

Safeguards Diagnostic Review

for

**Piloting the Use of Egyptian Systems to
Address Environmental Issues in the
Proposed World Bank-Assisted Egypt Pollution Abatement Project II
(EPAP II)**

Equivalence and Acceptability Assessment Report

December 2005

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	III
EXECUTIVE SUMMARY	V
BACKGROUND	1
PROJECT DESCRIPTION	1
RATIONALE FOR CHOOSING EPAP II FOR PILOTING	3
METHODOLOGY AND PROCESS FOLLOWED IN DETERMINING EQUIVALENCE AND ACCEPTABILITY	3
EQUIVALENCE ASSESSMENT	4
WORLD BANK’S SAFEGUARDS POLICIES APPLICABLE TO THE PROPOSED PILOT	4
GOVERNMENT OF EGYPT’S LAWS AND REGULATIONS APPLICABLE TO THE PROPOSED PILOT	4
EEAA’S CURRENT AND PROPOSED MEASURES TO IMPROVE THE EIA SYSTEM.....	8
GAPS AND DIFFERENCES	8
PROPOSED GAP FILLING MEASURES	8
ACCEPTABILITY ASSESSMENT	9
PURPOSE AND SCOPE	9
IMPLEMENTATION PRACTICES AND TRACK RECORDS.....	9
INSTITUTIONAL CAPACITY	14
STRENGTHS AND WEAKNESSES	18
CURRENT AND PROPOSED MEASURES TO IMPROVE ACCEPTABILITY	20
GAP FILLING MEASURES AGREED WITH EEAA TO ACHIEVE ACCEPTABILITY.....	20
GAP FILLING MEASURES AGREED WITH EEAA TO SUSTAIN ACCEPTABILITY	21
MONITORING AND REPORTING	21
ROLES AND RESPONSIBILITIES OF EEAA AND THE WORLD BANK	21
PUBLIC CONSULTATION AND DISCLOSURE	22
ANNEXES	23
ANNEX 1. EQUIVALENCE ASSESSMENT SUMMARY MATRIX ON ENVIRONMENTAL ASSESSMENT	24
ANNEX 2. PUBLIC CONSULTATION WORKSHOP ISSUES RAISED AND COMMENTS MADE AND RESPONSES	28
ANNEX 3. LIST OF KEY OFFICIALS MET.....	31
ANNEX 4. LIST OF SAMPLE INDUSTRIES VISITED	32
ANNEX 5. LIST OF MAIN DOCUMENTS CONSULTED	33
ANNEX 6. MODEL ENVIRONMENTAL REGISTER	34
ANNEX 7. LIST OF ATTENDEES TO THE PUBLIC CONSULTATION MEETING HELD IN CAIRO ON DECEMBER 4, 2005.....	35
ANNEX 8. THE AGENDA FOR THE PUBLIC CONSULTATION MEETING HELD IN CAIRO ON DECEMBER 4, 2005	37
ANNEX 9. LETTER OF NO OBJECTION TO DISCLOSE THE REPORT BY EEAA	38

ABBREVIATIONS AND ACRONYMS

CAA	Competent Administrative Authority
CAP	Compliance Action Plan
CEO	Chief Executive Officer
CID	Central Inspection Department (of EEAA)
CIDA	Canadian Development Agency
DANIDA	Danish International Development Agency
DFID	Department of International Development of the United Kingdom
EA	Environmental Assessment
EEAA	Egyptian Environmental Affairs Agency
EEIS	Egyptian Environmental Information System
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIMP	Environmental Information and Monitoring Program
EMU	Environmental Management Unit
EPF	Environmental Protection Fund
ER	Executive Regulations
ERs	Emission Reductions
ES	Emission Standards
ESP	Environmental Sector Program
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
FST	Financial Support Team
GOE	Government of Egypt
JBIC	The Japan Bank for International Cooperation
JICA	Japanese International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
L.E.	Egyptian Pound
MSEA	Ministry of State for Environmental Affairs
NIB	National Investment Bank
OP	Operational Policy of the World Bank
PMU	Project Management Unit
PPAH	Pollution Prevention and Abatement Handbook
PROPER	Program for Pollution Control, Evaluation and Rating
RBO	Regional Branch Office (of EEAA)
SEAM	Support for Environmental Assessment and Management
TST	Technical Support Team
USAID	United States Agency for International Development
WB	World Bank

CURRENCY EQUIVALENTS

(Exchange Rate Effective 12/05/2005)

Currency Unit = Egyptian Pound
L.E. 5.71 = US\$1

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Piloting the Use of Egyptian Systems to Address Environmental Issues in the Proposed World Bank-Assisted Egypt Pollution Abatement Project II

