

Credit Facility Agreement
between
the Government of the Arab Republic of Egypt
and
Agence Française de Développement
for the
Construction of a Grid-Connected 20 MWp
Photovoltaic
Power Plant in Kom Ombo

**Credit FACILITY AGREEMENT
("SIMPLIFIED Credit FACILITY AGREEMENT")**

N° CEG 1034-01

BETWEEN:

- **THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT**

represented by Dr.Naglaa El-Ahwany
acting in her capacity as [Minister of International Cooperation].

In accordance with Delegation of Signature of the Ministry of Foreign Affairs No 86 dated 8 July 2015

(hereinafter the "Borrower")

OF THE FIRST PART,

AND:

- **AGENCE FRANCAISE DE DEVELOPPEMENT**

a public institution (*établissement public*) having its head office at PARIS XII°, 5, rue Roland Barthes

registered at the Companies Register of Paris under number B 775 665 599,

represented by Stéphanie Lanfranchi
AFD Director of Cairo office

(hereinafter the "Lender" or the "AFD")

OF THE SECOND PART,

(The Government of the Arab Republic of Egypt and AFD being hereinafter referred to as the "Parties"),

IT IS HEREBY AGREED AS FOLLOWS:

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AGREEMENT

PREAMBLE

WHEREAS:

1. The Government of Egypt, represented by the Ministry of Electricity and Renewable Energy (MERE) has decided to diversify its energy mix by taking advantage of its huge wind and solar potential. The Government of Egypt has developed a renewable energy strategy which aims at increasing the share of renewable energy to 20% of total country's energy generation by 2020.
2. In July 2012, an Egyptian Solar Plan was approved with the objective to achieve 3 500 MW from solar by 2027.
3. The Borrower has mandated the New and Renewable Energy Authority (NREA) established by law 102/1986 to support the development of renewable energy in Egypt, to implement up to 20% of the renewable energy strategy's targeted capacity.
4. NREA has decided to develop, build, operate and maintain a 20 MW grid-connected Photovoltaic Power Plant in the site of Kom Ombo, located in Upper Egypt, about 60 km north of Aswan, in the vicinity of the Faris village.
5. The Lender intends to contribute to the financing of the construction Kom Ombo power plant.
6. The total foreign financing requirement of the proposed Project is estimated at EUR 40 million.
7. AFD has agreed to make available to the Borrower a Credit Facility for a maximum amount of EUR 40,000,000 (forty million Euros) under the conditions set out herein to contribute to the financing plan of the Project, as described in Appendix and in the Implementation Agreement.
8. As provided for under Clause 11 below, the parties agree that AFD shall enter into a separate loan agreement (hereinafter the "**Implementation Agreement**") with the Borrower represented by (1) the Central Bank of Egypt (hereinafter the "CBE"), acting as agent of the Government of the Arab Republic of Egypt and (2) the Ministry of Electricity and Renewable Energy, which will on-lend the loan to NREA (Final Beneficiary). An on-lending agreement shall then be entered into between the Ministry of Electricity and Renewable Energy and NREA. Such separate agreement will detail the terms and conditions under which AFD shall make available the Credit Facility to the Borrower. The Borrower herein acknowledges and confirms that whoever the defaulting party is, either the CBE or the Ministry of Electricity and Renewable Energy, it shall be considered as a default from the Borrower.
9. A joint declaration concerning this project was signed during Sharm El Sheikh at Egypt Economic Development Conference on 14 March 2015

NOW THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

The parties intend that their obligations shall be defined by the Clauses set forth hereinafter as well as by the appendix attached hereto which shall constitute an integral part of this Credit Facility agreement (hereinafter referred to as the "**Simplified Agreement**").

For the purposes of this Simplified Agreement, the following terms, when appearing with a capital letter, shall be understood as having the meaning given to them below:

- "**Appendix**" shall mean the appendix attached to the Simplified Agreement which provide, in particular, the description cost and financing plan of the Project.
- "**Connection Agreement**" shall mean the agreement between EETC and the Final Beneficiary setting forth the conditions under which the power plant will be connected to the national grid and specifying the schedule of implementation of such connection to the national grid, the provisions of which shall be satisfactory to the Lender
- "**Credit Facility**" shall mean the financing made available under the Simplified Agreement by AFD to the Borrower,
- "**EETC**" shall mean the Egyptian Electricity Transmission Company, established in 2001 by Decree 138/2001.
- "**Euro**" or "**EUR**" shall mean the single European currency being legal tender in certain of the member states of the European Economic and Monetary Union, including France,
- "**EURIBOR**" shall mean the interbank rate applicable to the Euro for a period of one, three or six months, as determined by the European Banking Federation (EBF) from 11:00 a.m., Brussels time,
- "**Implementation Agreement**" shall mean the separate loan agreement to be entered into between the Lender, the Borrower, represented by the Central Bank of Egypt, acting as agent, and the MERE. Such separate agreement shall detail the terms and conditions on which AFD shall make available the Facility to the Borrower and shall be completed if deemed necessary by any other agreement to be entered into by the Final Beneficiary.
- "**Final Beneficiary**" shall mean NREA, to which the Ministry of Electricity and Renewable Energy will on-lend the principal amount of the Credit Facility,
- "**On-lending agreement**" shall mean the agreement entered into between the MERE and the Final Beneficiary stating the conditions under which the MERE on-lends the amount of the Facility to the Final Beneficiary and the obligations applicable to the later. The On-lending Agreement shall be under the same financial conditions as the one set forth in this Simplified Agreement, the provisions of which shall be satisfactory to the Lender.
- "**Payment Dates**" shall mean the due dates defined in Clause 2 "Interest",
- "**Project**" shall mean the Construction of a Grid-Connected 20 MWp Photovoltaic Power Plant Project in Egypt and its connection to the national grid , the description and cost of which are set out in the Appendix,
- "**Simplified Agreement**" shall mean this agreement.

SECTION I – FACILITY TERMS

Clause 1 - Purpose of the agreement -

The Lender makes available to the Borrower, which accepts a Credit Facility for a maximum amount of:

EUR 40,000,000 (forty million Euros).

It is agreed that all amounts indicated in the Simplified Agreement shall be in Euros, unless specific reference is made to another currency.

Clause 2 – Interest -

All amounts payable under the Credit Facility will bear interest, at the nominal rate of:

6 months EURIBOR+(26bp twenty six basis points) per annum,

All interest shall be due and payable twice a year on the Payment Dates, which will be set in the Implementation Agreement, each semester so determined constituting an interest period.

Clause 3 – Commitment fee -

The Borrower shall pay to the Lender a commitment fee computed at a rate of zero point five percent (0.5 %) per annum of undisbursed funds.

The commitment fee shall be computed, based on the actual number of days elapsed, on the amount indicated for each disbursement period in the contractual disbursement schedule, which shall be attached to the Implementation Agreement, reduced by any amount drawn down.

For each disbursement period, the first commitment fee shall accrue from (i) the triggering date of the commitment fee as indicated for each disbursement period (exclusive) and (ii) the following Payment Date (inclusive).

Subsequent commitment fees shall accrue from the date immediately following a Payment Date up to the next Payment Date.

The commitment fees will be due and payable (i) on each Payment Date within the availability period, (ii) on the Payment Date following the last day of the drawdown period and, (iii) in the event the available credit is cancelled in full, on the Payment Date following the effective date of such cancellation.

Clause 4 – Repayment -

The Government of the Arab Republic of Egypt as Borrower undertakes that all the payment obligations due under this simplified Agreement shall be fully met through the Ministry of Finance acting through the Central Bank of Egypt.

The Borrower shall repay to the Lender the principal amount of the funds made available to the Borrower in 24 (twenty-four) equal half-yearly instalments, due and payable on the Payment Dates, after a grace period of three (3) years.

SECTION II - METHODS OF UTILISATION OF THE FACILITY

Clause 5 - Use of the funds -

The funds shall be exclusively used to finance the Project, as described in the appendix – project description, net of taxes, levies and duties of any kind.

The loan will be on-lent to the Final Beneficiary under the same financial conditions as the one set forth in this Simplified Agreement and the Implementation Agreement. The On-Lending Agreement will set forth the obligations of the Final Beneficiary.

Clause 6 - Conditions precedent to disbursement of funds -

Disbursement of funds shall be subject to fulfilment of the following conditions and of the ones to be further stated in the Implementation Agreement:

- Signature of this Simplified Agreement before July 19th 2015;
- Signature and entry into force of the Simplified Agreement; in compliance with the legal and administrative provisions in force in the Arab Republic of Egypt ;
- Signature and entry into force of the Implementation Agreement ;
- Delivery to the Lender of a legal opinion from the Ministry of Justice and to be considered satisfactory by the Lender;
- Signature and entry into force of the On-Lending Agreement satisfactory to the Lender;
- Signature of the Connection Agreement, the provisions of which shall be satisfactory to the Lender.

Clause 7- Submission of disbursement requests and Methods of disbursement of funds

It is hereby expressly acknowledged by the Borrower that the Final Beneficiary (or any other relevant entity or ministry) will be entitled to send requests for disbursement on the name and behalf of the Borrower under the Implementation Agreement. Disbursement requests will be submitted by the Final Beneficiary acting on behalf of the Borrower, to the director of AFD in Cairo.

