

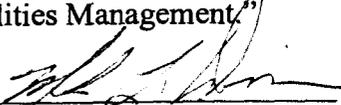


# U.S. ECONOMIC ASSISTANCE PROGRAM IN EGYPT

"Certified to be a true copy of the original document signed by John Groarke, Acting USAID Director, and Fayza Abounaga, Minister of International Cooperation."

**USAID Assistance Agreement No. 263-0270**

"This Amendment to the Assistance Agreement grants \$74,516,259 to the Government of Egypt for Egypt Utilities Management."

  
Mark Driver  
Legal Advisor

## EIGHTH AMENDMENT

TO

ASSISTANCE AGREEMENT

BETWEEN

THE ARAB REPUBLIC OF EGYPT

AND THE

UNITED STATES OF AMERICA

FOR

EGYPT UTILITIES MANAGEMENT

Dated: 30 SEP 2007

FUNDS RESERVED / OBLIGATED	
SOI: <u>All</u>	Activity #: <u>A054</u>
Amount: <u>\$ 74,516,259.00</u>	
EOCC: <u>4120100</u>	BFY: <u>06/07</u> ES- <u>263-07</u>
Oblig. Start Date: <u>9/28/07</u> Only, End Date: <u>09/30/2013</u>	
By: <u>[Signature]</u>	Phoenix: <u>[Signature]</u> Date: <u>09/20/07</u>

Eighth Amendment, dated 30 SEP 2007 to the Results Package Grant Agreement (now known as the "Assistance Agreement"), dated September 29, 1997, between the Arab Republic of Egypt ("Grantee") and the United States of America, acting through the United States Agency for International Development ("USAID")(collectively, the "Parties") for Egypt Utilities Management.

SECTION 1. The Grant Agreement, as previously amended, is hereby further amended as follows:

A. The Title of the Agreement is amended by deleting "Results Package Grant Agreement between the Arab Republic of Egypt and the United States of America for Egypt Utilities Management" and substituting "Assistance Agreement between the Arab Republic of Egypt and the United States of America for Egypt Utilities Management."

B. Article 1 is deleted in its entirety and replaced with the following:

"Article 1: Purpose.

The purpose of this Assistance Agreement (the "Agreement") is to set out an understanding of the parties named above (the "Parties") in connection with the Objective described below."

C. Article 2 is deleted in its entirety and replaced with the following:

“Article 2: Objective, Program Areas and Program Elements.

Section 2.1. Objective, Program Areas. In order to further the foreign assistance objective of Investing in People, the Parties hereby agree to work together by focusing on activities in the area of Health.

Section 2.2. Program Elements. In order to achieve the Objective, the Parties agree to work together to ensure broadly accessible, reliable and economically sustainable water and sanitation services for health, security, and prosperity. (Program Element 3.1.8: “Water Supply and Sanitation”) Within the limits of the definition of Objective in Section 2.1, this Section 2.2 may be changed by written agreement of the authorized representatives of USAID and the Ministry of International Cooperation without formal amendment of this Assistance Agreement.

Section 2.3. Annex 1, Amplified Description. Annex 1 amplifies the above Objective and describes the Program Elements and Indicators that will be used to measure the progress and achievement in each of the Program Areas. Within the limits of the definition of the Objective set forth in

Section 2.1, Annex 1 may be changed by written agreement of the authorized representatives of the Parties without formal amendment to this Agreement.”

D. Articles 3, Section 3.1(a), 3.1(b), and 4 and are amended to substitute the term “Objective” for “Result.”

E. Article 3, Section 3.1 is amended by deleting “Three Hundred Forty Five Million U. S. Dollars (\$345,000,000)” and substituting “Four Hundred Nineteen Million Five Hundred Sixteen Thousand Two Hundred Fifty-Nine U. S. Dollars (\$419,516,259).”

F. Article 3, Section 3.2(b) is amended by deleting “Three Hundred Million One Hundred Sixty Thousand Egyptian Pounds (L.E. 300,160,000)” and substituting “Three Hundred Four Million Two Hundred Six Thousand Egyptian Pounds (L.E. 304,206,000).”

G. Article 4(a), “Completion Date” is amended by deleting “September 30, 2009” and substituting “September 30, 2013.”

H. Article 5, Section 5.2 is deleted in its entirety and replaced with the following:

“Section 5.2 Disbursements for Construction Services.”

