

LOAN NUMBER 3071 EGT

Project Agreement

(Agricultural Storage Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

PRINCIPAL BANK FOR DEVELOPMENT  
AND AGRICULTURAL CREDIT

Dated May 8, 1990

LOAN NUMBER 3071 EGT

PROJECT AGREEMENT

AGREEMENT, dated May 8, 1990, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and PRINCIPAL BANK FOR DEVELOPMENT AND AGRICULTURAL CREDIT (PBDAC).

WHEREAS (A) by the Loan Agreement of even date herewith between Arab Republic of Egypt (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to forty million dollars (\$40,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that PBDAC agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and PBDAC, the proceeds of the loan provided for under the Loan Agreement will be made available to PBDAC on the terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS PBDAC, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "PC" or "Project Coordinator" means the Project Coordinator referred to in Part A (1) of Schedule 2 to this Agreement;

(b) "PSC" means the Project Steering Committee referred to in Part A (2) of Schedule 2 to this Agreement; and

(c) "BDACs" means the Banks for Development and Agricultural Credit, wholly owned subsidiaries of PBDAC, operating at the governorate level.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) PBDAC declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and PBDAC shall otherwise agree, PBDAC shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. PBDAC shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively).

Section 2.04. PBDAC shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Bank shall otherwise agree, PBDAC shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) PBDAC shall, at the request of the Bank, exchange views with the Bank with regard to progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement and other matters relating to the purposes of the Loan.

(b) PBDAC shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the

purposes of Loan, or the performance by PBDAC of its obligations under this Agreement and under the Subsidiary Loan Agreement.

### ARTICLE III

#### Management and Operations of PBDAC

Section 3.01. PBDAC shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and agricultural credit practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. PBDAC shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

### ARTICLE IV

#### Financial Covenants

Section 4.01. (a) PBDAC shall maintain records and accounts, including separate Project accounts, adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) PBDAC shall:

- (i) have its records, accounts, including the separate Project accounts, and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements and separate Project accounts for such year as so audited and (B) the report of such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

### ARTICLE V

#### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of PBDAC thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly

notify PBDAC thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE VI

##### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

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

Cable address:

Telex:

INTBAFRAD  
Washington, D.C.

197688 (TRT),  
248423 (RCA),  
64145 (WUI) or  
82987 (FTCC)

For PBDAC:

Principal Bank for Development  
and Agricultural Credit  
110 El-Kasr El-Einy Street  
Cairo, Egypt

Cable address:

Telex:

TASLIF  
Cairo

93045 PBDAC UN

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of PBDAC may be taken or executed by the Chairman of PBDAC or such other person or persons as the Chairman shall designate in writing, and PBDAC shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ W. A. Wapenhans  
Regional Vice President  
Europe, Middle East and North Africa

PRINCIPAL BANK FOR DEVELOPMENT AND  
AGRICULTURAL CREDIT

By /S/ A. H. Ezzi  
Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. (i) Bidders for the works included in Part A (1) of the Project shall be prequalified as described in paragraph 2.10 of the Guidelines.

(ii) To the extent practicable, contracts for works under Part A (1) of the Project shall be grouped in bid packages estimated to cost the equivalent of \$2,000,000 or more each.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Egypt may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Contracts for the construction of storage facilities under Part A (1) of the Project estimated to cost the equivalent of not more than \$2,000,000 per contract and not more than the equivalent of \$7,000,000 in the aggregate, may be awarded under local competitive bidding procedures advertised locally in accordance with procedures satisfactory to the Bank. In particular, PBDAC shall ensure under such procedures that: (i) representatives of foreign bidders shall be allowed to bid, (ii) all bidders shall be treated equally in terms of the requirement of furnishing bid or performance bonds, and (iii) bids received after the date stipulated for the submission of bids shall not be considered.

2. Works for repair or rehabilitation of warehouses under Part A (2) of the Project, estimated to cost the equivalent of not more than \$3,100,000 in the aggregate,

may be carried out: (a) under contracts awarded pursuant to the procedures described in paragraph (1) above, or (b) if the Bank shall so agree, by PBDAC under force account procedures satisfactory to the Bank.

3. Transportation vehicles, computer and other equipment estimated to cost the equivalent of not more than \$100,000 per contract and \$2,000,000 in the aggregate, may be procured on the basis of an evaluation of price quotations obtained from not less than three reliable suppliers.

#### Part D: Review by the Bank of Procurement Decisions

##### 1. Review of prequalification:

With respect to the prequalification of bidders as provided in Part A.2 (i) hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

##### 2. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$1,000,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to the Loan Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (a) (ii) of the Loan Agreement.

3. The figure of 20% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

#### Section II. Contracting of Consultants' Services

In order to assist PBDAC in (i) the preparation of design and tender documents and evaluation of bids for, and supervision of, works required under Part A.4 of the Project, (ii) the preparation of design and tender documents and evaluation of bids for, and the inspection of, equipment required under Part A.3 of the Project, and (iii) the carrying out of Part B of the Project, PBDAC shall contract the services of consultants whose qualifications, experience and terms and conditions of contracts shall be satisfactory to the Borrower and the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank

on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by The World Bank as Executing Agency" published by the Bank in August 1981.

