
LOAN NUMBER 9446-EG

Loan Agreement

(Cairo Alexandria Trade Logistics Development Project)

between

ARAB REPUBLIC OF EGYPT

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between ARAB REPUBLIC OF EGYPT ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of four hundred million Dollars (\$400,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement. The Borrower's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Egyptian National Railways ("Project Implementing Entity").
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate (as defined in paragraph 92 in the Appendix of the General Conditions) for the Loan Currency plus the Variable Spread, provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum; and provided furthermore that, upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions.
- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

- 2.08. The Borrower represents that it has designated its Ministry of Finance for the purpose of handling on behalf of the Borrower, debt service payments with respect to the Loan.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out Part 1.1 of the Project through MoT, and cause Parts 1.2-1.5 and 2 to be carried out by the Project Implementing Entity, in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. This Agreement shall become effective once the Bank has received evidence that all the necessary constitutional procedures have been taken by the Borrower in accordance with the provisions of Section 9.01 of the General Conditions.
- 4.02. The Additional Condition of Effectiveness is that the Subsidiary Loan Agreement has been entered into between the Borrower and the Project Implementing Entity.
- 4.03. The Additional Legal Matter to be included in the Legal Opinion is that the Subsidiary Loan Agreement has been duly authorized by the Borrower and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity, in accordance with its terms.
- 4.04. The Effectiveness Deadline is the date two hundred and ten days (210) days after the Signature Date, or such later date as the Bank may establish in accordance with the provisions of Section 9.04 of the General Conditions.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its minister responsible for international cooperation.
- 5.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Ministry of International Cooperation
8 Adly Street
Cairo, Arab Republic of Egypt; and

- (b) the Borrower's Electronic Address is:

Cable address:	Facsimile:
Ministry of International Cooperation	(202) 2391-2815
Cairo, Arab Republic of Egypt	(202) 2391-5167

5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(c) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

ARAB REPUBLIC OF EGYPT

By



Authorized Representative

Name: Dr. Rania A. Al-Mashat

Title: Minister of International Cooperation

Date: 8 November 2022

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: MARINA WES

Title: COUNTRY DIRECTOR

Date: 8 NOVEMBER 2022

SCHEDULE 1

Project Description

The objectives of the Project are to improve the performance and support the decarbonization of the logistics and transport sectors in the Alexandria-6th October-GCA Railway Corridor.

The Project consists of the following parts:

Part 1: Railway Sector Reform, Project Delivery, Stakeholder Engagement, and Women Economic Empowerment and Private Sector Participation

- 1.1. ***Railway sector reform:*** (a) developing and adopting a transparent railway Infrastructure Access Charging (IAC) scheme for the Egyptian railway network including: (i) drafting and adopting the regulations to support introduction of the IAC regime; (ii) determining the specific charges to be paid for access and use of infrastructure by public and private railway operators and (iii) supporting the PIE in the preparation of IAC Contracts for railway operators; (b) developing a regulatory framework including, identifying the detailed scope and responsibilities of a railway regulator and the associated governance framework; and (c) identifying and developing additional rail-friendly policies to increase traffic on the railway network.
- 1.2. ***Project-delivery activities:*** (a) recruiting a Works Integrator and Supervisor to supervise, manage, and integrate the design and construction of works financed by the Ministry of Transport (MoT) and works financed with Loan proceeds under Part 2 of the Project; and (b) financing of a technical audit for the works financed with Loan proceeds under Part 2 of the Project.
- 1.3. ***Promotion of women's employment and stakeholder engagement:*** (a) promoting women's employment in the PIE's workforce through: (i) upgrading its childcare facility to meet the applicable national standards, and (ii) supporting the female training program; and (b) implementing activities under the Stakeholder Engagement Plan to strengthen meaningful stakeholder engagement under the Project.
- 1.4. ***Enabling private capital mobilization (PCM) for the railway sector:*** providing transaction support to the PIE in dealing with private parties concerning private sector participation opportunities in the rail sector.
- 1.5. ***Decarbonization study:*** Conducting a technical study for developing a decarbonization roadmap for the PIE.

Part 2: Track Extension, Railway Signaling Modernization, and Selected Track Upgrades to Create Railway Bypass around the Greater Cairo Area

- 2.1. ***Greenfield Link.*** Construction of a greenfield link from the Bassteel–Itay El Baroud section to the Marazeeq-Wahat section, including: (a) constructing structures (bridges, viaducts) and laying track foundation; (b) installation of track and signaling; and (c) providing retention money for Part 2.1(b) immediately above (PBC Eligible Expenditure).
- 2.2. ***Marazik–Wahat Section Upgrade.*** Upgrading of existing track and signaling modernization from Marazik for an estimated distance of 70 km on the Wahat line.
- 2.3. ***El Bassteel–Itay El Baroud Section:*** (a) constructing structures (bridges, viaducts) and laying track foundation for a parallel track from El Bassteel to El Itihad; (b) installing new tracks and signaling on both tracks on the segment from El Bassteel to El Itihad; and (c) upgrading of the existing single track and signaling on the El Itihad–Itay El Baroud segment.
- 2.4. ***El Itihad–Tafaroua Section.*** Upgrading the existing single track and signaling on the El Itihad–Tafaroua section.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Implementing Entity

