



LN 7656-EG

EGYPTIAN NATIONAL RAILWAYS**Revised Supplemental Letter No.2**

September 24, 2014

International Bank for Reconstruction
and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Re: Loan No. 7656-EG (Egypt National Railways Restructuring Project) (Original Project) and Loan No. 7982-EG (Additional Financing for the Egypt National Railways Restructuring Project) (Additional Project)
Revised Performance Monitoring Indicators

Dear Sirs and Mesdames:

We refer to the Loan Agreement dated August 2, 2009 (the Loan Agreement) between the Arab Republic of Egypt (the Borrower) and the International Bank for Reconstruction and Development (the Bank) and the Project Agreement of the same date, between the Bank and the Egyptian National Railways (the Project Implementing Entity) both for the Egypt National Railways Restructuring Project (Original Project); and the Loan Agreement dated September 23, 2011 (the Additional Financing Loan Agreement) between the Borrower and the Bank and the Project Agreement of the same date, between the Bank and the Project Implementing Entity both for the Additional Financing for the Egypt National Railways Restructuring Project (Additional Project). We confirm to the Bank that, for purposes of paragraph A of Section II.A of the Schedule to the Project Agreement of the Original Project and paragraph A of Section II.A of the Schedule to the Project Agreement of the Additional Project, the revised indicators set out in the attachment to this letter shall serve as a basis to monitor and evaluate the progress of the Original Project and Additional Project and the achievement of the objectives thereof.

This letter shall supersede the Supplemental Letter No. 2 dated August 2, 2009 provided by the Project Implementing Entity to the Bank.

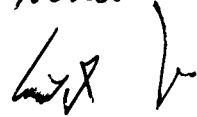
It is our understanding that, in making the Loan for the Original Project and the Additional Project, the Bank relies on the statements set forth or referred to in this letter.

Very truly yours

EGYPTIAN NATIONAL RAILWAYS

Samir Hamed Mohamed Nouar

By ENR chairman
Authorized Representative



EGYPT: National Railways Restructuring Project
Revised Project Results Framework and monitoring indicators

PDO Level Results Indicators	Core	Unit of Measurement	Baseline Original Project Start FY07/FY08 /FY09	Progress To Date FY12/13	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comment
					FY14/ 15	FY16/ 17	FY18/ 19				
1. Availability ratio of the useful fleet o Long Distance Passenger o Short Distance Passenger o Freight	<input type="checkbox"/>	Percentage.	49.5 74.5 15.3	75 74 49	73 79 71	76 80 75	80 80 77	Once every two years	ENR statistics	ENR	Defined as the number of daily available locomotives divided by the total number of assigned locomotives for each SBU averaged on a yearly basis. Target values are yearly and not cumulative
2 Kilometrage per available locomotive. o Long Distance Passenger o Short Distance Passenger o Freight	<input type="checkbox"/>	Kilometer (000s)	143 68 75	184 71 87	156 83 62	166 90 72	176 97 85	Once every two years	ENR statistics	ENR	Total number of km (000s) run by all locos during a year divided by the average number of yearly available locos. Target values are yearly and not cumulative
3 Long distance Passenger traffic on Cairo – Alexandria o AC trains o non-AC long distance trains	<input type="checkbox"/>	Number (million)	855 1323	1267 1078	1755 2304	1830 2402	1907 2503	Once every two years	ENR statistics	ENR	Total annual passenger-km (million) Target values are yearly and not cumulative
4 Long distance Passenger traffic on Beni Suef - Asyut o AC trains o non-AC long distance trains	<input type="checkbox"/>	Number (million)	2245 4239	2397 3817	2948 4550	3073 4742	3204 4944	Once every two years	ENR statistics	ENR	Total annual passenger-km (million). Target values are yearly and not cumulative
5. Average number of fatalities due to railway accidents on the ENR network ¹ o Typical accidents ² o Non Typical accidents ³ o Total ⁴	<input type="checkbox"/>	Number	0.0248 0.57 0.595	0.15 1.03 1.18	0.31 0.30 0.30			Once every two years	ENR statistics	ENR	Target values are yearly and not cumulative

¹ Calculated as the total annual number of victims on ENR network per one billion passenger-km. ENR shall develop an internal system for collecting data concerning the number of fatalities (persons killed in the accident and deceased after the accident) Figures about the total annual number of fatalities and the total volume of passenger-km will be presented for the annual evaluation of the indicator.

² Accidents produced as a consequence of railways malfunctioning or railway staff human error.

³ Other accidents involving railways (level crossing accidents ignoring the signaling warnings, people's negligence in the railway area, etc)

⁴ Only the total (sum of typical and non-typical accidents) is monitored for assessing railways safety.

Intermediate Results and Indicators											
Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start FY07/FY08 /FY09	Progress To Date FY12/13	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comment
					FY14/15	FY16/17	FY18/19				
Component 1											
1 Punctuality of AC trains on the line Cairo-Alexandria	<input type="checkbox"/>	Number	0.29	0.57	0.18	0.13	0.07	Once every two years	ENR statistics	ENR	Total number of AC train arriving 15 minutes to final destination late during one year divided by the total number of AC trains operated in the same period of time. The formula for calculation of punctuality shall exclude the trains delayed or cancelled due to factors affecting the punctuality which are beyond the control of ENR (social unrest affecting the railway traffic). Target values are yearly and not cumulative
2 Punctuality of AC trains on the line Beni Suef - Asyut	<input type="checkbox"/>	Number	0.42	0.70	0.23	0.16	0.09	Once every two years	ENR statistics	ENR	Same as above
3 Installation of a modernized signaling system on Cairo-Alexandria line completed and operating 24/7	<input type="checkbox"/>	Yes/No	No	No	No	No	Yes	Every year	ENR statistics	ENR	
4 Installation of a modernized signaling system on Beni Suef-Asyut line completed and operating 24/7	<input type="checkbox"/>	Yes/No	No	No	No	No	Yes	Every year	ENR statistics	ENR	
5 Completion of studies to prepare the next phase of the modernization of the signaling system (ETCS level 1)	<input type="checkbox"/>	Yes/No	No	No	No	No	Yes	Every year	ENR statistics	ENR	

Component 2											
6. Number of kilometers of renewed tracks along the Cairo-Aswan and Benha-Port Said lines	<input type="checkbox"/>	Kilometer	0	80	150	260	260	Every year	ENR statistics	ENR	
7. Maintenance costs on sections where tracks are renewed annual total cost of track infrastructure maintenance on sections renewed under the project	<input type="checkbox"/>	Number (Million EGP ⁵)	2.77	3.29	2.12	0.94	0.54	Once every two years	ENR statistics	ENR	Target values are yearly and not cumulative
Component 3											
8. Average management training time ratio between the number of staff-days allocated for training during a year and the average number of management staff at ENR ⁶ .	<input type="checkbox"/>	Number	2.9	17	10	12	12	Once every two years	ENR statistics	ENR	Target values are yearly and not cumulative
9. Completion of studies to support the restructuring of ENR	<input type="checkbox"/>	Yes/No	No	No	No	No	Yes	Every year	ENR statistics	ENR	

⁵ Five year rolling average of the cost of mechanical maintenance and materials' cost for the Project sections.

⁶ ENR categories of staff considered as management staff are first six levels of management