Safeguards Diagnostic Review

EXECUTIVE SUMMARY

- 1. Background.** Egypt is one of the initial countries being considered for piloting the use of country environmental systems, specifically in the proposed World Bank-assisted Egypt Pollution Abatement Project II (EPAP II). This pilot operation will be governed by the new operational policy OP/BP 4.00, “*Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects*”.
- 2. Project Description.** The Bank and the Government of Egypt (GOE) have agreed to implement an environmental program consisting of a project (EPAP II) and a Carbon Finance (CF) sub-program. EPAP II will be implemented within a time frame of five years, while the CF sub-program will extend beyond the five year time frame but with no implications on the lending terms, as it will not use the proposed loan proceeds.
- 3.** The purpose of EPAP II is to assist the participating industrial plants in their efforts to improve their overall environmental performance and will consist of the following two components: (a) Environmental Investment Component to support a credit line facility, which will be managed by the National Bank of Egypt, to provide concessionary loans to polluting industries in the Alexandria and Qalubiya Governorates; and (b) Technical Assistance Component to strengthen the capacity of the Egyptian Environmental Affairs Agency (EEAA) and other key stakeholders (e.g., Commercial Banking sector), as well as to provide project management support.
- 4.** The CF sub-program will assist the GOE’s efforts to set up a sustainable pollution abatement program by using portions of the revenues from the sale to the World Bank and other buyers of emission reductions (ERs) generated under the Kyoto Protocol’s Clean Development Mechanism (CDM). The Bank has already signed two Letters of Intent (Onyx Project in Alexandria and AMA Project in Cairo) for purchasing ERs generated from the solid waste landfills in which at least 6 percent of the revenues will be allocated for financing pollution abatement activities and other legitimate sustainable development activities other than those programmed under EPAP II. The role of the Bank will be to monitor the use of the revenues generated from the sales of ER and ensure that pollution abatement activities are being implemented using the EPAP II model. This component will be managed by the Environmental Protection Fund (EPF).
- 5. Scope of the Pilot.** The scope of the proposed pilot will be restricted to the Bank-assisted EPAP II (investment and TA components), which will be processed under the new OP 4.00 “*Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects*”. The CF sub-program, including the first two above mentioned projects, will be processed in compliance with all relevant Bank Safeguard Operational Policies as appropriate, whereas all future investments to be financed by EPF will comply with applicable Egyptian environmental laws, regulations and Environmental Impact Assessment (EIA) guidelines as appropriate.
- 6. Equivalence and Acceptability Assessment.** The equivalence and acceptability assessments were carried out by an interdisciplinary team of Bank staff in collaboration with relevant EEAA staff members. The methodology included desk review of current in force legislation and supporting mandatory guidelines, discussion with EEAA officials, field visits to Regional Branch Offices (RBOs),

Environmental Management Units (EMUs) at Alexandria and Qalubiya, and a representative sample of industries in the two Governorates and review of previous experience with EPAP I, which is being closed. Annex 1 on Equivalence Assessment – Summary Matrix on Environmental Assessment, provides a comparison between the environmental assessment (EA) policy objective and operational principles, as stated in Table A1 of OP 4.00, and requirements under Egyptian Law Number 4-1994.

7. The results of the equivalence assessment indicated that the Bank's EA policy and the Egyptian EIA system have many common features and are comparable in many aspects. The differences or gaps in the Egyptian EIA system that are applicable/relevant to the proposed EPAP II (as shown in Annex 1) are primarily due to lack of clarity on: (a) disclosure requirements; (b) Environmental Management Plan (EMP) details; (c) need for documentation of public consultations; (d) use of independent expertise and advisory panels for complex projects; and (e) use of Pollution Prevention and Abatement Handbook guidelines. However, EEAA is committed to address these differences by revising its current EIA procedural guidelines before the World Bank Board approval.

8. The acceptability assessment indicated that Egypt has the basic institutional and legal infrastructure at the national, regional and local levels, but with mixed track record on implementation. For example, review of sample EIA reports, Forms "A" and B for their contents and quality indicate that requirements of Law 4-1994 are generally met, though the quality of these Forms and EIA reports was variable. One major and overall weakness is inadequate description of mitigation measures in the environmental management plan (EMP), including implementation arrangement details such as: budget, institutional arrangements, monitoring details, and schedule of implementation. For full EIA studies, it may be possible to improve it further, by using objective criteria in support of the professional opinion of the reviewer. Improvement of the sectoral guidelines and impact specific guidance on appropriate prediction techniques can be a powerful adjunct to this.

9. There are three monitoring instruments for environmental inspections: (a) guidelines for inspections; (b) the Environmental Register required by law; and (c) the compliance action plans (CAPs) for large polluters in case mitigating measures cannot be implemented within the 60-day deadline stipulated by Law 4-1994, and a further extension is required. At present, a proactive approach is strongly stressed in the new policy of the Ministry that values compliance and improvement of environmental performance by providing financial incentives for industrial pollution control investments. For example, under EPAP II a public environmental performance ratings program will be established on a pilot scale in one or two major hot spots in Alexandria and in Qalubiya on the basis of the Program for Pollution Control, Evaluation and Rating (PROPER).

10. **Public Consultation and Disclosure.** EEAA and the World Bank jointly organized a public consultation workshop to discuss the draft version of this report in Cairo on December 4, 2005. In preparation for this workshop, EEAA circulated advance copies of the draft report to a large number individuals and relevant agencies inviting their participation and comments. Over seventy people, representing NGOs, consultants, donor agencies, academia, industry representatives, participating Banks, media and various Government departments including EEAA, attended this workshop. H.E. Mr. Maged George, the Egyptian Minister of State for Environmental Affairs, chaired the workshop.

11. Participants expressed their overall support to the proposal to pilot Egyptian EIA system in the context of the proposed EPAP II and agreed with the findings and gap filling actions proposed to achieve and sustain equivalence and acceptability. Annex 2 provides a matrix of issues raised and comments made by different stakeholders and responses from EEAA and the World Bank.

12. The Arabic version of the executive summary and English version of this full report are currently being disclosed in the following places: (a) EEAA website; (b) EEAA's library in Cairo; (c) Greater Cairo and Alexandria RBOs; (d) libraries of Cairo and Ain Shams Universities; (e) the World

Bank Public Information Centre in the Cairo office; and (f) the World Bank Infoshop in Washington DC.

13. **Proposed Gap Filling Measures.** The following actions will be taken by EEAA to fill in the equivalence and acceptability gaps before completion of EPAP II negotiations: (a) prepare draft revised generic EIA procedural guidelines, acceptable to the Bank; and (b) revise Form B to improve the current screening criteria and make them more comprehensive - the revised Form B will be applied to all EPAP II sub-projects and subsequently be extended to all projects irrespective of the financing sources.

14. Following project negotiations and before implementation of EPAP II begins, EEAA will take the following actions: (a) update the current list of Competent Administrative Authorities (CAA); (b) issue detailed TOR and guidance for preparing CAPs by EPAP II beneficiaries; and (c) revise the existing sectoral guidelines (initially targeting those sectors which are likely to be supported by EPAP II) to reflect the requirements under the new procedural guidelines.

