

PDGAB461

AID Project Number

263-0101

Serial N^o 44

RELOAN AGREEMENT

Between

THE GENERAL ORGANIZATION FOR INDUSTRIALIZATION
(G.O.F.I.)

And

THE EGYPTIAN COMPANY FOR REFRACTORIES

For

THE MODERNIZATION FOR THE REFRACTORIES PRODUCTION

Dated Aug. 18, 1981

In implementing Project Loan Agreement No. 263-K-048 signed on August 31, 1978, among the Arab Republic of Egypt, the United States of America and the Ministry of Industry for Industrial Production, the following Reloan Agreement hereinafter referred to as "Agreement" has been signed for this purpose in Cairo on 18 Aug., 1981,

By and Between:

THE GENERAL ORGANIZATION FOR INDUSTRIALIZATION (G.O.F.I.)

6 Khalil Agha Street

Garden City, Cairo

hereinafter referred to as GOFI, on behalf of the GOVERNMENT OF EGYPT (GOE),

Represented by its Deputy Chairman, On the First Part

and The Egyptian Company for Refractories

Alexandria, A.R.E.

hereinafter referred to as the "Company",

Represented by its Chairman of the Board of Directors

on the Other Part

Section 1.01. Reloan: GOFI hereby agrees to lend to the Company an amount ("Reloan") not to exceed Twelve Million Fifty-Two Thousand United States Dollars (\$12,052,000) from the proceeds of the Loan obtained from the Agency for International Development of the United States (A.I.D.) pursuant to AID Loan Agreement 263-K-048 dated August 31, 1978, as amended from time to time. The Company shall use the funds exclusively to finance the eligible United States Dollar costs (Foreign Exchange Costs) for carrying out the Agreement Activity as set forth in Annex No.1 hereto.

Section 2.01. Agreement Activity: The "Agreement Activity" shall be that portion of the Project activities authorized under AID Project Number 263-0101 which shall be financed under the Agreement and shall be defined in Annex No.1 hereto. The Agreement Activity shall be changed only with the prior approval of GOFI and AID.

Section 3.01 Repayment: The Company shall repay the Reloan to GOFI or such other entity of the GOE as GOFI shall direct within fifteen (15) years from the date of the first disbursement, in twenty (20) approximately equal semi-annual installments of Principal and Interest. The date of a disbursement shall be the date on which AID makes a disbursement of funds from the proceeds of this Reloan to GOFI, the Company or its designee, or to a banking institution pursuant to a Letter of Commitment. The first installment of Principal shall be payable four and one-half (4 1/2) years after the date when the first interest payment is due in accordance with the following Section.

Section 3.02 Interest: The Company shall pay to GOFI or such other entity of the GOE as GOFI may direct, interest of 13 % per annum on the outstanding balance of the Reloan and on any due and unpaid interest. Interest shall accrue from the date of each respective disbursement under the Reloan, shall be computed on the basis of a 365 day year, and shall be payable semi-annually with the first payment due and payable not later than six months after the first disbursement under this Agreement.

Section 3.03 Currency for Repayment: GOFI shall furnish to the Company a schedule of repayments, including interest both denominated in U.S. dollars. All repayments of the Reloan made by the Company to the GOFI shall be made in Egyptian Pounds, or such other currency as may be at the time lawful tender in the Arab Republic of Egypt ("Local Currency"). The Local Currency amount of each repayment shall be calculated at the highest rate prevailing and declared for foreign currency by the competent Government authorities in effect on the date of each repayment under this Agreement.

Section 3.04 Prepayment: Upon payment of all interest then due, the Company may repay, without penalty, all or any part of the principal. Any such prepayment shall not affect the duration of the grace period as specified in section 3.01.

Section 4.01 Conditions Precedent to Disbursement: Prior to any disbursement under this Agreement, or to the issuance of documentation pursuant to which disbursement will be made, the Company will, except as GOFI may otherwise agree in writing, furnish to GOFI in form and substance satisfactory to GOFI:

(a) A statement of the names of the persons holding or acting for the purpose relevant to this Agreement in the offices of the Company and of any additional representatives, together with a specimen signature of each person specified in such statement;

(b) an executed Contract/Agreement acceptable to GOFI for specified management assistance services including the coordination of the entire Agreement Activity.

Section 5.01 Other obligations of the Company: The Company under-takes to comply promptly and completely with all of the obligations assumed by it under this Agreement.

Section 5.02. Additional Resources

(a) The Company agrees to provide or cause to be provided for the Agreement Activity, all funds, in addition to the Reloan and all other resources required to carry out the Agreement Activity effectively and in a timely manner.

(b) The resources provided by the Company for the Project will be not less than L.E. 17,659,000 including costs borne on an "in-kind" basis.

Section 5.03 Covenants and General Warranties

(a) Within 12 months subsequent to the effective date of this Agreement, unless GOFI otherwise agrees in writing to a longer period, the Company shall submit to G.O.F.I. a program of preventative maintenance for project equipment and facilities which is acceptable to G.O.F.I.

