Program Agreement

(Additional Financing for Sustainable Rural Sanitation Services Program)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

EGYPTIAN WATER REGULATORY AGENCY
HOLDING COMPANY FOR WATER AND WASTEWATER
DAKAHLYA WATER AND SANITATION COMPANY
DAMIEETTA WATER AND SANITATION COMPANY
GHARBIYA WATER AND SANITATION COMPANY
MENOUFIYA WATER AND SANITATION COMPANY
SHARKIYA WATER AND SANITATION COMPANY

Dated November 4, 2018
LOAN NUMBER 8896-EG

PROGRAM AGREEMENT

AGREEMENT dated as of the Signature Date entered into between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the HOLDING COMPANY FOR WATER AND WASTEWATER, DAKAHLYA WATER AND SANITATION COMPANY, SHARKIYA WATER AND SANITATION COMPANY, GHALBIYA WATER AND SANITATION COMPANY, DAMIETTA WATER AND SANITATION COMPANY, MENOUFIYA WATER AND SANITATION COMPANY, AND EGYPTIAN WATER REGULATORY AGENCY (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 objectives of the Program. To this end, the Program Implementing Entities shall carry out their respective activities under the Program in accordance with the provisions of Article V of the Program 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:

(a) EWRA: Chairman of EWRA
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: INTBAFRAD
Telex: 248423(MCI) or 1-202-477-6391
Facsimile: 64145(MCI)

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

(a) EWRA: 12 Al Masraweya District, Fifth Settlement, New Cairo
(b) HCWW: Road Elfarag Water Treatment Plant, Kornish El-nil, Cairo
(c) Dakahlia WSC: Elmagzar Elaady, Dbour Buildings Autostrad, Dakahlia Governorate
(d) Damietta WSC: Aly Mosharafa square, Damietta City, Damietta Governorate
(e) Gharbiya WSC: Nabil Mansy Street, Tanta, Gharbiya Governorate
(f) Menoufiya WSC: Housing Directorate Building, Shebeen El Koum, Menoufiya Governorate
(g) Sharkiya WSC: 29, Saad Zaghloul Street, Zagazig, Sharkiya Governorate
AGREED at __________________, __________________, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:

Signature

Authorized Representative

Name: Samia Msadek
Title: Acting Chairman
Date: 11/11/2018

EGYPTIAN WATER REGULATORY AGENCY

By:

Signature

Authorized Representative

Name: Mohamed Hassan Mohamed
Title: Executive Chairman of EWRA
Date: 11/11/2018
HOLDING COMPANY FOR WATER AND WASTEWATER

By:

Authorized Representative

Name: Mamdouh Raslan
Title: Chairman
Date: 11/11/2018

DAMIETTA WATER AND SANITATION COMPANY

By:

Authorized Representative

Name: Mohamed Kadawy Ras El
Title: Chairman
Date: 11/11/2018
DAKAHLIYA WATER AND SANITATION COMPANY

By:

[Signature]

Authorized Representative

Name: Khalid Hussein Nasr

Title: Chairman

Date: 11/11/2018

GHARBIYA WATER AND SANITATION COMPANY

By:

[Signature]

Authorized Representative

Name: Adel Attia Saeed

Title: Chairman Gharbiya Water

Date: 11/11/2018
MENOUFIYA WATER AND SANITATION COMPANY

By:

Authorized Representative

Name: Mohamed Nageb Saleh
Title: Chairman of Share Cap
Date: 11/1/2018

SHARKIYA WATER AND SANITATION COMPANY

By:

Authorized Representative

Name: Sherif Fares
Title: Chairman of Sharkiya WSC
Date: 11/11/2018
SCHEDULE

Execution of the Program

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

1. Without limitation on the provisions of Article V of the Program 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:

(a) the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

(b) 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 II, the Program Implementing Entities shall carry out the Program Action Plan in accordance with the time schedule set out in the said Program Action Plan in a manner satisfactory to the Bank. The Program Implementing Entities shall ensure that the Program 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 adopt, no later than one (1) month after the Effective Date, the Operations Manual as updated in form and substance satisfactory to the Bank, and immediately thereafter carry out their respective activities under the Program in accordance with the provisions of the Operations
Manual. Except as the Bank may otherwise agree, the Program Implementing Entities shall not amend, waive, suspend, terminate or abrogate the 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, unless otherwise agreed by the Bank: (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 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 Operations Manual.

8. HCWW shall take all necessary actions as may be required in order to enable the WSCs to implement their respective activities under the Program and to fulfil their obligations under this Agreement.

9. Each of Damietta WSC, Gharbiya WSC, and Menoufia WSC shall, no later than three (3) months after the Effective Date, adopt and immediately thereafter operationalize 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, allegations of fraud and corruption, and procurement related matters. 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. Each of Dakahlia WSC and Sharkiya WSC shall operationalize the complaints and grievance redressal mechanism established under the Program 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 the complaints to the appropriate level for action, the review process, and provision of feedback to the complaint on the action taken on the basis of best practice service standards.

11. 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(c) of Schedule II to the Loan Agreement.

Section II. **Excluded Activities**

The Program Implementing Entities shall ensure that their respective parts of the Program exclude 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.