- (a) The Borrower shall designate, at all times during the implementation of the Project, the Project Implementing Entity to be responsible for overall implementation, coordination and supervision of activities under the Project other than Part 1.1 thereof, in close coordination with the Ministry of Transport. To this end, and without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall: (i) perform all its obligations through the Project Implementing Entity in accordance with the provisions of this Agreement and the Project Agreement; (ii) take or cause to be taken all actions, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable the Project Implementing Entity to perform such obligations; and (iii) except as mutually agreed upon between the Borrower and the Bank, the Borrower shall not take or permit to be taken any action which would prevent or interfere with such performance.
- (b) Notwithstanding the provision of (a) above, the Borrower shall ensure that Project Implementing Entity carries out the Project through the Project Management Unit and maintains throughout the implementation of the Project, the PMU with functions, staffing and terms of reference acceptable to the Bank.

2. Ministry of Transport

- (a) Without limitation upon the provisions of paragraph 1 immediately above, the Borrower shall designate, at all times during the implementation of the Project, the Ministry of Transport to be responsible for coordination and supervision of the implementation of activities under Part 1.1 of the Project.
- (b) To this end, the Borrower shall, through the Ministry of Transport: (i) maintain at all times during the implementation of the Project, a Project team with a composition, functions, responsibilities and resources acceptable to the Bank, to be responsible for the day to day implementation of activities under said Part 1.1 of the Project; and (ii) maintain at all times during the implementation of the Project, a Steering Committee with membership and terms of reference satisfactory to the Bank. The Steering Committee shall be responsible for technical oversight, coordination and supervision of activities under Part 1.1 of the Project, in coordination with the Ministry of Transport and the Project Implementing Entity, as may be further elaborated in the Project Operations Manual.

B. Subsidiary Loan Agreement

1. To facilitate the carrying out of the Project other than Part 1.1 thereof, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under a subsidiary loan agreement between the Borrower and the Project Implementing Entity, under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the following: (a) repayment of principal, and payment of interest, charges and premium in accordance with the provisions of Article II of this Agreement and Article III of the General Conditions; (b) payment of any other charges which may be required by the Borrower; and (c) foreign exchange risk to be borne by the Project Implementing Entity ("Subsidiary Loan Agreement").
2. The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree in consultation with the Borrower, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any of its provisions.
3. The Borrower shall carry out the Project through the Project Implementing Entity pursuant to the provisions of the Anti-Corruption Guidelines.

C. Environmental and Social Standards

1. The Borrower shall, through the Project Implementing Entity, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall, through the Project Implementing Entity, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower shall, through the Project Implementing Entity, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Borrower shall, through the Project Implementing Entity, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, and/or separate report or reports, all with the frequency and timing specified in the ESCP, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, all in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
 5. The Borrower shall, through the Project Implementing Entity, establish, maintain and publicize the availability of a grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
 6. The Borrower shall, through the Project Implementing Entity, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of the ESCP and the environmental and social instruments referred to therein and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks and all other risks referred to in the ESCP as applicable to such civil works commissioned or carried out pursuant to said contracts.
- D. PBC Eligible Expenditure under Part 2.1(c) of the Project**
1. The Borrower shall, through the Project Implementing Entity, ensure that the amount of payments which the Project Implementing Entity may request for the PBC Eligible Expenditure under 2.1(c) of the Project shall be determined on the basis of the maximum amount allocated by the Bank to the PBC, subject to the provisions of Section III of this Schedule 2, provided that such amount shall not exceed the total amount of payment for the said PBC Eligible Expenditure incurred during the period covered by the payment requested, excluding any amount of eligible expenditures financed from other sources of financing; and
 2. Notwithstanding the provisions of sub-paragraph (1) immediately above, all payments for the PBC Eligible Expenditure shall be subject to the Bank's prior written approval and shall only be eligible for financing out of the proceeds of the Loan if and to the extent approved by the Bank in accordance with the provisions of Section III of this Schedule 2.

E. Verification and Technical Audit

The Borrower shall, through the Project Implementing Entity:

1. Not later than eighteen (18) months after the Effective Date, or such later date as agreed with the Bank in writing from time to time, appoint and thereafter maintain, at all times during the implementation of the Project, an independent verification agent with qualifications, experience and under terms of reference acceptable to the Bank ("Independent Verification Agent" or "IVA"), to: (a) verify the data and other evidence supporting the achievement of the PBC as set forth in the Verification Protocol and recommend the corresponding payment to be made, as applicable, under Category (2); and (b) conduct an independent technical audit and reporting on the quality of works and installations delivered under the Project.
2. Ensure that the IVA: (a) develops and adopts a detailed Verification Protocol in form and substance satisfactory to the Bank; (b) carries out verification processes in accordance with the adopted Verification Protocol to determine whether the PBC has been met; and (c) submits to the Bank the corresponding verification report in a timely manner and in form and substance satisfactory to the Bank for final review.