(b) The Company shall be responsible for the finance and construction of all civil works which shall be necessary for the timely implementation of the Agreement Activity.

Section 6.01 Standard Terms and Conditions: The Company shall adhere to the Project Loan Standard Provisions Annex, Annex No.2 attached hereto, which is part of AID Loan Agreement Number 263-K-048.

Section 7.01 Agreement Activity Completion date:

(a) The Agreement Activity completion date shall be July 1, 1984 or such other date as GOFI and the Company estimate that all services financed under the Agreement will have been performed and all goods financed under the Agreement will have been furnished for the Activity as contemplated in this Agreement;

(b) Except as GOFI may otherwise agree to in writing, GOFI will not issue or approve documentation which would authorize disbursement under this Agreement for services performed subsequent to the referenced completion date or for goods furnished for the Activity as contemplated in this Agreement, subsequent to the referenced completion date;

(c) Requests from the Company for disbursement of Reloan funds, accompanied by necessary supporting documentation prescribed by GOFI, are to be received by GOFI no later than nine (9) months following the referenced completion date or such other period as GOFI agrees to in writing.

Section 8.01 Procurement Source: Foreign Exchange Costs

Disbursements pursuant to Section 9.01 of this Agreement will be used exclusively to finance the costs of goods and services required for the Agreement Activity having their source and origin in the United States (Code 000 of the AID Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as AID and GOFI may otherwise agree in writing, and except as provided in the Project Loan Standard Provisions Annex, Section C. 1 (b) with respect to marine insurance. (See Section 6.01.)

Section 9.01 Disbursement for Foreign Exchange Costs:

After satisfaction of conditions precedent, if any, the Company may obtain

disbursements of funds under the Agreement for the Foreign Exchange Costs of goods or services required for the Agreement Activity in accordance with the terms of this Agreement, by such methods as are acceptable to both GOFI and AID.

Section 10.01 Communications: Any notice, request, document, or other communication submitted by GOFI or the Company to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To GOFI:

Deputy Chairman
General Organization
for Industrialization
6 Khalil Agha Street
Garden City - Cairo

To the Company:

Chairman
The Egyptian Company for Refractories

Post Office Box 1211
(Nozha)
Alexandria, Egypt
A.R.E.

The Company will continually inform GOFI as to the funds used pursuant to this Agreement and all other matters in reference to the Project.

Section 11.01 Effective Date: This Agreement will enter into effect when signed by both parties, and will remain valid until all repayments of the Reloan have been made.

IN WITNESS whereof, GOFI and the Company, each acting through its respective duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written:

G.O.F.I.

By: EL Mehela

Company

By: [Signature]

*Qari
Nabih*

Eng. **Ibrahim M. Sharkas**
TITLE: Deputy Chairman

Chem. Mohamed Shams El-Din El-Soufi
TITLE: Chairman

AF. [Signature]

ANNEX NO.1

AGREEMENT ACTIVITY

MODERNIZATION OF THE REFRACTORIES PRODUCTION

DESCRIPTION OF THE PROJECT

The project consists of the modernization of the refractories production of the Egyptian Company for Refractories. The project is designed to assist the Company in:

(1) The modernization of the Alexandria plant, in order to produce 60,000 metric ton per year of high quality (31-42 per cent alumina) refractories, and

(2) The modernization of its product lines, so as to produce 20,000 metric tons per year of high quality refractories (45-80 per cent alumina) and 15,000 metric tons per year of monolithic refractory masses including: castables, ramming mixtures and plastic.

The total capital requirements of this project are estimated to be U.S. \$ 44.359 million and will be financed as follows:

	(U.S. \$ 000 's)
A.I.D. Re-Loan	12,052
A.I.D. Re-Grant	7,080
Local Financing (Egyptian Pounds)	25,227 (equivalent)
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Total	44,359

The proceeds of the A.I.D. Re-Loan will finance: the foreign exchange costs (U.S. \$ 12.052 million) related to the procurement of plant equipment, licenses, supervision of erection services, start-up services and operational technical assistance which will be provided by equipment suppliers.

The proceeds of the A.I.D. Re-Grant will finance the following:

(1) Engineering, procurement and construction management services in the amount of U.S. \$4.011 million.

(2) Environmental protection equipment in the amount of U.S. \$ 0.650 million.

(3) Management services during the implementation of the project, in the amount of U.S. \$ 0.650 million.

(4) International freight (transported on U.S. Flag carriers) in the amount of U.S. \$ 1.769 million for the transport of commodities financed with A.I.D. funds under this agreement.

The amount of L.E. 17.659 million (equivalent to U.S. \$ 25.227 Million) will be provided by the Company in order to finance locally procured plant construction materials, civil design services, civil construction and plant erection services.

ANNEX NO.2

PROJECT LOAN STANDARD PROVISIONS

ANNEX

AID LOAN AGREEMENT NO. 263-K-048