



U.S. ECONOMIC ASSISTANCE
PROGRAM IN EGYPT

PDCBC 769

A.I.D. Project Number 263-K-617

Loan and Grant Agreements

FM/LMD (if Loan)

FM/PAFD

FM/CAD

GC/ANE

ANE/Desk

ANE/CR Officer

ANE PD Officer & File

PPC/CDLE/DI

GRANT AGREEMENT

BETWEEN

THE ARAB REPUBLIC OF EGYPT

AND THE

UNITED STATES OF AMERICA

FOR

CASH TRANSFER

Dated: AUG 17 1989

CONFORMED
COPY

Table of Contents
Project Grant Agreement

	<u>Page</u>
Article 1: The Grant	1
Article 2: Requirements Precedent to Disbursement	1
SECTION 2.1. Requirements Precedent	1
SECTION 2.2. Notification	2
SECTION 2.3. Terminal Date for Requirements Precedent	3
Article 3: Disbursement	3
SECTION 3.1. Disbursement of the Grant	3
SECTION 3.2. Date of Disbursement	3
Article 4: Uses of Grant Proceeds	4
SECTION 4.1. Agreed Uses	4
Article 5: Special Covenants	4
SECTION 5.1. Accounting for Grant Proceeds	4
SECTION 5.2. Prohibited Uses; Replenishment of Funds	5
SECTION 5.3. Local Currency Account	6
SECTION 5.4. Taxation	7
SECTION 5.5. Reporting	7
SECTION 5.6. Consultations	7
SECTION 5.7. Ratification	7
Article 6: Miscellaneous	8
SECTION 6.1. Implementation Letters	8
SECTION 6.2. Representatives	8
SECTION 6.3. Communications	9
SECTION 6.4. Amendment	10
SECTION 6.5. Language of the Agreement	10

Agreement, dated AUG 17 1989 between the Arab Republic of Egypt ("the Grantee") and the United States of America, acting through the Agency for International Development ("A.I.D."), together referred to as the "Parties".

ARTICLE I

The Grant

For balance of payments support to The Arab Republic of Egypt, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to the Grantee, under the terms of this Agreement, not to exceed One Hundred and Fifteen Million United States Dollars (\$115,000,000) (the "Grant").

ARTICLE II

Requirements Precedent to Disbursement

SECTION 2.1. Requirements Precedent

Prior to the disbursement of the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D.,

in form and substance satisfactory to A.I.D.:

(a) a statement of the names of the persons holding the offices specified in Section 6.2, and of any additional representatives, together with a specimen signature of each person so designated;

(b) a designation of the bank account to which the Grant proceeds are to be deposited, together with the Grantee's certification that such bank account is established and will be maintained in the manner required by Section 5.1 of this Agreement; and

(c) a statement of the means by which funds will be withdrawn from the bank account.

SECTION 2.2. Notification

When A.I.D. has determined that the Requirements Precedent specified in Section 2.1 have been met, it will promptly notify the Grantee.

SECTION 2.3. Terminal Date for Requirements Precedent

If the Requirements Precedent specified in Section 2.1 have not been met within ninety (90) days from the date of this Agreement, or such later date as the Parties may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

ARTICLE III

Disbursement

SECTION 3.1. Disbursement of the Grant

As soon as possible after satisfaction of the above Requirements Precedent, A.I.D. will deposit the Grant proceeds in the bank designated by the Grantee pursuant to Section 2.1(b) above.

SECTION 3.2. Date of Disbursement

Disbursement will be deemed to occur on the date A.I.D. makes such deposit in accordance with Section 3.1.

ARTICLE IV

Uses for Grant Proceeds

SECTION 4.1 Agreed Uses

The Parties agree that the Grant proceeds will be used, subject to the restrictions of Section 5.2 below and to such elaboration as may be provided in Program Implementation Letter, for any or all of the following:

- (a) to purchase equipment or commodities of U.S. source and origin;
- (b) to repay debts of the Grantee, either owed to or guaranteed by the United States of America; and/or
- (c) such other uses as agreed to, in writing, by the Parties.

ARTICLE V

Special Covenants

SECTION 5.1. Accounting for Grant Proceeds

The Parties agree on the following applicable procedures:

- (a) Grant proceeds will be deposited to a bank account

established by the Grantee solely for the receipt of this Cash Transfer assistance from A.I.D., together with interest (if any) as shall be earned on such Grant proceeds. Such proceeds may not be co-mingled with other funds from whatever source. Should any interest be earned on such account, such interest will be treated as though it were principal (i.e., Grant proceeds) received under the terms of this Agreement.

(b) The Grantee will maintain documents, in accordance with generally accepted accounting principles and practices, concerning the use of Grant proceeds, and will make such documents available for review by A.I.D. or its designees for a period of three years following the date of last disbursement.