15. The following additional actions will be undertaken to sustain acceptability during the EPAP II implementation period:

Actions to be taken	By Whom	By When
1. Sustain the progress made and continue to improve the EIA process. <ul style="list-style-type: none"> a. Carry out annual review of the quality of EIA, Forms A and B approved and introduce corrective measures for sustaining the improved EIA process; b. Train a core group of EIA trainers (local EIA consultants and EIA reviewers at EEAA); and c. Train EEAA, RBO, EMU and EPF staff, NGOs, EIA consultants and reviewers, media, sector ministries, and participating Banks. 	EIA Department of EEAA, assisted by a team of independent consultants and a core group of trainers	July 2007 and then continue with these tasks periodically From July 2006
2. Introduce public environmental performance ratings to promote voluntary compliance by polluting industries. <ul style="list-style-type: none"> a. Introduce, on a pilot basis, a Program for Pollution Control Evaluation and Rating (PROPER) in Alexandria and Qalubiya; and b. Evaluate the experience and extend the program to other similar 'hotspot' areas. 		
3. Improve compliance monitoring. <ul style="list-style-type: none"> a. Train CID, RBO, and EMU staff on providing guidance to industries in preparation of CAPs; and b. Develop a database on compliance status on: <ul style="list-style-type: none"> (i) maintenance of Environmental Registers, as mandated under Law 4-1994, by industries participating in EPAP II; (ii) implementation of agreed CAPs; and (iii) monitoring actions taken against those who are not in compliance. 	CID and Industrial Unit of EEAA and respective RBOs	From June 2006 December 2006 and thereafter, continue with these tasks periodically.

16. **Monitoring and Reporting.** As part of its reporting to the World Bank, EEAA will prepare quarterly monitoring reports with a focus on the following key elements: (a) implementation status of the above gap filling measures; (b) progress made in improving compliance with conditions stated in environmental permits and CAPs; and (c) status report on disclosure of EIA summary reports and the Form B prepared by participating EPAP II sub-projects.

17. **The Bank's Responsibilities.** The Bank will be responsible for the following actions: (a) monitor the continued equivalence and acceptability of the EIA system requirements that are applicable to the types of sub-projects financed under EPAP II; (b) review the quarterly monitoring reports, including reports on annual environmental audits and spot check prepared by EEAA; (c) bi-annual (or more frequent if required) supervision of project implementation, including field visits to sub-projects

under construction or commissioning or those completed; and (d) agreement on remedial actions to be taken by EEAA to achieve compliance and sustain equivalence and acceptability of Egyptian EIA system to EPAP II.

Piloting the Use of Egyptian Systems to Address Environmental Issues in the Proposed World Bank-Assisted Egypt Pollution Abatement Project II

Safeguards Diagnostic Review

BACKGROUND

1. Over the next two years the World Bank will be supporting a limited number of pilot projects in which lending operations will be prepared using the borrowing country's systems¹ for environmental assessment and other environmental and social safeguards, rather than the Bank's operational policies and procedures on safeguards. The rationale for using country systems is to scale up development impact, increase country ownership, build institutional capacity, facilitate harmonization and increase cost effectiveness. These pilot operations are governed by a new operational policy² (OP 4.00) "*Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects*" issued in March 2005. This Policy elaborates on the approach, enumerates the criteria for assessing country systems, and specifies documentation and disclosure requirements and respective roles of the client country and the Bank.

2. The Bank considers a borrower's environmental and social safeguard system to be equivalent to the Bank's if the borrower's system is designed to achieve the objectives and adhere to the applicable operational principles set out in Table A1 of OP 4.00. Since equivalence is determined on a policy-by-policy basis in accordance with Table A1, the Bank may conclude that the borrower's system is equivalent to the Bank's in specific environmental or social safeguard areas in particular pilot projects, and not in other areas.³ Before deciding on the use of borrower systems, the Bank also assesses the acceptability of the borrower's implementation practices, track record, and institutional capacity. The above approach and criteria for assessment were developed with inputs from external stakeholders such as representatives of governments, bilateral and multilateral development institutions, civil society organizations, and the private sector and is consistent with commitments made by the development community in the Paris Declaration on Aid Effectiveness in March 2005.

3. Egypt is one of the initial countries being considered for piloting the use of country systems, specifically in the proposed Bank-assisted Egypt Pollution Abatement Project II (EPAP II). This document describes the scope, methodology, and findings of the equivalence and acceptability assessments carried out by the Bank staff in collaboration with Egyptian Environmental Affairs Agency (EEAA) officials. The proposed pilot is expected to bring the added benefit of moving towards harmonization of environmental safeguard requirements among the Government, the World Bank and other development partners who are active in this sector in Egypt.

PROJECT DESCRIPTION

4. The Bank and the Government of Egypt (GOE) have agreed to implement an environmental program consisting of a project (EPAP II) and a Carbon Finance (CF) sub-program. EPAP II will be implemented within a time frame of five years, while the CF sub-program will extend beyond the five

¹ Country systems is defined as the country's legal and institutional framework, consisting of its national, subnational, or sectoral implementing institutions and relevant laws, regulations, rules, and procedures that are applicable to the proposed pilot project.

² OP/BP 4.00 can be viewed at this website:

<http://wbln0018.worldbank.org/Institutional/Manuals/OpManual.nsf/tocall/E49CED1645FB433885256FCD00776B19?OpenDocument>

³ The Bank's environmental and social safeguard policies will apply to the areas which the Bank has determined not to be equivalent to its applicable policy framework and will continue to apply to all projects that are not part of the pilot program.

year time frame but with no implications on the lending terms, as it will not be using the proposed loan proceeds.

EPAP II:

- **Component 1: A Line of Credit Facility** managed by an Apex Bank (National Bank of Egypt) and financed from a loan from the World Bank (US\$20 million), and a concessionary loan of about €45 million from the European Investment Bank (EIB). The Japan Bank for International Cooperation (JBIC) is likely to join the project at a later stage with a concessionary loan of US\$40 million equivalent. This component will focus on pollution abatement in major hot spots in the Alexandria and Qalubiya Governorates and will target the industrial sector at large.
- **Component 2: Technical Assistance** activities aimed at strengthening the capacity of EEAA and other key stakeholders and providing project management support. This component will be financed by the GOE, the National Bank of Egypt and the Government of Finland (a grant of about €900,000). Also, upon approval of the EIB loan, the project will be able to access an additional grant (up to €4 million) through the Facility for Euro-Mediterranean Investment and Partnership (FEMIP).