## SCHEDULE 2

### Implementation Program

#### Part A: Project Management

The responsibility for coordinating and supervising the carrying out of the Project shall be exercised directly by the Chairman of PBDAC who shall be assisted by:

1. a Project Coordinator (PC) appointed on a full-time basis. The PC, together with his support staff, shall be located in the Chairman's office and shall (a) facilitate all administrative work required for the timely and coordinated implementation of activities under the Project, (b) develop an appropriate management information system, monitor progress in Project implementation and prepare quarterly reports thereon for submission to the Bank (each within two months from the end of the period covered by it), (c) expedite procurement action, and (d) operate as a secretariat for correspondence with the Bank; and

2. a Project Steering Committee (PSC) to be chaired by the Chairman of PBDAC, with members representing the Ministries of Agriculture and International Cooperation and the Departments of PBDAC concerned with the carrying out of the Project. The PSC shall study and make recommendations on matters presented to it by the Chairman concerning the general status of the Project and the action to be taken to improve institutional arrangements for its implementation.

#### Part B: Project Implementation

##### 1. Departmental Responsibilities:

Responsibilities for carrying out the various components of the Project shall be assigned to, and be coordinated among, the relevant Departments of PBDAC as follows:

(a) the Department of Engineering shall: (i) prepare, with the assistance, as required, of engineering consultants, and in coordination with the Storage and Production Department, the detailed design and tender documents for the construction of storage facilities under the Project, (ii) prequalify prospective bidders, invite and evaluate bids and prepare the recommendations for award, all in accordance with applicable rules and procedures, including those stated or referred to in the Project Agreement; (iii) ensure that the BDACs will assign an adequate number of qualified engineering staff to supervise consultants' works; (iv) determine, on the basis of the criteria referred to in paragraph 2 (a) below, the location of the storage facilities to be constructed under Part A (1) of the Project and ensure that such locations are acquired in a timely manner; (v) assist in the preparation of the progress reports referred to in Part A (1) (b) of this Schedule; and (vi) ensure the optimum utilization of the services of engineering consultants employed under the Project.

(b) The Department of Storage and Production, through its participation in the PSC's meetings and in coordination with other Departments of PBDAC and the PC,

shall assist in (a) the selection of sites for construction works, (b) the procurement of equipment; (c) the selection of candidates for training, (d) the preparation of the Project progress reports referred to in Part A (1) (b) of this Schedule; (e) the enforcement of the environmental standards referred to in Part B (2) (e) of this Schedule; and (f) the design, with the assistance of consultants, and implementation of a transportation planning system.

(c) The Department of Training shall: (a) assist in the selection, on the basis of a predetermined criterion, of the candidates for training; (b) arrange for the carrying out of local training; and (c) follow-up on the progress of training under the Project and provide regular evaluation thereof for inclusion in the progress reports referred to in Part A (1) (b) of this Schedule.

(d) The Department of Administrative and Financial Affairs and the Department of Finance shall (a) maintain the separate Project accounts, (b) prepare the budgetary estimates for the Project, (c) prepare the documents required for withdrawal of the proceeds of the Loan; and (d) arrange for the audit report referred to in Section 4.01 of this Agreement.

## 2. Special Requirements

### (a) Design and Location of Storage Facilities:

PBDAC shall (i) consult with the Bank on the final design for the storage facilities to be constructed under Part A.1 of the Project, and (ii) determine the sites for such facilities on the basis of criteria which take into account (A) the results of the site/soil survey of such site, (B) ownership of the site by PBDAC/BDACs, and (C) accessibility of the site and its location within the designated service area; and (iii) select, in consultation with the Bank, not later than September 30, 1990, the site for the construction of the bulk handling and storage facility, to be constructed under Part A.4 of the Project.

### (b) Training:

PBDAC shall exchange views regularly with the Bank with respect to progress in the carrying out of training activities under the Project.

### (c) Monitoring and Review:

PBDAC shall (i) with the assistance of engineering consultants, develop a system to be applied by the relevant BDACs in processing payments under contracts for construction works, and establish records and invoices to facilitate monitoring the progress of construction and payments; and (ii) carry out by December 31, 1992, in accordance with a methodology agreeable to the Bank and PBDAC, a mid-term review of the Project with a view to assessing the achievement of the objectives of the Project.

### (d) BDACs:

PBDAC shall strengthen the engineering and accounting staff of the BDACs so as to enable such BDACs to supervise, and to process payments for, construction works carried out under Part A of the Project within their respective jurisdictions.

### (e) Environmental Requirements:



In order to ensure sound environmental practices in the operation of the storage facilities to be constructed under Part A.1 of the Project, PBDAC shall take all measures necessary to ensure that (i) pesticide stores will be adequately ventilated; (ii) water supply sources will be provided; (iii) adequate safety procedures will be adopted for disposal of pesticide containers and for dealing with accidental spilling of toxic chemicals; (iv) pesticides will not be stored alongside foodgrains or feed; (v) staff will be appropriately trained to deal with emergencies and to fumigate foodgrain and feed stocks; (vi) staff dealing with pesticides storage will be provided with suitable protective equipment and clothing; and (vii) pesticide stores will be appropriately labeled and emergency procedures will be posted in each store.

(f) Store Operation:

PBDAC shall establish, in consultation with the Bank, not later than December 31, 1990, procedures designed to ensure the efficient utilization and maintenance of the storage facilities to be constructed or rehabilitated under Part A of the Project and the equipment to be provided under Part A.3 for the operation thereof.

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