Section II. Project Monitoring Reporting and Evaluation

The Borrower through the Project Implementing Entity shall furnish to the Bank each Project Report not later than sixty (60) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (1) finance Eligible Expenditures; and (2) pay: (a) the Front-end Fee; and (b) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (exclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services and Operating Costs for the Project for Parts 1 and 2 (except Parts 2.1 (a), 2.1(c) and 2.3(a)) of the Project	389,000,000	100%
(2) PBC Eligible Expenditure under Part 2.1(c) of the Project	10,000,000	100% of the PBC amount (or such lesser percentage as represents the total PBC Eligible Expenditure incurred by the Project Implementing Entity as of the date of withdrawal)
(3) Front-end Fee	1,000,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05(c) of the General Conditions
TOTAL AMOUNT	400,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; and
 - (b) under Category (2), unless and until the Borrower, through the Project Implementing Entity, has furnished evidence acceptable to the Bank that the retention funds under Part 2.1(c) of the Project have been paid and verified to meet the PBC for which payment is requested in accordance with the Verification Protocol.
2. Notwithstanding the provisions of Part A of this Section, payments under Category (2) shall not exceed the maximum amounts allocated to the PBC as provided for in Verification Protocol.

3. Notwithstanding the provisions of paragraph 1(b) of this Section III.B, if the PBC set out in the Verification Protocol has not been achieved by the Closing Date, the Bank may, in consultation with the Borrower: (a) reallocate all or a portion of the proceeds of the Loan then allocated to Category (2) to any other Category; and/or (b) cancel all or a portion of the proceeds of the Loan then allocated to said Category (2).
4. The Closing Date is September 28, 2029.

SCHEDULE 3

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning November 15, 2029, through November 15, 2050	2.27%
On May 15, 2051	2.39%

APPENDIX

Definitions

1. "Alexandria-6th October-GCA Railway Corridor" means the railway route from Alexandria Ports to the Dry Ports 6th October and the Greater Cairo Area.
2. "Anti-Corruption Guidelines" means, for purposes of paragraph 6 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. "ENR" means the Egyptian National Railways, established and operating pursuant to *Law No. 266 of 1956*, and *Law No. 152 of 1980*.
5. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated September 12, 2022 as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
6. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; and (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank.
7. "Fiscal Year" means the Project Implementing Entity's twelve-month period starting July 1 and ending June 30 of the following year.
8. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).

9. "Infrastructure Access Charge" or "IAC" scheme means the payment made by rail operators to the Project Implementing Entity for using the Project Implementing Entity's tracks and stations.
10. "IAC Contracts" means each of the Infrastructure Access Contracts, in form and substance acceptable to the Bank, between the PIE and private railway operations providing for access to railways for a defined fee and the conditions and procedures thereof.
11. "Independent Verification Agent" or "IVA" means the agent referred to in Section I.E of Schedule 2 to this Agreement.
12. "Ministry of Finance" means the Borrower's ministry responsible for finance, and any successor thereof.
13. "Ministry of International Cooperation" means the Borrower's ministry responsible for international cooperation, and any successor thereof.
14. "Ministry of Transport" means the Borrower's ministry responsible for transport, and any successor thereof.
15. "Operating Costs" means the reasonable incremental expenses arising under the Project, and based on the annual work plan and budget, on account of vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rentals, accommodation, banking charges, advertising expenses, travel and *per diem*, but excluding the salaries of the Borrower's civil servants.
16. "PBC" means the performance-based condition as set forth in the Verification Protocol, on the basis of the achievement of which, the amount of the Loan allocated to said PBC may be withdrawn in accordance with the provisions of Section III of Schedule 2 to this Agreement.
17. "PBC Eligible Expenditure" means the defined expenditures eligible for financing on the basis of the achievement of the PBC, as stipulated in the Verification Protocol.
18. "Project Agreement" means the agreement between the Project Implementing Entity and the Bank for the Project, dated the same date as this Agreement, as amended from time to time.
19. "Project Implementing Entity" or "PIE" means the Egyptian National Railways.
20. "Project Implementing Entity's Legislation" means *Law No. 266 of 1956*, and *Law No. 152 of 1980*.
21. "Project Management Unit" or "PMU" means the PIE's unit responsible for implementing the Railway Improvement and Safety for Egypt Project (Loan No. 9200-EG) and referred to in Section I.A.1 of the Schedule to the Project Agreement.
22. "Project Operations Manual" or "POM" means the manual referred to in Section I.B.1 of the Schedule to the Project Agreement.

23. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
24. "Stakeholder Engagement Plan" means the plan for the involvement and consultations with stakeholders dated August 27, 2022, adopted by the Borrower in accordance with the ESCP.
25. "Steering Committee" means the committee established under the Railway Improvement and Safety for Egypt Project (Loan No. 9209-EG) and referred to in Section I.A.2(b)(ii) of Schedule 2 to this Agreement, or any successor thereto.
26. "Subsidiary Loan Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.
27. "Works Integrator and Supervisor" means a dedicated works supervisor who shall work with the PIE on Project management and systems integration under Part 2 of the Project, including in preparing specifications and procurement of the works under said Part.