



U.S. ECONOMIC ASSISTANCE PROGRAM IN EGYPT

USAID PROJECT NUMBER 263-0244

CONFORMED COPY

THIRD AMENDMENT

TO

PROJECT GRANT AGREEMENT

BETWEEN

THE ARAB REPUBLIC OF EGYPT

AND THE

UNITED STATES OF AMERICA

FOR

DEVELOPMENT TRAINING II

FUNDS RESERVED

Dated: 04 JUN 2000
"Certified to be a true original document signed by Ambassador Daniel C. Kurtzer, and Dr. Ahmed El Dersh, Minister of State for International Cooperation"

Tanya Nunn
Legal Advisor

App. 720/11037	Res. No P000254
ECCC 22	HESO-00-23263-KG13
Off. Code 41701	Amount \$ 28,833,000.00
Agent Code	Acc. Basis
Orig. Str. Dt.	Obli. End Dt. 09/30/2003
By HA BSA	MAOS Date 05/31/00

04 JUN 2000

Third Amendment, dated to the Grant Agreement, dated September 30, 1995, between the Arab Republic of Egypt ("A.R.E.") and the United States of America, acting through the United States Agency for International Development ("USAID") (collectively, the "Parties") for Development Training II ("the Grant Agreement").

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

A. Article 3, Section 3.1 is amended by deleting "One Hundred and Sixteen Million United States ("U.S.") Dollars (\$116,000,000)" and by substituting "One Hundred and Forty Four Million Eight Hundred and Thirty Three Thousand United States ("U.S") Dollars (\$144,833,000)" therefor.

B. Annex I (Amplified Description) of the Grant Agreement, Section III (Project Inputs and Implementation Arrangements), ~~Part~~ 2 (Integrated English Language Program (IELP) is hereby amended to include a new activity by adding the following to the end of this section:

"Interactive Radio Instruction (IRI): IRI's purpose is to develop a distance learning mode for the English language curriculum of the Ministry of Education (MOE) in order to assist pupils and teachers in multi-grade schools in teaching and learning English. The medium is radio transmission. The end products will include tapes and written materials, including

scripts, a student book of songs and games, and a teacher's manual. The written materials can also be used as supplementary materials in the mainstream schools, further extending IRI's benefits to children in Egypt's primary educational system. IRI has the potential for additional uses for other subject areas within the Egyptian public education system."

C. Attachment No. 1.1 to Annex I of the Grant Agreement, Illustrative Financial Plan (USAID Contribution), is deleted in its entirety and the Attachment No. 1.1 to Annex I, Illustrative Financial Plan (USAID Contribution), attached, is substituted therefor.

D. Annex II of the Project Grant Agreement Standard Provisions, Article B, General Covenants, Section B.5., is deleted in its entirety and the following is substituted therefor:

"Section B.5. Reports and Information, Agreement Books and Records, Audits, and Inspections.

(a) Reports and Information. The Grantee shall furnish USAID accounting records and such other information and reports relating to the Agreement as USAID may reasonably request.

(b) Grantee Agreement Books and Records. The Grantee shall maintain accounting books, records, documents and other evidence relating to the Agreement, adequate to show, without limitation, all costs incurred by the Grantee under the Agreement, the receipt and use of goods and services acquired under the Agreement by the Grantee, agreed-upon cost sharing requirements, the nature and extent of solicitations of prospective suppliers of goods and services acquired by the

Grantee, the basis of award of Grantee contracts and orders, and the overall progress of the Agreement toward completion ("Agreement books and records").

The Grantee shall maintain Agreement books and records in accordance with generally accepted accounting principles prevailing in the United States, or, subject to the mutual agreement of the Parties, other accounting principles, such as those (1) prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) or (2) prevailing in the country of the Grantee. Agreement books and records shall be maintained for at least three years after the date of last disbursement by USAID or for such longer period, if any, required to resolve any litigation, claims or audit findings.

(c) Grantee Audit. If \$300,000 or more of USAID funds are expended directly by the Grantee in its fiscal year under the Agreement, the Grantee shall have financial audits made of the expenditures in accordance with the following terms, except as the Parties may otherwise agree in writing:

(1) Upon mutual agreement of the Parties, the Grantee may select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the USAID Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "Guidelines"; and

(2) The audit shall determine whether the receipt and expenditure of the funds provided under the Agreement are presented in accordance with generally accepted accounting principles agreed to in section (b) above and whether the Grantee has complied with the terms of the Agreement. Each audit shall be completed no later than nine months after the close of the Grantee's year under audit.

(d) Sub-recipient Audits. The Grantee, except as the Parties may otherwise agree in writing, shall submit to USAID, in form and substance satisfactory to USAID, a plan for the audit of the expenditures of "covered" sub-recipients, as defined below, that receive funds under this Agreement pursuant to a direct contract or agreement with the Grantee.

(1) A "covered" sub-recipient is one who expends \$300,000 or more in its fiscal year in "USAID awards" (i.e., as recipients of USAID cost reimbursable contracts, grants or cooperative agreements and as sub-recipients under USAID strategic objective and other grant agreements with foreign governments).

(2) The plan shall describe the methodology to be used by the Grantee to satisfy its audit responsibilities for covered sub-recipients. The Grantee may satisfy such audit responsibilities by relying on independent audits of the sub-recipients; expanding the scope of the independent financial audit of the Grantee to encompass testing of sub-recipients' accounts; or a combination of these procedures.

