

Public Disclosure Authorized

**CONFORMED COPY**

---

---

**LOAN NUMBER 7895-EG**

# **Project Agreement**

**(Giza North Power Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**EGYPTIAN ELECTRICITY HOLDING COMPANY**

**Dated November 4, 2010**

---

---

**PROJECT AGREEMENT**

Agreement dated November 4, 2010, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and EGYPTIAN ELECTRICITY HOLDING COMPANY (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of same date between ARAB REPUBLIC OF EGYPT (“Borrower”) and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

**ARTICLE I - GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral 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 Loan Agreement or the General Conditions, and in the Appendix to this Agreement.

**ARTICLE II - PROJECT**

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

**ARTICLE III – EFFECTIVE DATE; TERMINATION**

- 3.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.
- 3.02. This Agreement and all obligations of the Bank and of the Project Implementing Entity thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify the Project Implementing Entity thereof.
- 3.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

**ARTICLE IV - REPRESENTATIVE; ADDRESSES**

4.01. The Project Implementing Entity's Representative is the Chairman of the Board of the Egyptian Electricity Holding Company.

4.02. The Bank's Address is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

4.03. The Project Implementing Entity's Address is:

EGYPTIAN ELECTRICITY HOLDING COMPANY  
Ramsis Street, Extension Abbassia,  
Cairo, Arab Republic of Egypt

Facsimile:

22612239

AGREED at Cairo, Arab Republic of Egypt, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Shamshad Akhtar

Authorized Representative

EGYPTIAN ELECTRICITY HOLDING  
COMPANY

By /s/ Mohamed M. Awad

Authorized Representative

## SCHEDULE

### Execution of the Project

#### Section I. Project Implementation

##### A. Institutional Arrangements

1. For the purpose of carrying out Part A of the Project and by no later than one month after the Effective Date, the Project Implementing Entity shall enter into an agreement with CEPC (the CEPC Agreement), on terms and conditions acceptable to the Bank, including *inter alia*, the following conditions, that CEPC shall:
  - (a) implement, on behalf of the Project Implementing Entity, Part A of the Project in accordance with the provisions of the PIM and inform the Project Implementing Entity promptly of any event or circumstance which interferes or threatens to interfere with the smooth running of the Project;
  - (b) establish, by no later than October 31, 2010 the PMU at the Project site, with qualified staff in adequate numbers;
  - (c) employ contractors as may be needed to carry out its obligations under the CEPC Agreement;
  - (d) prepare and submit to the Project Implementing Entity quarterly, and annual progress reports, including progress in the implementation of the ESMP, together with quarterly Financial Monitoring Reports, for subsequent forwarding to the Bank;
  - (e) prepare annual Project financial statements in accordance with international accounting standards;
  - (f) ensure that its Project accounts are audited on an annual basis by independent auditors, in accordance with international auditing standards;
  - (g) submit annual audit reports to the Project Implementing Entity, for subsequent forwarding to the Bank, not later than six (6) months from the end of each Fiscal Year until completion of the Project;
  - (h) carry out its activities in accordance with sound administrative, engineering, accounting, utilities services and environmental standards;

- (i) for the duration of the Project, make available to the Project Implementing Entity, the Bank and the auditors referred to in Section II.B of this Schedule all documents, books, and records pertaining to the activities financed under the Project;
  - (j) respond to queries, and report to the Project Implementing Entity findings and comments by the auditors referred to in Section II.B of this Schedule; and
  - (k) implement Part A of the Project in accordance with the ESMP, RPF and Project Implementation Manual.
2. The Project Implementing Entity shall approve and adopt, within two months of entering into the CEPC Agreement, the Project Implementation Manual, prepared by CEPC with input, as necessary, from the Project Implementing Entity and in substance acceptable to the Bank for day to day implementation of the Project, including, inter alia, all applicable procurement and financial management processes and procedures and shall implement the Project in accordance with the Project Implementation Manual.
3. Throughout the duration of the Project, the Project Implementing Entity shall: (a) maintain and enforce the CEPC Agreement, and shall promptly notify the Bank and the Borrower of any event or circumstance which interferes with, or may interfere with the CEPC Agreement or its implementation; and (b) not amend the CEPC Agreement except as otherwise agreed upon with the Borrower and the Bank.