Prior to any request, the Final Beneficiary shall communicate to the Lender the name and title of the person(s) who is (are) authorised to sign on its behalf the disbursement requests, together with any evidence of their authority as well as a sample of his (their) specimen of signature(s).

Clause 8 - Deadline for the disbursement of funds -

The deadline for the first disbursement is fixed on November 19th, 2016.

It is expressly stated that AFD commitment is subject to the provision to AFD of a first satisfactory request for disbursement prior to November 19th, 2016. After such date, if no such request for disbursement has been provided, AFD will be entitled to cancel its financing or to propose new financial conditions following the change in financial market conditions.

The deadline for the last disbursement of funds shall be six (6) months prior to the first Payment Date of principal, provided that the last disbursement request reaches the Lender no later than 15 days prior to the deadline for disbursement of funds.

SECTION III – UNDERTAKINGS AND MISCELLANEOUS PROVISIONS

Clause 9 - Free transferability -

1- The Borrower confirms to the extent required, that all amounts payable to the Lender pursuant to the Simplified Agreement are and shall be freely transferable.

Such free transferability will remain in force until full repayment of all amounts payable to the Lender without it being necessary to make a deed confirming such free transferability if the Lender decides to postpone the repayment dates for the amounts lent.

2- The Borrower undertakes to take all steps in order to have available in due course the Euros necessary for performance of the present free transferability.

Clause 10 – Borrower's specific undertakings, representations and warranties -

10.1 Undertakings

In addition to the general undertakings that will be included in the Implementation Agreement, the Borrower undertakes to:

- Procure that the Final Beneficiary implement the Project in line with the provisions of the Implementation Agreement;
- Procure that the Final Beneficiary and EETC take all necessary actions in order to connect the Kom Ombo power plant to the national grid, in accordance with the Connection Agreement
- Procure that an environmental and social impact assessment for the connection of the Kom Ombo power plant to the national grid be conducted, and that the corresponding environmental and social management plan, the terms of which shall be satisfactory to AFD, be prepared and implemented;
- Procure that the Final Beneficiary and EETC enter into a power purchase agreement for the sale of the electricity generated by the Kom Ombo power plant, the terms of which shall ensure financial viability of the power plant.

10.2 Representations and Warranties

The two parties represent and warrant that:

- the Borrower has been validly authorised to borrow money under the terms and conditions set out in the Simplified Agreement;
- all authorisations required from the competent authorities of the Borrower to enable the implementation of the Project have been obtained or delivered;
- the Borrower has made or will make all necessary procedures as may be required to be made pursuant to the laws and regulations of the Arab Republic of Egypt for the Simplified Agreement to become legal, valid, binding and enforceable in accordance with its terms,

The herein stated representations and warranties and undertakings shall be deemed repeated by the Borrower on the signing date of the Implementation Agreement, in addition to the ones to be included in such Implementation Agreement.

The Borrower and the Lender represent that the signature and performance of the Simplified Agreement will not constitute a violation or default under any agreement to which it is a party, nor of any law or regulation, including those related to banking and foreign exchange control.

Clause 11 – Implementation Agreement -

The terms and conditions on which AFD shall make available the Credit Facility to the Arab Republic of Egypt (in particular, but not limited to, the calculation of the interest applicable to the Credit Facility, the disbursement and repayment conditions, the late-payment and default interest conditions, the prepayment and cancellation conditions, the representations and warranties and the undertakings of the Borrower, the requirements in terms of procurement procedures, implementation of the Project, reporting procedures, events of default, conditions precedent to signing and to disbursements) shall be further detailed in the Implementation Agreement which, together with the Simplified Agreement, shall be binding upon the Parties.

Clause 12 - Choice of domicile --

For the purposes of the clauses, terms and conditions of the Simplified Agreement, the parties elect domicile at the following addresses:

- the Government of the Arab Republic of Egypt, represented by the Ministry of International Cooperation in Cairo at 8, Adly Street , Down Town , Cairo

- Agence Française de Développement at its Head Office in Paris, 5 Roland Barthes Street – 75598 Paris cedex 12.

wherein all proceedings may be validly served on them.

Clause 13 -Language -

The originals of the Simplified Agreement have been drawn-up and signed in both English and Arabic language. Both languages are equally authentic.

However, the English version shall exclusively prevail in case of a difference in interpretation of the provisions of the Simplified Agreement or of arbitration between the parties.

Clause 14 -Stamp and registration duties -

The stamp and registration duties in connection with the Credit Facility Agreement shall be borne by the Borrower if such formalities are required in the Borrower's country.