Prior to any disbursements for construction services, or to the issuance by USAID of documentation pursuant to which such disbursements may be made, the Grantee shall, except as the parties otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID, evidence that:

- (a) Construction will be carried out in conformity with all recommendations of any Environmental Assessments approved by USAID;
- (b) Recurring costs for any facilities to be constructed will be paid by the Grantee;
- (c) For any particular construction services, any organization implementing such services on behalf of the Grantee shall enter into a Memorandum of Understanding (“MOU”) with USAID, in satisfactory form and substance, which describes reforms, benchmarks and other requirements, with related time periods, which must be accomplished by such implementing entity prior to disbursement of funds for the benefit of that entity; and
- (d) For any particular construction services, the organization

implementing such services has achieved or satisfied reforms, benchmarks or other requirements which are described in previously executed MOUs, if any.

I. Article 6, Section 6.1, is amended by deleting “the Companies or the Governorates of Alexandria, Minia, Beni Suef or Fayoum, as appropriate” and substituting “Grantee”.

J. Article 6, Section 6.2, is deleted in its entirety and replaced with the following:

“Section 6.2. Documentation Required for Duty-Free Importation of Commodities and Personal Effects. The Grantee agrees that it, or the organization implementing any particular activity under this Grant on behalf of the Grantee as expressly designated in an Implementation Letter, shall provide to the Egyptian Customs Authority letters of guarantee and any other documentation required for the duty-free importation of any commodities (including vehicles) and personal effects for which an exemption from taxes, tariffs, duties, or other levies is provided under Section B.4 of Annex 2 hereto. Such letters of guarantee shall provide for

payment by the Grantee or the designated organization implementing on behalf of the Grantee, as appropriate, with funds other than those provided under the Grant, of all customs duties and other taxes imposed on such commodities and such personal effects contrary to the exemptions contained in Annex 2, Section B.4.

K. Article 6, Section 6.3, is amended by replacing “Companies” and substituting “organizations implementing on behalf of the Grantee”.

L. Article 6, Section 6.4, is deleted in its entirety and Sections 6.5, Section 6.6 and Section 6.7 are re-numbered Section 6.4, Section 6.5 and Section 6.6, accordingly.

M. Article 7, Section 7.1 is deleted in its entirety and replaced with:

“Section 7.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, telefax or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the Grantee:

Ministry of International Cooperation  
Department for Economic Cooperation with the U.S.  
48-50 Abdel Khalik Tharwat Street  
5<sup>th</sup> Floor  
Cairo, Egypt

To USAID:

USAID  
Plot 1/A Ahmed Kamel Street  
Off El-Laselki Street  
New Maadi  
Cairo, Egypt

To the Implementing Organizations:

Ministry of Housing, Utilities and Urban Development  
1 Ismail Abaza Street  
Off Kasr El Eini Street  
Cairo, Egypt

The Holding Company for Water and Wastewater  
Rod El Farag Water Treatment Plant  
Cornish El Nil, El Sahel  
Cairo, Egypt

N. Annex 1, Amplified Description is deleted in its entirety and replaced with Amended Annex 1.

SECTION 2. Language of Amendment. This Amendment is prepared in both English and Arabic. In the event of ambiguity or conflict between the two versions, the English language version will prevail.

SECTION 3. Except as specifically amended or modified herein, the Grant Agreement shall remain in full force and effect in accordance with all of its terms.

SECTION 4. Ratification. The Grantee will take all necessary action to complete all legal procedures necessary to ratification of this Amendment and will notify USAID of such ratification.

SECTION 5. Effectiveness. This eighth Amendment shall enter into force when signed by the Parties hereto.

IN WITNESS WHEREOF, the Arab Republic of Egypt and the United States of America, each acting through its respective duly authorized representatives, have caused this eighth Amendment to be signed in their names and delivered in Cairo on September 30, 2007.