Carbon Finance Sub-Program:

- This sub-program will assist the GOE's efforts to set up a sustainable pollution abatement program by using portions of the revenues from the sale to the World Bank and other buyers of emission reductions (ERs) generated under the Kyoto Protocol's Clean Development Mechanism (CDM). The Bank has already signed two Letters of Intent (Onyx Project in Alexandria and AMA Project in Cairo) for purchasing ERs generated from the solid waste landfills in which at least 6 percent of the revenues will be allocated for financing pollution abatement activities and other legitimate sustainable development activities other than those programmed under EPAP II.⁴ The role of the Bank will be to monitor the use of the revenues generated from the sales of ER and ensure that pollution abatement activities are being implemented using the EPAP II model. This component will be managed by the Environmental Protection Fund⁵ (EPF) instead of the EPAP II Project Management Unit (PMU). The EPF was established in 1995 under Law 4-1994 with the objective "to stimulate environmental investments and support the environmental, social and economic policies in the pursuit of sustainable development." It is expected that the proceeds generated by the sale of ERs, along with the other resources of the EPF, will contribute significantly to the financing of environmental projects aimed at curbing pollution and improving the overall environment through the "Competitive Projects Program" in compliance with Law 4-1994 in an "accountable" and "transparent" manner.

⁴ These two project developers have indicated their willingness to contribute voluntarily a percentage greater than the 6 percent required according to the rules established by the Designated National Authority (DNA) for CDM.

⁵ In addition to the proceeds from the sale of ERs, EPF will continue to receive funds from the regular budget of the government, fines levied and legal or agreed upon compensation for any damage caused to the environment including but not limited to pollution generated by shipping accidents, revenues generated by the protected areas (mainly entrance fees imposed by Law 102 of 1983 establishing a Nature Reserve Fund), aid and donations granted by national and/or international donors and any other revenues to be accepted by the Board of the EPF (Article 10 of Financial Regulations of the EPF dated May 16, 2000 which provide for appropriate audit procedures of the EPF).

Scope of the Proposed “Use of Country Systems” Pilot:

- *Scope of the Pilot:* The scope of the proposed pilot will be restricted to the Bank-assisted EPAP II (investment and TA components), which will be processed under the new OP 4.00 “*Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects.*”

The CF sub-program will be processed in compliance with all relevant Bank Safeguard Operational Policies as appropriate. For example, the first two CDM projects (Onyx Project in Alexandria and AMA Project in Cairo) as well as all other future CDM projects will be implemented in accordance with the relevant World Bank environmental and social safeguard policies, namely OP/BP 4.01 on Environmental Assessment and OP/BP 4.12 on Involuntary Resettlement.

All future investments to be financed by EPF will comply with applicable Egyptian environmental laws, regulations and Environmental Impact Assessment (EIA) guidelines as appropriate.

RATIONALE FOR CHOOSING EPAP II FOR PILOTING

5. EPAP II was selected for piloting because of the significance of industrial pollution in Egypt as a major source of health impacts and environmental degradation. The project is also in line with the GOE’s commitment to reduce industrial pollution through stricter enforcement of its national environmental standards and by providing incentives to prevent and control pollution. Further, many major polluters are in the public sector and require financial assistance to improve environmental performance, part of which could be provided by EPAP II funding. At the same time, the private sector in Egypt endeavors to improve its image and competitiveness in major markets by complying with environmental laws and regulations to boost its export potential. Furthermore, a number of multilateral and bilateral donor agencies (CIDA, DANIDA, EIB, KfW, USAID, WB and Social Fund) have committed so far over US\$500 million for industrial pollution control investments. Therefore, the EPAP II pilot offers an opportunity to strengthen GOE’s institutional capacity to deal with industrial pollution and also to promote harmonization of environmental safeguard requirements among the GOE, the World Bank and other development partners.

METHODOLOGY AND PROCESS FOLLOWED IN DETERMINING EQUIVALENCE AND ACCEPTABILITY

6. The equivalence assessment was carried out by an interdisciplinary team of Bank staff⁶ in collaboration with relevant EEAA staff members. The methodology included desk review of current in force legislation and supporting mandatory guidelines, discussion with EEAA officials, and review of previous experience with EPAP I, which is being closed. Annex 1 on Equivalence Assessment – Summary Matrix on Environmental Assessment, provides a comparison between the Environmental Assessment (EA) policy objective and operational principles, as stated in Table A1 of OP 4.00, and requirements under Egyptian Law Number 4 of 1994. The list of key officials met during the equivalence (and later during acceptability) assessment is included in Annex 3.

7. The methodology for acceptability assessment included: (a) discussion with officials from the EEAA headquarters in Cairo, Regional Branch Offices (RBOs) in West Delta (Alexandria) and

⁶ The World Bank team consisted of: Messrs Sherif Arif, Regional Environmental and Safeguards Advisor (MNSRE); Mohammed Bekhechi, Lead Council (LEGEN); Hocine Chalal, Senior Environmental Specialist (MNSRE); Maged Hamed, Senior Environmental Specialist (MNSRE); and L. Panneer Selvam, Senior Environmental Specialist (ESDQC/QACU).

Greater Cairo (Qalubiya), and Environmental Management Units (EMUs) in Alexandria and Qalubiya; (b) review of relevant documents pertaining to establishment and charter of these organizations, their organizational structure, records of compliance monitoring, sample records of EIA review and approval process, etc.; and (c) a series of site visits to a representative sample of industries in Alexandria and Qalubiya, some of which received EPAP I funding. Annexes 3, 4, and 5 provide a list of people met, a list of industries visited, and a list of documents consulted, respectively.

