chairman

11-10-1988

Description of Project

A. GENERAL

The Project is intended to raise literacy rates in Egypt, particularly among rural women. The Project will seek to increase the enrollment rates of children, especially rural girls, between the ages of 6 and 15 and improve the relevance, efficiency and effectiveness of primary and basic education in Egypt.

To achieve these ends, the Project plans to finance over the life of the Project construction of approximately 29,171 new classrooms and the acquisition of furniture and equipment for these classrooms. Classrooms will be built in 24 governorates, including: Ismailia, Kalyoubeyah, Sharkia, Dakahleya, Damietta, Menoufia, Gharbeya, Kafr El Sheikh, Beheira, Matrouh, New Valley, North Sinai, Guiza, Fayoum, Beni Suef, Minya, Assiut, Sohag, Qena, Aswan, the Red Sea, South Sinai, Suez and Port Said. The Project is planned for incremental funding. \$130 million have been obligated under the Agreement and the first three amendments. Under the Fourth Amendment, an additional \$36 million will be obligated. Annual amendments to the Agreement for additional obligations will take place until the year 1990 when the total budget of the Project will reach its full amount of \$190 million. Of that, an estimated \$30 million shall be used to purchase instructional materials and equipment for basic education schools throughout Egypt. Additional funds will be provided to support the MOE in educational reform efforts in the following areas:

- a) Development of curriculum and educational aids.
- b) Educational Planning.

- c) Teacher training.
- d) Local production of textbooks and other instructional materials.
- e) Schools for handicapped children.

The Project plans to provide approximately 900 person-months of technical assistance in the above mentioned areas and in other program or policy areas related to the relevance, efficiency and effectiveness of education.

Building sites will be selected so that new classrooms will have maximum effect on increasing enrollment rates. Communities in which Project-financed classrooms will be built are those in which female enrollments fall below the national average, the existing school is incomplete, the nearest school is more than a reasonable walking distance away, overcrowding is severe, the existing building is clearly substandard, or community standards require separate facilities for girls. All project-financed school construction will take place in villages and small towns. Urban areas and larger towns will not participate under the program except when considered on a case by case basis against a rationale that is supportive of overall program strategy or direction. On this basis all governorates, including Cairo and Alexandria, may be considered.

Individual schools financed with A.I.D. funds will be identified and a suitable plaque will be placed on each new school or classroom unit.

#### B. IMPLEMENTATION

The Ministry of Education is primarily responsible for Project implementation. It shall be responsible for:

(1) Identifying the instructional materials and equipment to be financed through the Project;

(2) Negotiating contracts with U.S. suppliers (or Egyptian suppliers -- for the local production component) for the purchase and delivery to Egypt of such materials and equipment;

(3) Distributing the purchased materials and equipment to schools throughout Egypt, regardless of whether or not such schools were financed through the Project;

(4) Identifying the educational problems or issues upon which Project-financed technical assistance will be focused and coordinating inputs to TA scopes of work with USAID.

(5) Contracting with a U.S. firm (where Egyptian experts cannot be located) to supply the necessary technical assistance;

(6) Applying, through the Education Zones of the participating governorates, site selection criteria and preparing all documentation related to Project-financed construction; and

(7) Providing, through the Education Zones of the participating governorates, necessary furniture, equipment, staff, and maintenance to ensure the use of Project-financed classrooms.

(8) Assuring that the following topics are the subject of studies financed during the life of the Project:

1. Implications of teacher training on recurrent costs;
2. Implications of school construction and increased enrollment on capital and recurrent costs;

3. School maintenance;
4. Procedures for increased local participation in financing education, including construction and school maintenance;
5. Curriculum printing;
6. Local production of instructional materials;
7. Testing of Basic Education curriculum;
8. Improving the quality of educational statistics (including enrollment rates and retention rate calculation) and school record-keeping practices;
9. Teacher training;
10. How to improve retention in schools; and
11. Commodity procurement to be funded under the Amendment.