(3) The plan shall identify the funds made available to covered sub-recipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities. (A non-profit organization organized in the United States is required to arrange for its own audits. A for-profit contractor organized in the United States that has a direct contract with USAID is audited by the cognizant U.S. Government Agency. A private voluntary organization organized outside the United States with a direct grant from USAID is required to arrange for its own audits. A host-country contractor should be audited by the Grantee's auditing agency.)

(4) The Grantee shall ensure that covered sub-recipients under direct contracts or agreements with the Grantee take appropriate and timely corrective actions; consider whether sub-recipients' audits necessitate adjustment of its own records; and require each such sub-recipient to permit independent auditors to have access to records and financial statements as necessary.

(e) Audit Reports. The Grantee shall furnish or cause to be furnished to USAID an audit report for each audit arranged for by the Grantee in accordance with this Section within 30 days after completion of the audit and no later than nine months after the end of the period under audit.

(e) Other Covered Sub-recipients. For "covered" sub-recipients who receive funds under the Agreement pursuant to

direct contracts or agreements with USAID, USAID will include appropriate audit requirements in such contracts or agreements and will, on behalf of the Grantee, conduct the follow-up activities with regard to the audit reports furnished pursuant to such requirements.

(g) Cost of Audits. Subject to USAID approval in writing, costs of audits performed in accordance with the terms of this Section may be charged to the Agreement.

(h) Audit by USAID. USAID retains the right to perform the audits required under this Agreement on behalf of the Grantee by utilizing funds under the Agreement or other resources available to USAID for this purpose, conduct a financial review, or otherwise ensure accountability of organizations expending USAID funds regardless of the audit requirement.

(i) Opportunity to Audit or Inspect. The Grantee shall afford authorized representatives of USAID the opportunity at all reasonable times to audit or inspect activities financed under the Agreement, the utilization of goods and services financed by USAID, and books, records and other documents relating to the Agreement.

(j) Sub-recipient Books and Records. The Grantee will incorporate paragraphs (a), (b), (d), (e), (g), (h) and (i) of this provision into all subagreements with non-U.S. organizations which meet the \$300,000 threshold of paragraph c) of this provision. Subagreements with non-U.S. organizations, which do not meet the \$300,000 threshold, shall, at a minimum, incorporate paragraphs (h) and (i) of this provision. Subagreements with U.S. organizations shall state that the U.S. organization is subject to the audit requirements contained in OMB Circular A-133."

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.

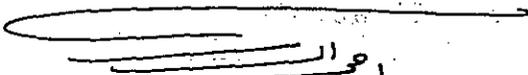
SECTION 3. Except as specifically amended or modified herein, the Grant Agreement shall remain in full force and effect in accordance with all of its terms.

SECTION 4. Effectiveness. This Amendment shall enter into force when signed by both parties hereto.

SECTION 5. Ratification. The A.R.E. will take all necessary action to complete all legal procedures necessary to ratification of this Amendment and will notify USAID as promptly as possible of the fact of such ratification.

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 Amendment to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

BY : 

NAME : Dr. Ahmed El-Dersh

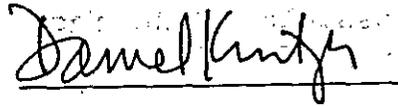
TITLE: Minister of Planning
and Minister of State for
International Cooperation

BY : 

NAME : Dr. Hassan Selim

TITLE: Administrator of the
Department for Economic
Cooperation with U.S.A.

UNITED STATES OF AMERICA

BY : 

NAME : Daniel C. Kurtzer

TITLE: American Ambassador

BY : 

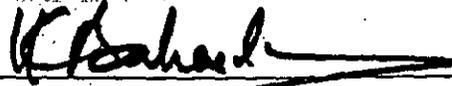
NAME : Richard M. Brown

TITLE: Director,
USAID/Egypt

Implementing Organizations

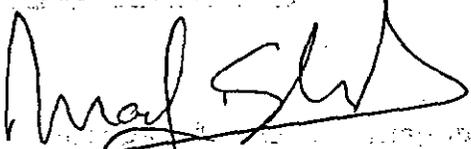
In acknowledgement of the foregoing Agreement, the following representative of the implementing organization has subscribed his name:

BY :

NAME : Dr. Husain Kamel El Bahaa El DinTITLE: Minister of Education

Implementing Organizations

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

BY: 

NAME: Dr. Mufid Shihab

TITLE: Minister of Higher Education & Scientific Research

Attachment I.1

ILLUSTRATIVE FINANCIAL PLAN
 USAID CONTRIBUTION (U.S. Millions)
 DEVELOPMENT TRAINING II
 (263-0244)

ELEMENT	PREVIOUS OBLIGATIONS	FY2000 OBLIGATION	TOTAL OBLIGATIONS TO DATE	EXPECTED FUTURE USAID CONTRIBUTION	PLANNED TOTAL LIFE OF RESULT PACKAGE FUNDING
01 TRAINING	80,492,897	19,833,000	100,325,897	24,238,014	124,563,911
02 INTEGRATED ENGLISH LANG. PRG (IELP)	21,700,000	9,000,000	30,700,000	10,928,986	41,628,986
03 ENGLISH LANG. TEST. & TRG (ELTT)	12,677,107	-0-	12,677,107	-0-	12,677,107
04 AUDIT, EVAL. & ASSESS.	1,129,996	-0-	1,129,996	-0-	1,129,996
TOTAL	116,000,000	28,833,000	144,833,000	35,167,000	180,000,000

Hrdcetm/dt2fplan20-3/22/2000