EQUIVALENCE ASSESSMENT

WORLD BANK'S SAFEGUARDS POLICIES APPLICABLE TO THE PROPOSED PILOT

8. The proposed EPAP II will assist the participating industrial plants in their efforts to improve their overall environmental performance. These existing industrial plants would be implementing pollution abatement measures (e.g., cleaner production technologies, process modifications and renovations to prevent or reduce pollution at source) and end-of-pipe pollution control measures to comply with air emission, wastewater discharge and indoor air pollution standards set under Egyptian Law 4-1994. Though these are environmentally friendly investments aimed to reduce the current pollution load, they could result in some adverse environmental impacts if inappropriate design, construction and operational practices are followed. In order to address these potential adverse impacts, OP 4.01 and the relevant guidelines provided in the Pollution Prevention and Abatement Handbook (PPAH) are applicable to the proposed EPAP II.

9. Because the investments promoted by the EPAP II will be made through commercial banks (financial intermediaries) to finance sub-projects proposed by eligible private or public sector industrial plants, the EPAP II could be classified as a Financial Intermediary (FI) operation, in accordance with OP 4.01.

10. Under the current scope of the proposed project, the borrowing public and private sector industrial plants are likely to install their pollution prevention and control facilities within their own premises and would not be acquiring new land. Consequently, other environmental and social safeguard policies of the Bank are not applicable. However, if any off-site waste treatment and disposal facilities (requiring land acquisition, etc.) are supported at a later stage, the respective sub-projects will be screened for their potential impacts and relevant World Bank Safeguard Policies such as Involuntary Resettlement (OP 4.12), Natural Habitats (OP 4.04) and Cultural Property (OPN 11.03) will be applied as appropriate.

GOVERNMENT OF EGYPT'S LAWS AND REGULATIONS APPLICABLE TO THE PROPOSED PILOT

11. Each prospective sub-project must comply with the applicable air emission and wastewater discharge standards and EIA requirements prescribed in Law 4-1994. For example, those industrial plants which would be implementing only end-of-pipe pollution control facilities are required to comply with the applicable emission/discharge standards prescribed in Law 4-1994 and the Executive Regulations. Those which are implementing process modifications and technology renovations will be required to comply with EIA as well as the applicable emission/discharge standards, stated above.

12. **Air Emission, Wastewater Discharge, Noise and Indoor Air Pollution Standards.** Law 4-1994 (Articles 34 to 47 and 69 to 75) and the accompanying Executive Regulations (Annexes 1, 6, 7, 8 and 10)⁷ prescribe the air emission, wastewater discharge, noise and indoor air pollution standards.

⁷ Annex 1: Standards and specifications for some substances on discharge in marine environment; Annex 6: Permissible limits of pollutants in emissions; Annex 7: Permissible limits for sound intensity; Annex 8: Maximum limits for air pollut-

These standards, developed between 1986 and 2000, are mostly generic pollutant specific concentration-based standards applicable to various sectors. EEAA has prepared a revised set of load based standards that have been approved by the GOE on October 29, 2005. As a result, the sub-projects financed under EPAP II would be expected to comply with this new set of load based discharge/emission standards.

13. **EIA Requirements.** Projects subjected to a mandatory EIA are defined by reference to four criteria: type of energy used, impact on the depletion of natural resources, location and activity. Annex 2 to the Prime Minister Decree 338 of 1995 enacting the Executive Regulation⁸ of Law 4-1994 on “Establishments subject to the EIA” provides a list of mandatory projects, which include among others large-scale agriculture, forestry, mining, manufacturing, industry, quarrying, land reclamation, dams, drainage and irrigation, fisheries, tourism and recreation, petroleum and petrochemicals, airports, roads, harbors, seaports, housing, transportation, railways, electricity, domestic water supply and sanitation.

14. According to Articles 19 and 23 of Law 4-1994, any new establishment (industrial plant or project) requiring a license and those existing establishments or industrial plants that propose to undertake renovation and expansion of their existing facilities are subject to a prior EIA.

15. **EIA Guidelines.** EEAA issued EIA Procedural and Sectoral Guidelines in 1995. The EIA procedural guidelines include: (a) timing and processing procedures, (b) screening and scoping guidelines, (c) sectoral issues to be considered, (d) definition and requirement of the environmental management plans (EMPs), (e) review of EIA and conflict resolution mechanisms, (f) powers of the EEAA to further regulate the EIA process, and (g) lists of activities subject to mandatory EIA. According to these Guidelines, all projects are to be screened for their potential impacts and classified into: (a) Category C; (b) Category B; or (c) Category A.⁹

16. EEAA has also developed several sector specific EIA guidelines (municipal wastewater treatment works, ports and harbors, industrial zones, tourist activities, cement work, and land reclamation) including sample terms of references for consultants and project developers. These Sectoral Guidelines were developed as part of the framework of the “Organization Support Program” (OSP) funded by DANIDA and the “Support for Environmental Assessment and Management” (SEAM) project funded by the UK Department for International Development (DFID).

17. **EIA Review and Approval Procedures.** The contents and procedures for review and approval of an EIA are described in Law 4-1994 (Articles No. 19 to 23, 70, 71 and 73), and its implementing Executive Regulations (Articles No. 10 to 19, 57 to 60). The EIA, carried out by the project developer, is to be approved by the respective Competent Administrative Authority¹⁰ (CAA) or the licensing authority in coordination with the EEAA. The CAA could either be the Governorate within which the project is proposed, a relevant agency (e.g., General Petroleum Authority for oil and gas projects, Tourism Development Authority for tourism projects), or sector ministry (e.g., Ministry of Electricity for power production).

18. Although the EIA procedural guidelines include a general description about CAAs for different projects, discussions with staff of EEAA confirmed that this issue is not straightforward and is open to interpretation, and that the selection of the CAA seems to be ad hoc and done on a case by

ants inside work places according to type of industry; and Annex 10: Non degradable polluting substances not to be discharged in marine environment by industrial establishments.