**B. Project Implementation and Management**

The Project Implementing Entity shall maintain arrangements, satisfactory to the Bank, for the carrying out of the Project in accordance with the ESMP, the RPF, and the Project Implementation Manual. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not amend or waive any provision of the ESMP, the RPF, or the Project Implementation Manual, if, in the opinion of the Borrower or of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

**C. Anti-Corruption**

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006.

**D. Safeguards**

The Project Implementing Entity shall ensure that: (i) remedial measures are taken during the implementation and operation of the Project to offset or reduce adverse environmental impacts to levels set forth in the ESMP; and (ii) all land acquisition required for the purposes of carrying out activities under the Project, and activities related to resettlement and rehabilitation of persons (if any) under the Project in connection with such activities, shall be completed prior to commencing the carrying out of such activities, and in accordance with the provisions set forth in the RPF.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of the indicators agreed with the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than one month after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.
2. The Project Implementing Entity shall provide to the Borrower not later than three months after the closing date, for incorporation in the report referred to in Section 5.08(c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

**B. Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare its financial statements, and cause CEPC to maintain a financial management system and prepare its and the Project financial statements in accordance with consistently applied accounting standards acceptable to the Bank. These financial statements shall be prepared in a manner adequate to reflect their respective operations and financial condition.
2. (a) The Project Implementing Entity shall have its financial statements (balance sheets, statements of income and expenses and related statements), for each fiscal year, audited, by the Borrower's Central Auditing Organization in accordance with consistently applied auditing standards acceptable to the Bank. The audited financial statements for each fiscal year shall be furnished to the Bank not later than six (6) months after the end of the period.

- (b) The Project Implementing Entity shall cause CEPC to have its financial statements for each fiscal year audited by the Borrower's Central Auditing Organization and the Project financial statements for each fiscal year, audited, by independent auditors, in accordance with consistently applied auditing standards, both such auditors and standards to be acceptable to the Bank. The audited financial statements for each fiscal year shall be furnished to the Bank not later than six (6) months after the end of the period.
- 3. The Project Implementing Entity shall cause CEPC to prepare interim un-audited financial reports for the Project covering the quarter, in form and substance acceptable to the Bank and shall furnish to the Bank such reports not later than forty five (45) days after the end of each calendar quarter.

### **Section III. Procurement**

#### **A. General**

- 1. **Works and Goods.** All works and goods required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
- 2. **Definitions.** The capitalized terms used below in this Section to describe the particular procurement method of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines.

#### **B. Particular Methods of Procurement of Works and Goods**

**International Competitive Bidding.** Works and goods shall be procured under contracts awarded on the basis of International Competitive Bidding procedures. The draft bidding documents for such procurement of works and goods shall incorporate the practices and procedures agreed upon between the Borrower and the Bank and shall be furnished to the Bank for its approval.

#### **C. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.



## **APPENDIX**

### **Definitions**

1. “CEPC” means the Cairo Electricity Production Company, an Egyptian joint stock company, wholly owned by the Project Implementing Entity, established and operating pursuant to Law No. 159 of 1981, or any successor thereof.
2. “CEPC Agreement” means the agreement to be entered into between the Project Implementing Entity and CEPC, pursuant to the provisions of paragraph 1 of Part A of Section I of the Schedule to this Project Agreement.
3. “Financial Report” means each report prepared in accordance with the provisions of Section II.B of the Schedule to this Project Agreement.
4. “Fiscal Year” means, individually, the twelve (12) month period corresponding to any of the Borrower’s, the Project Implementing Entity’s or CEPC’s fiscal years, which period commences on July 1 and ends on June 30 in each calendar year, and the term “Fiscal Years” means, collectively, more than one Fiscal Year.
5. “Procurement Plan” means the Project Implementing Entity’s procurement plan for the Project, dated April 15, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
6. “Project Implementation Manual” or “PIM” means the Project Implementing Entity’s implementation manual, including the standard bidding documents for each procurement method and category, standard contracts, pre-qualification documents and standard evaluation reports to be used under the Project, and the financial and accounting policies and procedures for the Project, as such manual may be updated from time to time by agreement of the Project Implementing Entity and the Bank.
7. “PMU” means the Project Management Unit, referred to in Section I.A. paragraph 1(b) of the Schedule to this Project Agreement.