



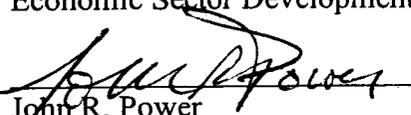
U.S. ECONOMIC ASSISTANCE PROGRAM IN EGYPT

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

"This Assistance Agreement grants \$50 Million to the Government of Egypt for Human Resources and Economic Sector Development."

USAID Assistance Agreement No. 263-K-650

**CONFORMED
COPY**


John R. Power
Senior Legal Advisor

ASSISTANCE AGREEMENT

BETWEEN

THE ARAB REPUBLIC OF EGYPT

AND THE

UNITED STATES OF AMERICA

FOR

CASH TRANSFER PROGRAM ASSISTANCE

FOR

HUMAN RESOURCES AND ECONOMIC SECTOR DEVELOPMENT

Dated: 30 SEP 2007

FUNDS RESERVED / OBLIGATED	
A15/A19	A063/A076
SOB: A11/A12/A14 Activity #: A055/A051/A060	
AMOUNT: \$50,000,000.00	
EOCC: 4100100	EFY: ES-263/2007-2008
Only Start Date: 09/30/07; End Date: 09/30/2010	
By: HALA	Date: 09/30/07

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USAID Assistance Agreement No. 263-K-650

Assistance Agreement
For
Cash Transfer Program Assistance
For
Human Resources and Economic Sector Development

Dated 30 SEP 2007

Between

The Arab Republic of Egypt ("Grantee"), acting through and represented
by the Ministry of International Cooperation,

And

The United States of America, acting through the
U.S. Agency for International Development ("USAID").

ARTICLE I. Purpose.

SECTION 1.1. Purpose. The purpose of this Assistance Agreement
("Agreement") is to set out the understanding of the parties named above (the
"Parties") in connection with the Objective described below.

ARTICLE II. Objective, Program Areas and Program Elements

SECTION 2.1. Objective, Program Areas. This Agreement seeks to
further the foreign assistance objectives of Investing in People and Economic

Growth (together, the “Objective”) by focusing on activities in the program areas of Health, Education, Macroeconomic Foundation for Growth, Trade and Investment, and Private Sector Competitiveness.

SECTION 2.2. Program Elements. This Agreement seeks to achieve results (“collectively, the “Result”) in the following program elements: Other Public Health Threats, Basic Education, Higher Education, Fiscal Policy, Trade and Investment Enabling Environment and Business Enabling Environment.

ARTICLE III. The Grant

SECTION 3.1. USAID Contribution. To help achieve the Objective set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to the Grantee, under the terms of this Agreement, not to exceed Fifty Million United States Dollars (\$50,000,000) (the "Grant").

SECTION 3.2. Total Estimated USAID Contribution. USAID's total estimated contribution to achievement of the Objective will be Four Hundred Million United States Dollars (\$400,000,000), which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

ARTICLE IV. Requirements Precedent to Disbursement

SECTION 4.1. Requirements Precedent. Prior to the disbursement of any proceeds of the Grant, or to the issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee will, except as the parties may otherwise agree in writing, furnish to USAID, in satisfactory form and substance:

(a) a statement of the names of the persons holding the offices specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person so designated;

(b) a designation of the non-interest-bearing bank account to which the Grant proceeds are to be deposited (the "Dollar Bank Account"), together with the Grantee's certification that the Dollar Bank Account is established and will be maintained in the manner required by Section 7.1 of this Agreement;

(c) a statement of the means by which funds will be withdrawn from the Dollar Bank Account; and

(d) a memorandum of understanding (MOU) entered into by and between the Grantee and USAID for the sectors of human and economic development setting forth agreed upon benchmarks of progress for each sector, the Initial Disbursement amount and Performance Disbursement amounts for achieving benchmarks under the MOU.

SECTION 4.2. Requirements Precedent to Initial Disbursement. Except as the Parties may otherwise agree in writing, prior to a disbursement of Grant funds pursuant to Section 5.1 ("Initial Disbursement") or to the issuance by USAID of documentation pursuant to which such Initial Disbursement will be made:

(a) the requirements precedent set forth in Section 4.1 shall have been met; and

(b) the Grantee shall be determined by USAID to be in compliance with all of the terms, conditions and covenants of this Agreement.

SECTION 4.3. Requirements Precedent to Performance Disbursements. Except as the Parties may otherwise agree in writing, prior to each disbursement of Grant funds pursuant to Section 5.2 ("Performance Disbursement") or to the issuance by USAID of documentation pursuant to which such Performance Disbursement will be made:

(a) the requirements precedent set forth in Section 4.1 shall have been met;

(b) the Grantee shall be determined by USAID to have achieved benchmarks agreed upon in the MOU described in Section 4.1(d) for that Performance Disbursement; and

(c) the Grantee shall be determined by USAID to be in compliance with

all of the terms, conditions and covenants of this Agreement.