⁸ The Executive Regulations of Law 4-1994 were adopted by Prime Minister Decree No. 338 of 1995.

⁹ These correspond to Categories A, B and C, respectively under the World Bank Policy OP 4.01.

¹⁰ See Articles 19 to 22 of Law 4-1994 for details about CAA’s roles and responsibilities.

case basis. For example, in Alexandria, the CAA may be the Alexandria Governorate, the Ministry of Investment (if the project site falls within a designated free zone), or the Council of Borg El-Arab city, which is under the Ministry of Housing (if the project site is contained within the designated industrial city). In most cases, the terms CAA and “licensing authority/agency” are used interchangeably. When the Governorate is the CAA (the case of most—if not all—of the EPAP II projects), then the Environmental Management Unit (EMU) which exists in each district, will act as CAA on behalf of the Governorate in environmental matters. The CAA is responsible for advising the project developer on EIA screening and on the permitting and licensing requirements for the project.

19. For projects under current Category A, the proponent is required to submit a simple screening form (known as Form A) describing the project and its potential environmental impacts. The concerned RBO of the EEAA is authorized to review the information provided by the proponent and send its approval or rejection to the CAA.

20. For projects under Category B, a more detailed screening form (known as Form B) is to be submitted by the project proponent. This Form B has a comprehensive checklist which addresses all environmental aspects of the project and requires an environmental analysis and environmental management plans (EMP) to mitigate any adverse impacts. In selected cases, EEAA, after reviewing the Form B could ask the proponent, if required, to carry out a “scoped EIA”, depending on the nature and magnitude of potential impacts.

21. Category C projects are subjected to a detailed EIA¹¹, in accordance with the guidelines for Egyptian EIA and the accompanying sectoral guidelines for establishments that need full EIA. For many aspects, projects under current categories B and C must answer the same or similar questions about the potential impacts of their projects and include many identical requirements. The EIA Department in EEAA is responsible for review and approval (or rejection) of all EIAs. Figure 1 illustrates the EIA screening and review process.

¹¹ According to the current in force legislation and guidelines, an EIA is required to include information on: (a) description and nature of project; (b) project title and proponent; (c) location of the project with an outline of the major elements of the surrounding environment which might be affected (Form B and EIA Guidelines require the proponent to prepare a map of the area); (d) outline of the Planning and Implementation Program; (e) analysis of any activities involved in the construction/operation which may result in the following: (i) gaseous emissions, (ii) dust, (iii) odor, (iv) noisy operations, (v) night time operations, (vi) liquid effluents/discharges, (vii) traffic generation, (viii) waste and/or by-products generated, (ix) storage/disposal of hazardous goods, (x) disposal of spoil materials, (xi) visual impact, (xii) risk of accidents resulting in pollution or hazard; (xiii) any interactions with other projects which should be considered, and (xiv) transboundary impacts (mentioned in Form B to be filled for Category B Project and in sectoral guidelines for Category C project); and (f) environmental protection measures incorporated in the design and any further environmental implications, including monitoring, beneficial/adverse effects, short/long-term effects, secondary/induced effects, cumulative effects, magnitude and distribution of effects, ability to mitigate adverse environmental consequences via application of the best practical means and best practical environment.

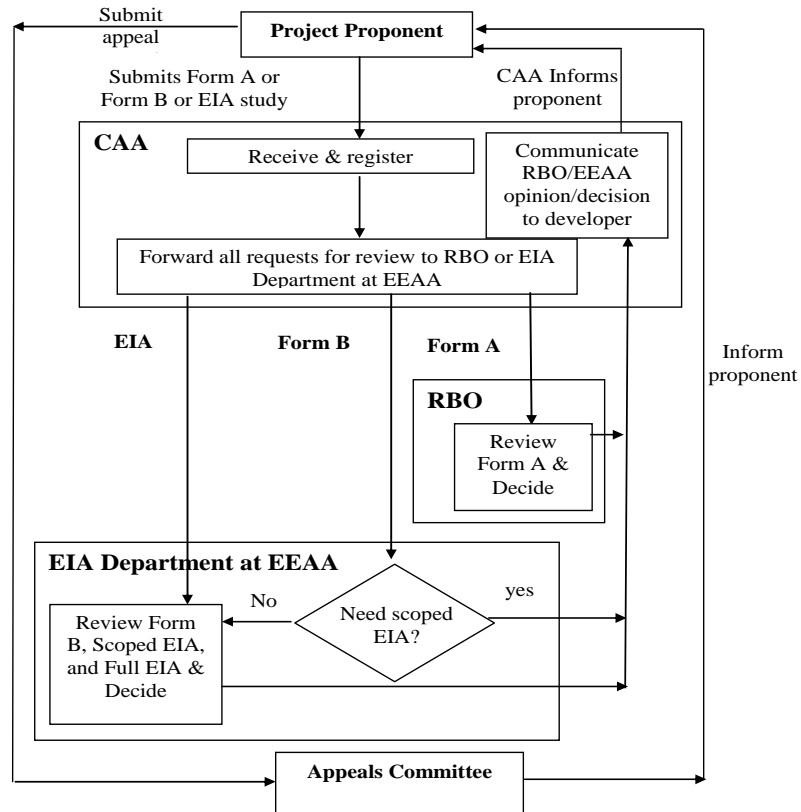


Figure 1. EIA Screening and Review Process

22. The CAA or the licensing authority is required to send a copy of the EIA report prepared by the project proponent to EEAA¹² for its review and approval. The CAA is responsible for not only conveying EEAA’s opinion and comments (approval or rejection) but also for verifying the implementation of EEAA’s recommendations (see Article 20 of Law 4-1994). The contents and procedures for review and approval of an EIA are described in Law 4-1994 (Articles No. 19 to 23, 70, 71 and 73), its implementing Executive Regulations (Articles No. 10 to 19, 57 to 60) and the EIA Procedural and Sectoral Guidelines adopted by EEAA through a decision of the Ministry of State of Environment. It should be noted that CAA cannot overrule the findings of EEAA, as it is implied from Article 21 of the Executive Regulations of Law 4-1994, which states that, “The competent administrative authority shall notify the owner of the establishment of the result of the assessment or opinion of EEAA.” The EIA Department of EEAA confirmed that its opinion on EIA is final, legally binding and CAA is mandated to abide by EEAA’s opinion to accept or reject an EIA.