Clause 15 -- Arbitration and Applicable Law -

Any dispute, disagreement, controversy or claim arising in connection with the existence, validity, interpretation, implementation or termination of the Simplified Agreement shall to the extent possible be settled by agreement between AFD and The Borrower.

If the dispute cannot be amicably settled, all disputes arising from the Simplified Agreement shall be finally settled in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce in force at the date of commencement of the arbitration proceedings, by one or more arbitrators to be appointed in accordance with the said rules.

The party wishing to resort to arbitration shall inform the other party by registered letter. The parties shall agree on the choice of the place of arbitration and the nationality of the sole arbitrator or the President of the arbitration tribunal. In the absence of an agreement between the parties within one month from the sending of the aforementioned registered letter, the arbitration proceedings will take place in Geneva (Switzerland) and the sole arbitrator, or the President, shall be a Swiss national.

The language of arbitration shall be English.

The present arbitration clause shall remain valid in the event of the nullity, termination, cancellation or expiration of the Simplified Agreement. Commencement of proceedings by either party against the other shall not in itself suspend its contractual obligations pursuant to the Simplified Agreement.

The Government of the Arab Republic of Egypt and AFD both undertake to implement the arbitration judgments.

The Simplified Agreement is governed by French law.

Clause 16 – Entry into Force - Termination -

The Simplified Agreement shall enter into force on the date on which the Borrower has informed the Lender that the legal requirements for such entry into force have been fulfilled. The relevant date shall be the day on which the notification is received.

(a) Where the signing of the Simplified Agreement does not occur within a period of eight (8) months from the date of the decision granting the Credit Facility i.e. 19 November 2014, and/or (b) where fulfilment of the conditions precedent to first disbursement under the Implementation Agreement does not occur within a period of twenty-four (24) months from the date above referred, the Lender shall be entitled to terminate the Simplified Agreement without the requirement of using any particular formalities.

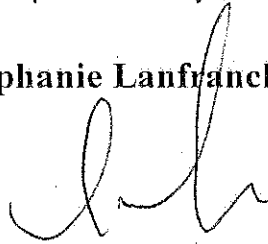
Notwithstanding the above, the above referred deadlines may be extended by common agreement, through an exchange of letters between the Parties.

Made in two original copies in English and in Arabic, one of which is for the AFD.

in Cairo , on 16 July, 2015

- the Lender , represented by

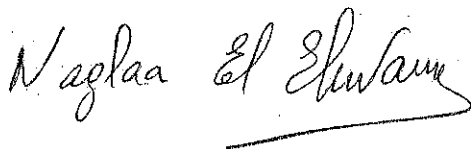
Ms. Stéphanie Lanfranchi



Director of the AFD Cairo office

- the Borrower , represented by

Dr. Naglaa El-Ahwany



Minister of International Cooperation

APPENDIX

PROJECT DESCRIPTION

1. The proposed project for AFD financing will consist in the construction of a 20 MWp grid-connected 20 photovoltaic power plant in Upper Egypt. The power plant will be located 60 km north of Aswan and 7 km west of the Nile River in the small village of Faris, belonging to Kom-Ombo. The power plant will be owned and operated by NREA. It will be connected to the national grid operated by EETC in accordance with the Connection Agreement. The electricity produced will be sold by NREA to EETC according to the terms and conditions set in a power purchase agreement.
2. The construction site of the power plant has been chosen by the Ministry of Electricity and Renewable Energy according to a set of criteria among which solar insulation, topology, proximity to electricity transmission lines, access to road infrastructure and water supply. The site presents a favorable environment which should foster a satisfactory operation of the plant.
3. The power plant will be built under an Engineering, Procurement and Construction (EPC) Contract to be procured by NREA. The EPC contract shall also include provisions for the operation and maintenance, as well as an adequate training program for NREA's staff, for a period of 2 to 5 years after the commissioning of the power plant.
4. EETC will be in charge of connecting the power plant to the national grid according to the Connection Agreement and will own the connection assets.
5. In the Project preparation phase, NREA hired a consultant to undertake a comprehensive feasibility study covering the technical, financial, environmental and social aspects of the power plant. A field measurement campaign has been carried out in order to obtain the most accurate technical data and elaborate a relevant cost model for the project. The total cost of the Project is estimated at EUR 40 million (excluding taxes), which would cover the EPC Costs (including O&M and training provisions), Technical Assistance and contingencies.
6. The EU has delegated a EUR 0.8 million grant to AFD in 2011 to contribute to the financing of the preparation of the project. The feasibility study of the project has been financed by the EU Grant. The EU Grant will also finance the recruitment of a tender agent to support NREA in its bidding process for the selection of the EPC Contractor.