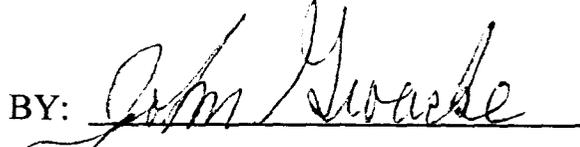
ARAB REPUBLIC OF EGYPT

BY: 

NAME: Fayza Abounaga

TITLE: Minister of International Cooperation

UNITED STATES OF AMERICA

BY: 

NAME: John Groarke

TITLE: Acting Director, USAID/Egypt

## Implementing Organizations

In acknowledgement of the foregoing Agreement, the following representatives of the implementing organizations have subscribed their names:

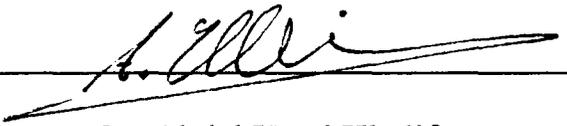
MINISTRY OF HOUSING, UTILITIES  
AND URBAN DEVELOPMENT

BY:  \_\_\_\_\_

NAME: Mr. Ahmed El Maghrabi

TITLE: Minister

THE HOLDING COMPANY FOR WATER AND WASTEWATER

BY:  \_\_\_\_\_

NAME: Dr. Abdel Kawi Khalifa

TITLE: Chairman

Implementing Organizations

In acknowledgement of the foregoing Agreement, the following representative of the implementing organization has subscribed his name:

Egyptian Water Regulatory Agency

BY: \_\_\_\_\_

NAME: Eng. Mohamed El-Alfy

TITLE: Assistant Minister and Executive Director

## **AMENDED ANNEX 1 AMPLIFIED DESCRIPTION**

### **I. Introduction**

This annex describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in Annex 1 shall be construed as amending any of the terms or definitions of the Agreement.

### **II. Background**

This Agreement includes funding for improvements of water and/or wastewater facilities and related community infrastructure, and institutional support for the Water and Wastewater Sector in Egypt. This assistance will provide support to the Egyptian Holding Company for Water and Wastewater (HCWW) and its subsidiary companies; the Ministry of Housing, Utilities and Urban Development (MHUUD); and the Egyptian Water Regulatory Agency (EWRA). The USAID assistance will focus on:

1. strengthening the institutional and financial capabilities of water and wastewater companies (collectively referred to as the Companies),
2. strengthening the program management capabilities of MHUUD and the HCWW,
3. constructing small-scale water and wastewater facilities, and
4. continuing current assistance to EWRA in its efforts to regulate the Sector.

The scope and funding of USAID support for the Program Management activities of the GOE Water and Wastewater capital investment plan is based on a planned five-year investment of LE 20 billion by the Government of Egypt (GOE). Funds allocated by USAID to support the program management activity, and the scope of USAID support may decrease based on the actual capital investment made by the GOE.

If USAID determines that one or more of the companies is unwilling or unable to

make progress in becoming sustainable and financially viable, USAID may cease activities with that particular company. USAID may then replace it with one or more water/wastewater companies that USAID determines to be a good candidate for achieving the objectives of the Agreement.

### **III. Funding**

The Illustrative Financial Plan for this Agreement is set forth in Attachment 1. Changes may be made to the Financial Plan by the authorized representatives of the parties without formal amendment to the Agreement, if such changes do not cause a) USAID's contribution to exceed the amount specified in Section 3.1 of the Agreement, or b) the Grantee's contribution to be less than the amount specified in Section 3.2 of the Agreement. Only changes exceeding 15% of the amounts budgeted in the Financial Plan must be effected by a joint Implementation Letter signed by the duly authorized representatives.

### **IV. Program Elements, Results and Indicators**

This Agreement will help support USAID's objective to improve access to Water Supply and Sanitation in Egypt. The overall results sought by this Agreement are:

- a) improved planning and management of the GOE capital investments in the sector,
- b) corporatization of Water and Wastewater utilities,
- c) improved decentralization of the utility management, and
- d) improved capacity to deliver services.

The specific USAID Program Elements to be addressed through this agreement are:

- Safe Water Access
- Basic Sanitation
- Water and Sanitation Policy and Governance

The indicators that USAID will use to measure results may include:

- Number people in target areas with access to improved drinking water supply.
- Number of people in target areas with access to improved sanitation facilities.
- Number of host country institutions with improved Management Systems.

## **V. Activities**

The activities expected to be undertaken are:

- design and construct water/wastewater projects and related community infrastructure,
- support the GOE's water/wastewater sector reform program including assistance to the Holding Company for Water and Wastewater, private sector participation, policy/regulatory reform, and support to the Egyptian Water Regulatory Agency in regulating the sector,
- program management services for the Government of Egypt's planned capital investments in the water and wastewater sector which are carried out primarily by water and wastewater companies in selected governorates as agreed to in subsequent Project Implementation Letters, and
- technical assistance to help establish new water/wastewater companies.

Priority for receiving USAID assistance will be given to water and wastewater companies that are tasked with carrying out the GOE funded water and wastewater capital investments.

