

CONFORMED COPY

CTF LOAN NUMBER TF096930-EG

Clean Technology Fund Loan Agreement

(Wind Power Development Project)

between

ARAB REPUBLIC OF EGYPT

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an implementing entity of the Clean Technology Fund

Dated November 4, 2010

CTF LOAN NUMBER TF096930-EG

CLEAN TECHNOLOGY FUND LOAN AGREEMENT

AGREEMENT dated November 4, 2010, entered into between:

ARAB REPUBLIC OF EGYPT (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), (acting not in its individual capacity but solely in its capacity) as an implementing entity of the Clean Technology Fund (“CTF”).

The Borrower and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

- 1.01. The Standard Conditions (as defined in the Appendix to this 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 Standard Conditions or in the Appendix to this Agreement.

Article II
Loan

- 2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred forty nine million seven hundred and fifty thousand United States Dollars (\$149,750,000) (“the Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“the Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV 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 Project Implementing Entity, the Egyptian Electricity Transmission Company (EETC).
- 2.03. The Management Fee payable by the Borrower, pursuant to Section 4.01(a) of the Standard Conditions, shall be equal to one-quarter of one percent (1/4 of 1%) of the Loan. The Borrower shall pay the Management Fee not later than 60 days after the Effective Date.

- 2.04. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-fourth of one percent (1/4 of 1%) per annum.
- 2.05. The Payment Dates are June 1 and December 1 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the US Dollar.
- 2.08. The Borrower represents that is has designated its Ministry of Finance for the purpose of handling on behalf of the Borrower debt service payments with respect of the Loan.

Article III The Project

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity (EETC) in accordance with the provisions of Article II of the Standard Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article IV Effectiveness; Termination

- 4.01. This Agreement shall become effective once the Bank has received evidence that all 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 of the Borrower and the Project Implementing Entity.
- 4.03. The Additional Legal Matter 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 one hundred and eighty (180) days after the date of this Agreement, or such later date established by the Bank in accordance with Section 9.04 of the Standard Conditions.

Article V
Borrower's Representative; Addresses

- 5.01. The Minister of International Cooperation of the Borrower and the Assistant to the Minister for International, Regional and Arab Financing Organizations of the Ministry of International Cooperation of the Borrower are severally designated as the Representative of the Borrower.

- 5.02. The Borrower's Address is:

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

Cable address:

Facsimile:

Ministry of International Cooperation
Cairo, Arab Republic of Egypt

(202) 2391-2815
(202) 2391-5167

- 5.03. The World Bank's Address is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

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

ARAB REPUBLIC OF EGYPT

By /s/ Fayza Abounaga

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an implementing entity of the
Clean Technology Fund

By /s/ Shamshad Akhtar

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to develop the infrastructure and business models which will enable the development of wind power within the Borrower's territory.

The Project consists of the following parts:

PART A: Transmission Infrastructure

Development of transmission infrastructure to connect wind parks in the Gulf of Suez to the national electricity network, consisting of:

1. Construction of a 500 kilovolt (kV) double circuit transmission line of approximately 280 kilometers (km) in length from Ras Ghareib to Samallout.
2. Construction of a 500kV/220kV GIS substation and installation of a 500kV/220kV transformer in Ras Gharib.
3. Extension of the 500kV/220kV conventional substation and installation of a 500kV/220kV transformer at Samallout.
4. Construction of a 220kV transmission line of approximately 50 km in length between Ras Gharib and Gabel El-Zait.

PART B: Expansion of the Wind Generation Program

Technical assistance and capacity building activities to support the expansion of the wind power program, consisting of:

1. Provision of legal and financial advisory services in the implementation of the competitive bidding program for Build-Own-Operate wind power farms.
2. Management of wind power integration in power system.
3. Environmental and social assessment, including ornithological survey, of the proposed site for a BOO wind power farm in the Gulf of Suez.
4. Implementation of a knowledge management program including communications with stakeholders regarding Project activities and dissemination of lessons learned.

PART C: Gulf of Suez BOO Wind Farm

Development and construction of a 250 megawatt (MW) wind farm in the Gulf of Suez on a BOO basis following a competitive bidding process.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Loan Agreement

1. To facilitate the carrying out of the Project, 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: (i) repayment of principal, and payment of service charges and management fees in accordance with Article II of this Agreement and Article IV of the Standard Conditions; (ii) payment of any other charges which may be required by the Borrower; and (iii) 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 mutually agreed upon between the Borrower and the Bank, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any of its provisions.
3. The Borrower shall cause the Project Implementing Entity to carry out the Project pursuant to 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.