The Housing Departments of the participating governorates will be responsible for construction oversight, including bid evaluation, site supervision and the preparation of payment vouchers. The Housing Departments will also assure that all construction contracts are awarded through competitive procedures which do not favor public sector construction firms. Where possible and desirable, the functions of the Housing Departments can be performed by the city (markaz) councils.

The National Investment Bank (the "Bank"), working in cooperation with the participating Education Zones, will exercise Project financial and price control on behalf of the Grantee. In addition, the Bank will be responsible for inspecting school construction and monitoring maintenance of Project-financed schools.

A.I.D. will provide funds under the Project for instructional materials and equipment, technical assistance and project evaluation in accordance with procedures which will be established and approved by the Parties during project implementation.

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A.I.D. funds for construction will be made available in the following manner. An initial advance will be made to the Bank based upon demonstrated cash needs for the following period of not to exceed three months. Cash needs are to be derived from information provided by the participating Education Zones. The Bank and participating Education Zones will open and maintain special accounts in their names and that of the project for the purpose of depositing A.I.D. funds. Advances will be replenished upon receipt of documentation showing cumulative expenditure, source of funds used to cover expenditures, current cash position and cash needs for the subsequent period of not to exceed three months. A.I.D. funds will be accounted for separately by the Bank and each participating Education Zone. At least once every twelve months, the Bank will arrange for an independent audit of Project-related books and records maintained by the Bank and participating Education Zones. Notwithstanding any other provision of this Agreement, A.I.D. funds will not be used to pay any charges or fees of the Bank resulting from the Bank's services in the handling of project funds. All such charges and fees shall be paid by the Grantee. In no event will A.I.D. funds be used to provide advance payments to construction contractors. Any interest or other earnings on A.I.D.-financed local currency under the Project shall be paid to A.I.D. as earned and shall not be used to offset project expenditures.

C. SUMMARY IMPLEMENTATION SCHEDULE

This Project began in August 1981. It is anticipated that all Project-financed instructional materials and equipment will be procured and in place in primary, preparatory or basic schools in Egypt at the end of 1990. Similarly it is expected that all Project-financed technical assistance will be delivered and all construction will be completed by June 30, 1991.

Basic Education Project 263-0139

PROJECT FINANCIAL PLANS AND BUDGETS

ILLUSTRATIVE FINANCIAL PLAN AND BUDGET  
(IN MILLION \$)

	OBLIGATION FY 81-88				EXPECTED LIFE OF PROJECT BUDGET			
	AID \$			Grantee	AID \$			Grantee
	FX	Local 1/	Total	L.E.	FX	Local 1/	Total	L.E.
1. Construction and Furniture	0.00	116.95	116.95	157.22	0.00	133.05	133.05	226.23
2. Materials & Equipment	22.30	2.70	25.00	0.70	26.30	3.70	30.00	1.35
3. Other								
a. Special Education	0.60	1.90	2.50	0.70	1.00	3.00	4.00	1.08
b. Teacher Education	1.00	3.00	4.00	0.50	1.00	3.00	4.00	1.08
c. Curriculum Printing	0.00	1.00	1.00	0.00	0.00	2.00	2.00	0.00
d. Technical Cooperation	6.45	6.45	12.90	0.00	6.45	6.45	12.90	0.00
e. Evaluation and Audit	0.50	1.20	1.70	0.00	0.65	1.25	1.90	0.00
f. National Investment Bank Support	0.00	0.50	0.50	0.66	0.00	0.50	0.50	0.66
g. MOE Support	0.00	0.15	0.15	0.00	0.00	0.15	0.15	0.00
h. Miscellaneous	0.00	0.00	0.00	0.00	0.10	0.10	0.20	0.00
i. Contingency	0.00	1.30	1.30	0.00	0.00	1.30	1.30	0.00
<b>TOTAL</b>	<b>30.85</b>	<b>135.15</b>	<b>166.00</b>	<b>159.78</b>	<b>35.50</b>	<b>154.50</b>	<b>190.00</b>	<b>230.40</b>

1/ Amounts shown are in U.S. dollars which may be converted to L.E.