## **VI. Roles and Responsibilities of the Parties**

The Ministry of International Cooperation will be responsible for the overall coordination between the implementing organizations and will be the principal coordinator with USAID for all matters related to the allocation of funds among the different activities.

The Ministry of Housing will be responsible for a) ensuring that capital investment funds are allocated as planned, b) establishing and empowering a Program and Construction Management Unit in the Ministry and the HCWW to work with the U.S. consultant responsible for the management of the GOE water and wastewater capital investment program, and c) issuing required legislation and empowering respective agencies in carrying out the scope of this Agreement.

The Holding Company, and its subsidiary companies, will be responsible for a) executing, or causing to be executed, necessary contracts for the construction of

projects as agreed to by USAID; b) working closely with the US-funded institutional program and construction management consultants to carry out the scope of the contract, and b) initiating and supporting actions with other GOE entities to expand and enhance the autonomy of each company and increase its revenues. The Chairman of the Holding Company may designate the implementation of construction projects to local water and wastewater companies.

USAID will be responsible for executing and monitoring the necessary USAID direct contracts for a) management of the GOE-funded water and wastewater capital investment program in selected governorates, b) institutional development services, and c) design and construction supervision of water and wastewater facilities in Upper Egypt and other selected governorates.

## **VII. Monitoring and Evaluation**

USAID will monitor the results using the performance indicators as the principal means of evaluating progress. Assessments of performance indicator trends and the contracting capability of the host country's implementing Companies will be conducted as appropriate.

**Egyptian Utilities Management**  
**USAID No. 263-0270**

**Illustrative Financial Plan**

Component	USAID Contribution				
	Previous Obligations	This Obligation	Obligation To-Date	Future Obligations	Total USAID
1. Construction Program	254,702,702	0	254,702,702	0	254,702,702
2. Institutional Development	51,601,322	0	51,601,322	0	51,601,322
3. Audit, Evaluation, & Assessment	1,301,171	0	1,301,171	0	1,301,171
<b>4. Small Scale Infrastructure and Sectoral Reform Activities</b>					
<b>1 Small Scale Construction and Construction Management</b>	<b>32,104,712</b>	<b>0</b>	<b>32,104,712</b>	<b>0</b>	<b>32,104,712</b>
<b>2 Sectoral Reform</b>	<b>4,500,000</b>	<b>0</b>	<b>4,500,000</b>	<b>0</b>	<b>4,500,000</b>
<b>3 Activity Management, Audit, Evaluation, and Assessment</b>	<b>700,000</b>	<b>0</b>	<b>700,000</b>	<b>0</b>	<b>700,000</b>
<b>4 Water Supply and Sanitation (USAID component 3.1.8)</b>		<b>74,516,259</b>	<b>74,516,259</b>	<b>0</b>	<b>74,516,259</b>
<b>RESULTS PACKAGE TOTAL</b>	<b>345,000,000</b>	<b>74,516,259</b>	<b>419,516,259</b>	<b>0</b>	<b>419,516,259</b>

\* Project Components Nos. 1, 2, and 3, expired in 2006.

**Government of Egypt Contribution (L.E. million)**

Component	GOE Contribution							Total GOE Contribution
	Previous Contribution*				This Amendment			
	Cash*	In-Kind*	FT-800**	Total GOE	Cash	In-Kind	FT-800**	
1. Construction Program	170.000	72.000	10.000	252.000				252.000
2. Institutional Development	2.000	11.000	4.000	17.000				17.000
3. Audit, Evaluation, & Assessment								
<b>4. Small-Scale Construction and Sectoral Reform Activities</b>								
<b>1 Construction and Technical Assistance Program</b>	11.500	0.900	2.800	15.200				15.200
<b>2 Sectoral Reform</b>			0.200	0.200				0.200
<b>3 Activity Management, Audit, Evaluation, and Assessment</b>							4.046	4.046
<b>4 Water Supply and Sanitation (USAID component 3.1.8)</b>							4.046	4.046
<b>RESULTS PACKAGE TOTAL</b>	<b>164.500</b>	<b>117.860</b>	<b>17.800</b>	<b>300.160</b>			<b>4.046</b>	<b>304.206</b>

\* The original cash contribution was the LE equivalent of \$ 79.4 million at the exchange rate of \$1=L.E.3.4.

\*\* The GOE contribution from the FT-800 account represents payment for employer share of social insurance and other costs.