23. To sum up, the review process is carried out by the RBO (for Form A), or by the EEAA central EIA Department (for Form B and full EIAs). EEAA also relies on independent consultants or national universities to review full EIA studies or scoped EIAs, as the capacity to review the large number of EIAs submitted each year is beyond that of the existing work force of the EIA Department. These independent consultants and national universities go through an approval process, whereby

¹² See Chapter 2 of Law 4-1994 for details about EEAA’s roles and responsibilities.

their capacity to review EIAs is assessed based on established criteria, and if found acceptable, they become assigned EIA reviewers for EEAA.

EEAA'S CURRENT AND PROPOSED MEASURES TO IMPROVE THE EIA SYSTEM

24. The EEAA is currently developing a set of new policies and regulations to improve its overall EIA process and content. The proposed changes are likely to include:

- EEAA's proposal (approved by the GOE) to issue a new set of load based Environmental Standards (ES) for air emissions, wastewater discharges and solid waste disposal on October 29, 2005. Current ES were developed several years ago, well before the promulgation of Law 4-1994. EEAA informed the Bank that all sub-projects financed under the proposed EPAP II will be required to comply with these newly developed standards;
- Clarifying the requirement to analyze social impacts as part of the EIA process;
- Revising Forms A and B to improve the current screening criteria and make them more comprehensive. The new Forms, which are to be issued by July 2006, are expected to result in improved screening and assessment of potential impacts and use of regional and sectoral EIAs; and
- Proposing to exclude a number of small scale projects/small enterprises, with less than 10 workers and with little or no environmental impacts, from submitting Form A. The EMUs at the respective Governorates will be responsible for reviewing the proposals for these excluded projects, and issuing environmental clearances. In the new system, the RBOs would continue to be responsible for reviewing the revised Form A and sending their opinion/recommendations to the CAA.

GAPS AND DIFFERENCES

25. The Bank's EA policy and the Egyptian EIA system have many common features and principles and are comparable in many aspects. Both the Egyptian EIA system and the Bank OP 4.01 classify projects and activities into three categories A, B and C, but in the reverse order (e.g., Category C under Law 4-1994 would be equivalent to Category A under OP/BP 4.01). The positive list of projects and activities subject to full environmental assessment or a more limited environmental analysis under the Egyptian legislation is by nature similar to the classification of Category A and Category B projects under the Bank's policy OP 4.01.

26. The differences or gaps in the Egyptian EIA process (as shown in Annex 1) that are applicable/relevant to the proposed EPAP II, are primarily due to lack of clarity on: (a) disclosure requirements; (b) Environmental Management Plan (EMP) details; (c) need for documentation of public consultations; (d) use of independent expertise and advisory panels for complex projects; and (e) use of Pollution Prevention and Abatement Handbook guidelines.

PROPOSED GAP FILLING MEASURES

27. The following actions will be taken by EEAA to fill in the equivalence gaps before completion of EPAP II negotiations: (a) prepare draft revised generic EIA procedural guidelines, acceptable to the Bank; and (b) revise Form B to improve the current screening criteria and make them more comprehensive; the revised Form B will be applied to all EPAP II sub-projects and subsequently be extended to all projects irrespective of the financing sources.

28. Following project negotiations and before implementation of EPAP II begins, EEAA will revise the existing sectoral guidelines (initially targeting those sectors that are likely to be supported by EPAP II) to reflect the requirements under the new procedural guidelines.

29. The revised EIA procedural guidelines will specifically include detailed mandatory guidance on: (a) analysis of alternatives; (b) EMP implementation arrangements (budget, staffing proposal etc., for Category C and B projects); (c) public consultations (timing, process and documentation of outcomes); (d) disclosure of EIA reports and Form B (excluding those sections which are sensitive from trade, technology and security aspects); (e) use of independent EIA consultants and advisory panels in complex and highly polluting projects; and (f) reference to use of Pollution Prevention Abatement Handbook (PPAH) as a resource for evaluating feasible pollution prevention and control technologies to reduce emission and discharge levels at source. EEAA is also proposing to use this opportunity to clarify other key aspects such as selection of CAAs, and their roles and responsibilities.

ACCEPTABILITY ASSESSMENT

PURPOSE AND SCOPE

30. The purpose of the acceptability assessment is to confirm that the implementation practices, track record and institutional capacity of relevant Egyptian institutions in addressing environmental safeguard issues in the proposed Bank-supported EPAP II are acceptable and meet the requirements stated in the Bank Policy OP/BP 4.00. Therefore, the scope of this assessment is limited to reviewing the implementing practices and track records of organizations responsible for industrial pollution management activities in the two geographic areas covered by EPAP II funding, namely Alexandria (West Delta Region) and Qalubiyah (Greater Cairo Region) and includes the following organizations:

- National Level: The EIA and Central Inspection Departments (CID) of EEAA in Cairo;
- Regional Level: EEAA RBOs of West Delta (Alexandria) and Greater Cairo (Qalubiyah); and
- Local Level: The EMUs of the participating Governorates (Alexandria and Qalubiyah).

31. The assessment also covered the proposed implementation arrangements for EPAP II, including the establishment of the PMU. The PMU will be managed by a high level official who will report to the Chief Executive Officer (CEO) of EEAA. The PMU manager will be assisted by a deputy PMU manager. The PMU will consist of a Technical Support Team (TST) and a Financial Support Team (FST). The TST will be in charge of: (a) reviewing the technical and environmental eligibility of the sub-projects; (b) ensuring that procurement is carried out by eligible companies in a manner appropriate and consistent with the guidelines of the World Bank and other financiers; (c) liaising with the relevant departments of EEAA so as to ensure proper coordination and exchange of information; and (d) ensuring due diligence on the environmental safeguards based on the use of the piloted borrower systems approach. The Governorates of Alexandria and Qalubiyah will be included in the TST through dedicated teams located in the relevant RBOs. The FST will be in charge of the overall financial consolidation and reporting aspects in coordination with the National Bank of Egypt project unit and the TST of the PMU, and management of the flow of sustainable development premium generated by the sale of ERs from the carbon finance sub-program. The FST will be composed of EPF staff.