SECTION 4.4. Notification. When the Requirements Precedent specified in Sections 4.1, 4.2 and 4.3 have been met, the Grantee will be promptly notified by USAID.

SECTION 4.5. Terminal Dates for Requirements Precedent.

(a) If the Requirements Precedent specified in Sections 4.1 and 4.2 have not been met within ninety (90) days from the date of this Agreement, or such later date as the Parties may agree to in writing, USAID may terminate this Agreement by written notice to the Grantee.

(b) If the Requirements Precedent specified in Section 4.3 have not been met within such time periods as may be established by the MOU described in Section 4.1(d) hereof or in an Implementation Letter, USAID may terminate this Agreement by written notice to the Grantee.

ARTICLE V. Disbursement

SECTION 5.1. Initial Disbursement of the Grant. At such time as the Parties may mutually agree, and upon satisfaction of the Requirements Precedent set forth in Section 4.2 of this Agreement, USAID will deposit, from Grant

proceeds, the Initial Disbursement in the Dollar Bank Account, in the amount specified in Section 3.1 of this Agreement.

SECTION 5.2. Performance Disbursements of the Grant. At such times as the Parties may mutually agree, and upon satisfaction each such time of the Requirements Precedent set forth in Section 4.3 of this Agreement, USAID will deposit, from Grant proceeds, Performance Disbursements in the Dollar Bank Account in the amounts agreed upon by the Grantee and USAID in the MOU described in Section 4.1(d) hereof.

SECTION 5.3. Date of Disbursement. Each disbursement will be deemed to occur on the date USAID makes such deposit, in accordance with Sections 5.1 and 5.2.

SECTION 5.4. Terminal Date for Disbursements. No disbursements of Grant proceeds by USAID shall be made after September 30, 2010, except as the Parties may otherwise agree in writing.

ARTICLE VI. Use of Grant Proceeds

SECTION 6.1. Agreed Uses. The Parties agree that the Grant proceeds will be used, subject to the restrictions of Section 7.2 below, and to such

elaboration as may be provided in Implementation Letters, for the following purposes:

(a) to procure commodities and related services of U.S. source and origin, as defined by USAID; and

(b) to repay debts of the Grantee, either owed to or guaranteed by the United States of America; provided, however, that, except as the parties may otherwise agree in writing, Grant proceeds used for the purposes stated in this section 6.1 (b) shall not exceed twenty-five percent (25%) of the total amount of Grants proceeds provided to the Grantee by USAID under the terms of the Agreement.

ARTICLE VII. Special Covenants

SECTION 7.1. Accounting for Grant Proceeds. The Parties agree on the following applicable procedures:

(a) Grant proceeds will be deposited into a non-interest-bearing Dollar Bank Account established by the Grantee at the Central Bank of Egypt solely for the receipt of this U.S. dollar cash transfer program assistance from USAID. Such proceeds may not be commingled with other funds from whatever source. The Dollar Bank Account will be a sub-account to the Treasury Single Account. The

Grantee hereby acknowledges that the law of the Arabic Republic of Egypt requires that the Grant proceeds be deposited in the non-interest bearing Treasury Single Account in the Central Bank of Egypt. In accordance with the statement required by Section 4.1(c) of this Agreement, funds will be managed and withdrawn from the mentioned sub-account subject to arrangements and procedures mutually agreed to by the Grantee and USAID.

(b) The Grantee may withdraw Grant proceeds deposited in the Dollar Bank Account i) for direct payment by the Grantee for agreed uses or ii) for direct reimbursement of the Grantee for payments made by the Grantee for agreed uses, provided, however, that in the case of procurement of commodities and related services, direct payment or direct reimbursement must be for agreed uses occurring after deposit of proceeds in the Dollar Bank Account and in the case of debt repayment, direct payment or direct reimbursement must be for agreed uses occurring after the date of this Agreement.

(c) The Grantee will maintain documents, in accordance with generally accepted accounting principles and practices, concerning the Dollar Bank Account and the use of Grant proceeds, and will make such documents available for reviews and annual audit by USAID or its designees for the period of the Grant and up to three years following the date of the last disbursement from the

account referred to in Section 7.1(a).

SECTION 7.2. Prohibited Uses; Replenishment of Proceeds. Grant proceeds may not be used to finance the import of ineligible commodities including commodities for military or paramilitary purposes, surveillance equipment, abortion equipment, luxury goods and gambling equipment, or weather modification equipment; nor may Grant proceeds be used for purposes other than those authorized pursuant to Section 6.1. The Grantee agrees to redeposit to the Dollar Bank Account U.S. Dollars equal to the amount of any Grant proceeds used for purposes prohibited under this Section, and to treat such redeposited amounts as though they were principal (i.e., Grant proceeds) received under the terms of this Agreement. Until such redeposit to the Dollar Bank Account is made, the Grantee may make no further withdrawal from that account.