SECTION 5.2. Prohibited Uses; Replenishment of Proceeds. Grant proceeds may not be used to import equipment or commodities, or to service debt related to equipment or commodities, for use by military or police organizations. The Grantee agrees to redeposit to the bank account described in Section 5.1 of this Agreement U.S. Dollars equal to the amount of any Grant proceeds, or interest earned on such proceeds, used for purposes prohibited under this Section, or not permitted under Section 4.1, and to treat such deposited amounts as though they were principal (i.e., Grant proceeds) received under the terms of this Agreement.

SECTION 5.3. Local Currency Account

(a) The Grantee will establish a new account (the "Local Currency Account") in the Central Bank of Egypt, and will deposit into such account, promptly upon receipt, currency of the Arab Republic of Egypt in amounts equal to proceeds accruing to the Grantee or any authorized agency thereof as a result of the sale or importation of equipment or commodities financed with Grant proceeds. Such funds, as so deposited to the Local Currency Account, shall not be co-mingled with any other funds from whatever source.

(b) The Grantee shall make such deposits to the Local Currency Account at the highest rate of exchange prevailing and declared for foreign exchange currency by the competent authorities of the Arab Republic of Egypt.

(c) Funds deposited to the Local Currency Account pursuant to the foregoing shall be used for such developmental purposes as shall be agreed to, in writing, by the Parties.

(d) Any unencumbered balances of funds which remain in the Local Currency Account upon termination of A.I.D.'s assistance program with the Grantee shall be used for such purposes as may then be agreed to between Grantee and A.I.D.

(e) The Grantee will maintain documents, in accordance with generally accepted accounting principles, in support of

expenditures from the Local Currency Account. Such documents will be available for review by A.I.D. or its designees for a period of three years following the last deposit to the Local Currency Account made in accordance with the provisions of this Agreement.

(f) Local Currency Account funds, if any, not used in accordance with the foregoing will be replenished by the Grantee from its own resources.

SECTION 5.4. Taxation and Duties

This Agreement and the Grant funds will be free from any taxation or fees imposed under laws in effect in the Arab Republic of Egypt. No Grant proceeds shall be used to pay taxes, customs duties or other fees applied by Egyptian authorities to commodities funded with Grant proceeds.

SECTION 5.5. Reporting

Except as the Parties may otherwise agree, the Grantee will furnish A.I.D. with a quarterly report on uses of Grant proceeds pursuant to Section 5.1 of this Agreement.

SECTION 5.6. Consultations

The Parties shall periodically consult on implementation of this Agreement and related economic issues.

SECTION 5.7. Ratification

The Grantee will take all necessary action to complete

all legal procedures necessary to ratification of this Agreement, and will notify A.I.D. as promptly as possible of the fact of such ratification.

ARTICLE VI

Miscellaneous

SECTION 6.1. Implementation Letters

A.I.D. may from time to time issue Implementation Letters elaborating on terms of the Grant Agreement, further describing applicable procedures, or recording agreement of the Parties on details of implementation.

SECTION 6.2. Representatives

For all purposes relevant to this Agreement, the Grantee will be represented by the Minister of State for International Cooperation and/or the Administrator of the Department for Economic Cooperation with the U.S.A. and A.I.D. will be represented by the individual holding or acting in the Office of the Director, A.I.D. Mission to Egypt. Each of these representatives, by written notice, may designate additional representatives for all purposes relevant to this Grant. Either Party may accept as authorized any instrument signed by

such representatives of the other Party in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 6.3. Communications

Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be communicated by letter mail, registered mail, telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address, as applicable:

To the Arab
Republic of

Egypt: Ministry of International Cooperation
8 Adly Street, 7th Floor
Cairo, Egypt

To A.I.D.: USAID/Egypt
c/o American Embassy
5 Latin America Street
Garden City, Cairo, Egypt

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon receipt of written notice.

SECTION 6.4. Amendment

This Agreement may be amended by the execution of written amendments by the authorized representatives of both the Parties designated in Section 6.2 above.

SECTION 6.5. Language of the Agreement

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

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

ARAB REPUBLIC OF EGYPT

BY : M. W. Makramallah

NAME : Dr. Maurice Makramallah

TITLE: Minister of State for International Cooperation

BY : Ahmed Abdel Salam Zaki

NAME : Ahmed Abdel Salam Zaki

TITLE: Administrator of the Department for Economic Cooperation with U.S.A.

UNITED STATES OF AMERICA

BY : Frank G. Wisner

NAME : Frank G. Wisner

TITLE : American Ambassador

BY : Charles F. Weden, Jr.

NAME : Charles F. Weden, Jr.

TITLE: Acting Director, USAID/Egypt