B. Safeguards

The Borrower shall cause the Project Implementing Entity to ensure that remedial measures are taken during the implementation and operation of the Project in accordance with the provisions set forth in the ESMP and the RPF.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the Bank. Each Project Report shall cover the

period of one calendar semester, and shall be furnished to the Bank not later than forty five days (45) after the end of the period covered by such report.

2. Through the Project Implementing Entity, the Borrower shall: (a) prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions; and (b) furnish the Project Completion Report to the World Bank not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall, through the Project Implementing Entity, maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause the Project Implementing Entity to prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in accordance with the provisions of Section 2.07 of the Standard Conditions.
3. The Borrower shall cause the Project Implementing Entity to have the Financial Statements related to the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

Except as the Bank shall otherwise agree, procurement of the works, goods and Consultant Services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of the Schedule to the Project Agreement.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may, through the Project Implementing Entity, withdraw the proceeds of the Loan in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional arrangements as the World Bank may specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to

such arrangements), to finance Eligible Expenditures as set forth in the table in paragraph 3 below.

2. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the CTF. In accordance with Section 3.02 of the Standard Conditions, the Borrower may withdraw the Loan proceeds subject to the availability of such funds. The Borrower agrees that only the resources made available to the World Bank for the purpose of the Loan shall be reasonably considered for the enforcement of any obligations, claims or liabilities under, or in connection with, the Loan.
3. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocations of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be Financed
(1) Goods and works under the Project	148,250,000	100%
(2) Technical support and studies under Part B.1 and B.2 of the Project	1,500,000	100%
TOTAL AMOUNT	149,750,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
 - (a) from the Loan Account until the Bank has received payment in full of the Management Fee; or
 - (b) for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2015.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Loan repayable (expressed as a percentage)
On each June 1 and December 1, commencing December 1, 2020 to and including June 1, 2030.	1%
Thereafter, commencing December 1, 2030 to including June 1, 2050.	2%

APPENDIX

Definitions

1. “BOO” means Build-Own-Operate.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CTF” means the Clean Technology Fund.
4. “CTF Grant” means the grant made to the Borrower by the Bank, (acting not in its individual capacity) but solely as an implementing entity of the Clean Technology Fund, for purpose of the Project.
5. “CTF Grant Agreement” means the agreement in respect of the CTF Grant, of even date herewith, between the Borrower and the Bank acting not in its individual capacity but solely as an implementing entity of the Clean Technology Fund, as such Agreement may be amended from time to time, and includes all appendices, schedules and agreements supplemental to such Agreement.
6. “Co-financier” means EIB (as defined below) referred to in paragraph 15 of the Appendix to the General Conditions.
7. “Co-financing” means the financing in the amount equivalent to seventy million United States Dollars to be provided jointly by Agence Francaise de Developpement, Kreditanstalt fur Wiederaufbau and the European Investment Bank acting as the lead Agency for the purposes of the Co-financing, to assist in financing the project.
8. “Co-financing Agreement” means the Loan Agreement to be entered into between the Borrower and EIB as the lead Agency for the Co-financing. The Co-financing Agreement is expected to have become effective by not later than December 31, 2011.
9. “EIB” means the European Investment Bank, the lead Agency for the Co-financing.
10. “Environmental and Social Management Plan” or “ESMP” means the Borrower’s environmental and social management plan for the Project prepared in accordance with the ESIA and provided to the Bank on March 28, 2010, as such framework may be updated from time to time by agreement between the Borrower and the Bank, setting forth the mitigating, monitoring and institutional

measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental impacts to levels acceptable to the Bank.

11. “ESIA” means the Borrower’s environmental and social impact assessment for the Project provided to the Bank on March 28, 2010, setting forth the matters to be addressed in the ESMP regarding mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental impacts to levels acceptable to the Bank.
12. “KfW” means Kreditanstalt für Wiederaufbau, the German Agency for Development Assistance.
13. “Project Implementing Entity” means the Egyptian Electricity Transmission Company (EETC), established and operating under Law No. 159 of 1981 of the Borrower.
14. “Resettlement Policy Framework” or “RPF” means the Borrower’s resettlement policy framework for the Project provided to the Bank on March 28, 2010, setting forth the rules, procedures and guidelines for the acquisition of land and/or other assets from persons affected by the Project (if any), and/or the resettlement and rehabilitation of such persons (if any), and the compensation thereof.
15. “Standard Conditions” means the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds, dated May 20, 2009.
16. “Subsidiary Loan Agreement” means the agreement referred to in paragraph A.1, Section I of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.