SECTION 7.3. Local Currency Account.

(a) The Grantee will establish a separate non-interest bearing account (the "Local Currency Account") in the Central Bank of Egypt, and will deposit into such account currency of the Arab Republic of Egypt, equivalent to the amount of Grant proceeds utilized by the Grantee or any authorized agency thereof, to procure or import commodities eligible under Section 6.1(a) of this Agreement. Such funds, so deposited to the Local Currency Account, shall not be commingled

with any other funds from whatever source.

(b) The Grantee shall make such deposits to the Local Currency Account as required by Section 7.3(a) of this Agreement at such times and in such amounts in accordance with the requirements stipulated in an Implementation Letter.

(c) The Grantee shall make such deposits to the Local Currency Account at the selling rate for U.S. dollars as published by the Central Bank of Egypt on the date determined for computing the amount of the Local Currency deposit to be made, as stipulated in an Implementation Letter.

(d) Funds deposited in the Local Currency Account pursuant to this Agreement shall be jointly programmed by the Parties hereto.

(e) The Grantee will maintain, or cause to be maintained, in accordance with generally accepted accounting principles, documents in support of deposits to and expenditures from the Local Currency Account. Such documents will be available for review and audit by USAID, or its designees, for the period of the Grant, and up to three years following the last disbursement from the Local Currency Account made in accordance with the provisions of this Agreement. Local currency generated from the Grant will be used to finance audits on the local currency account.

(f) Local Currency Account funds, if any, not used in accordance with the foregoing will be replenished by the Grantee from its own resources.

SECTION 7.4. Taxation and Duties. This Agreement and the Grant funds will be free from any taxation or fees imposed under laws in effect in the Arab Republic of Egypt. No Grant proceeds shall be used to pay taxes, customs duties or other fees applied by Egyptian authorities to commodities funded with Grant proceeds.

SECTION 7.5. Reporting. Except as the Parties may otherwise agree in writing, the Grantee will furnish USAID with a quarterly report on uses of Grant proceeds and the status of the Dollar Bank Account, and quarterly reports on the status of the Local Currency Account activity. Additional reporting requirements and formats will be established in Implementation Letters.

SECTION 7.6. Evaluation. The Parties agree to establish an evaluation program as part of the Agreement. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Agreement, and at one or more points thereafter:

(a) evaluation of progress toward attainment of the Objective and Result of the Agreement;

(b) identification and evaluation of problem areas or constraints which may

inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Agreement.

SECTION 7.7. Consultations. The Parties shall periodically consult on implementation of this Agreement.

ARTICLE VIII. Miscellaneous

SECTION 8.1. Implementation Letters. USAID may from time to time issue Implementation Letters elaborating on terms of this Agreement, further describing applicable procedures, or recording agreement of the Parties on details of implementation.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Minister of International Cooperation, and USAID will be represented by the individual holding or acting in the office of Director, USAID/Egypt, each of whom, by written notice, may designate additional representatives for all purposes other than signing formal amendments to the Agreement or revising the Objective

or Result. However, the individual holding or acting in the office of Minister of International Cooperation, by written notice, shall be entitled to designate representatives for all purposes. The names of the representatives of the A.R.E., with specimen signatures, will be provided to USAID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be communicated by letter mail, registered mail, telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following addresses, as applicable:

To the A.R.E:

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

To USAID:

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

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 8.4. Amendment. This Agreement may be amended by the execution of written amendments by the authorized representatives of both the Parties designated in Section 8.2 above.

SECTION 8.5. Language of Agreement. This agreement is prepared in both English and Arabic. In the event of ambiguity or conflict between the two versions, the English language version shall prevail.

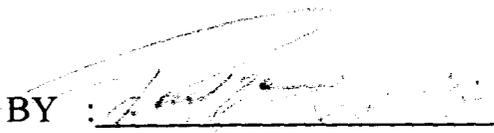
SECTION 8.6. Effective Date. This Agreement shall enter into force when signed by both Parties hereto.

SECTION 8.7. Ratification. The Grantee will take all necessary action to complete all legal procedures necessary to ratification of this Agreement, and will notify USAID as promptly as possible of the fact of such ratification.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

UNITED STATES OF AMERICA

BY : 

BY : 

NAME: Fayza Abounaga

NAME: John Groarke

TITLE: Minister of International
Cooperation

TITLE: Acting Director,
USAID/Egypt