

LOAN NUMBER 8527-EG

Program Agreement

(Sustainable Rural Sanitation Services Program)

between

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

and

The Holding Company for Water and Wastewater
Beheira Water and Sanitation Company
Dakahlia Water and Sanitation Company
Sharkiya Water and Sanitation Company

Dated *October 4*, 2015

PROGRAM AGREEMENT

AGREEMENT dated October 4, 2015, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and **The Holding Company for Water and Wastewater, Beheira Water and Sanitation Company, Dakahliya Water and Sanitation Company and Sharkiya Water and Sanitation Company** (Collectively “Program Implementing Entities” and individually “Program Implementing Entity”) (“Program Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of same date between the Arab Republic of Egypt (“Borrower”) and the Bank. The Bank and the Program Implementing Entities 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.

ARTICLE II — PROGRAM

- 2.01. The Program Implementing Entities declare their commitment to the objective of the Program. To this end, the Program Implementing Entities shall carry out their respective activities under Parts A and B of the Program in accordance with the provisions of Article V of the General Conditions, and shall provide, promptly as needed, the facilities, services and other resources required for the Program.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Program Implementing Entities shall otherwise agree, the Program Implementing Entities shall carry out the Program in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Representatives of the Program Implementing Entities are as follows:

For:

HCWW: Chairman of HCWW

Beheira WSC: Chairman of Beheira WSC

Dakahliya WSC: Chairman of Dakahliya WSC

Sharkiya WSC: Chairman of Sharkiya WSC

3.02. 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	248423(MCI) or	1-202-477-6391
Washington, D.C.	64145(MCI)	

3.03. The addresses of the Program Implementing Entities are as follows:

HCWW: Road Elfarag Water Treatment Plant, Kornish Elnil, Cairo

Beheira WSC: Elgeish St, Gegiret Elbat

Dakahliya WSC: Elmagzar Elaady, Dbour Buildings Autostrad

Sharkiya WSC: 29 Saad Zaghloul St. Zagazig

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Asad Alann

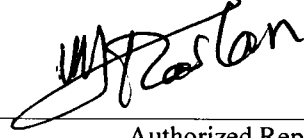
Authorized Representative

Name: ASAD ALAM

Title: COUNTRY DIRECTOR

The Holding Company for Water and Wastewater

By



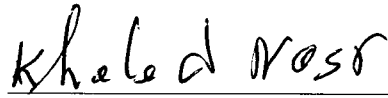
Authorized Representative

Name: Hamdath Raslan

Title: Chairman

Beheira Water and Sanitation Company

By



Authorized Representative

Name: Khaled Naser

Title: Chairman

Dakahlia Water and Sanitation Company

By

Ezzat Elsayed
Authorized Representative

Name: Ezzat EL Sayed

Title: Chairman

Sharkiya Water and Sanitation Company

By

Ayman abd el Kader
Authorized Representative

Name: Ayman abd el Kader

Title: Chairman

SCHEDULE

Execution of the Program

Section I. Implementation Arrangements

A. **Program Fiduciary, Environmental and Social Systems**

Without limitation on the provisions of Article V of the General Conditions, the Program Implementing Entities shall carry out the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank (“Program Fiduciary, Environmental and Social Systems”) which are designed to ensure that:

1. the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. **Anti-Corruption**

Without limitation on the provisions of Part A of this Section, the Program Implementing Entities shall carry out the Program in accordance with the provisions of the Anti-Corruption Guidelines.

C. **Other Program Implementation Arrangements**

1. Without limitation on the generality of Part A of this Section I, the Program Implementing Entities shall carry out the Action Plan in accordance with the time schedule set out in the said Action Plan in a manner satisfactory to the Bank. The Program Implementing Entities shall ensure that the Action Plan is not amended, waived, suspended, terminated or abrogated, without the prior written consent of the Bank.
2. The Program Implementing Entities shall cooperate with the PMU in carrying out their respective activities under the Program and provide all necessary support and information in order to enable the PMU to carry out its responsibilities under the Program.
3. The Program Implementing Entities shall carry out their respective activities under the Program in accordance with the provisions of the Program Operations Manual and with the assistance of the PMU. Except as the Bank may agree after consultation with the Borrower, the Program Implementing Entities shall not amend, waive, suspend, terminate or abrogate the Program Operations Manual or any provision thereof.
4. The WSCs shall, each year during the implementation of the Program, prepare and implement an Annual Capital Investment Plan within the framework of their respective Master Plan, all in a manner acceptable to the Bank.

5. The WSCs shall utilize the Proceeds of the Performance-based Capital Grants made available to the WSCs by MHUUC for implementing their respective Annual Capital Investment Plan in a manner acceptable to the Bank.
6. HCWW shall, with the collaboration of the PMU: (a) evaluate the achievement of the Minimum Requirements by the WSCs; (b) provide support to the WSCs in the preparation and implementation of their Performance Improvement Action Plans; and (c) carry out Annual Performance Assessment of the WSCs under their Performance Improvement Actions Plans, all in accordance with methodology and arrangements set out in the Program Operations Manual.
7. The WSCs shall, each year during the implementation of the Program, take action to achieve the Minimum Requirements, and prepare and implement a Performance Improvement Action Plan in a manner acceptable to the Bank. The WSCs shall cooperate fully with HCWW and the PMU in the evaluation of the Minimum Requirements, and the carrying out of their Annual Performance Assessment, all in accordance with methodology and arrangements set out in the Program Operations Manual.
8. HCWW shall take all actions as may be needed in order to enable the WSCs to implement their respective activities under the Program and to fulfil their obligations under this Agreement.
9. The Program Implementing Entities shall, no later than June 30, 2016, establish a complaints and grievance redressal mechanism to handle complaints and grievances from Program beneficiaries or third parties relating to any aspects of the Program including adverse social and environmental impacts, and allegations of fraud and corruption. Such mechanism shall, *inter alia*, contain procedures for recording of complaints and grievances, directing complainants to the appropriate level for action, the review process, and provision of feedback to the complainant on the action taken on the basis of best practice service standards.
10. The Program Implementing Entities shall cooperate with the Independent Verification Agent, engaged by MHUUC, to prepare and provide verification reports certifying the achievement of the DLRs in accordance with procedures and arrangements acceptable to the Bank as referred to in Section IV.B.1(b) of Schedule 2 to the Loan Agreement.

Section II. Excluded Activities

The Program Implementing Entities shall ensure that their respective parts of the Program excludes any activities which:

- A. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost US\$50 million equivalent or more per contract; (2) goods, estimated to cost US\$30 million equivalent or more per contract; (3) non-consulting services, estimated to cost US\$20 million equivalent or more per

contract; or (4) consultants' services, estimated to cost US\$15 million equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

The Program Implementing Entities shall monitor and evaluate the progress of their respective parts of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions. Each Program Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

B. Program Financial Audits

Without limitation on the generality of Section I.A of this Schedule and Section 5.09 of the General Conditions, the Program Implementing Entities shall have the Financial Statements related to their respective parts of the Program audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Program Implementing Entity. The audited Financial Statements for each such period shall be: (a) furnished to the Bank not later than six (6) months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.