IMPLEMENTATION PRACTICES AND TRACK RECORDS

32. As discussed above in the equivalence assessment section, types of sub-projects that are likely to be funded by EPAP II fall under two broad categories: (a) those industries that go through

renovation, expansion and change in process technology for cleaner production; and (b) those industries that implement only end-of-pipe pollution control facilities, in order to comply with the existing national environmental standards.

33. While industries under the first category are required to submit either an EIA or Form B (depending on the nature of changes and type of industry), industries under the second category are required to submit only Form B, before undertaking any construction or changes in their process. The EIA Department in EEAA headquarters is responsible for review and approval of EIA and Form B and issue of environmental permits to proceed with the project proposal.

34. The CID of EEAA and the respective RBOs and EMUs are responsible for monitoring the compliance with the conditions, mitigation measures and environmental standards stated in the environmental permits for construction and operation licenses. Concentration based environmental standards (and, more recently, load based standards) are set forth in the Executive Regulations of Law 4-1994 (and its approved revisions of October 29, 2005) and relate to permissible emissions to the air, water, and indoor workplace environment.

Environmental Permit to Proceed with Project

35. In EPAP II, the project proponent will have to go through a two-step process, as required by Law 4-1994 and the relevant Executive Regulations. The first step is for the proponent to submit either Form B or full EIA (depending on the project nature and industry type) to the CAA which, in turn, forwards it to EEAA's EIA Department to obtain an environmental permit to proceed with the project. This permit is a prerequisite for the proponent to apply to the respective CAA for a license to construct and operate. This is a requirement even for an existing industry with a valid license to operate, when it plans to install any pollution control facilities/equipment or introduce process modifications.

36. Enforcement of environmental permitting, including EIA requirements, has been improving steadily. The total number of requests for environmental permits to proceed with project (including Forms A and B, and full EIAs) submitted to EEAA in 2002, 2003, and 2004 was 4,875 and 4,958, and 6,247; respectively. On an average, full EIAs represent about 2-4 percent of all submitted requests in a given year. Industrial applications present the majority of EIAs in all categories (A, B, and C). For example, in 2004, 62 percent of applications were from industrial sector. However, the majority of these were in Category A or B, with only a few in Category C requiring preparation of full EIA.

37. Review of sample EIA reports, Forms A and B for their contents and quality indicate that requirements of Law 4-1994 are generally met, though the quality of these Forms and EIA reports was variable. For example, the overall quality of EIA reports for coastal tourism and large scale oil and gas sector projects was found to be reasonably good and well established. This is predominantly because of the existence of comprehensive EIA terms of reference, developed with support from international experts, and active participation and support from EEAA. Although EIAs for industrial sectors and infrastructure projects used to be generally weaker, they are experiencing continued improvement. One major and overall weakness is inadequately defined Environmental Management Plans (EMP) description of mitigation measures including implementation arrangement details such as: budget, institutional arrangements, monitoring details, and schedule of implementation. Secondly, the EIA preparation teams need to include more specialists with relevant expertise.

38. There is a widespread agreement in EEAA that strengthening the review process is a priority, by providing clear detailed guidelines and criteria for review and approval. EEAA relies on independent consultants or national universities to review full EIA studies or scoped EIAs. The authority for

EEAA to hire external reviewers is included in Article 13 of the Executive Regulations of Law 4-1994. These external reviewers are chosen based on developed selection criteria. This is a good approach to ensure independence and obtain expert opinion on complex issues. It is expected that the use of revised procedural and sectoral guidelines (incorporating the changes discussed earlier in the equivalence assessment section) would be helpful in addressing these inadequacies and in training the EIA consultants and EIA reviewers.

License to Construct and Operate

39. The project proponent, having obtained the environmental permit from EEAA (for Form B or full EIAs) proceeds to apply for a license to construct/operate. The respective CAA reviews the different mitigating measures set forth in the EIA report or Form B and the conditions mentioned in the environmental permit to proceed with project and include them as conditions in the license to construct/operate.

40. Some sector ministries, when acting as the CAAs, have formed joint committees with EEAA's EIA and Central Inspection Departments to handle the task of EIA/EMP implementation supervision. Other Governorates (e.g. Alexandria and Qalubiyah) have added an EMU representative to the three-member committee responsible for granting the operation license, which includes representatives from the Department of Public Safety (fire fighting and industrial safety), Department of Health, and the Licensing Unit at the city council level.

41. It should be noted that all development projects, regardless of EIA classification, must adhere to the air emission, wastewater discharge, and work place environment standards stipulated in the Executive Regulations of Law 4-1994. The revisions to those standards were approved on 29 October 2005 to include load based emission standards.

Compliance Monitoring

42. The CID and EIA Department of EEAA, the relevant RBO, and the EMU in respective Governorate are collectively responsible for monitoring the compliance with conditions stipulated in the license to construct and operate. Discussions with officials at the EMU, RBO, and EEAA revealed that normally CID takes the lead and coordinates with others to prevent any redundancy or duplication of efforts. The CID sets inspection policies and is responsible for inspection planning, coordination, and reporting to the executive management of EEAA. The establishment by the Minister of Environment Decree No. 132/2003 of the CID within EEAA and directly reporting to the Head of the Environmental Management Sector has been supported in terms of capacity building by several donors projects, such as the Egyptian Environment Policy Program (EEPP) and EPAP I. In the same context, general industrial inspection manuals and provision of on-the-job training were developed.

43. To facilitate the process, the EIA Department, at the end of each year, provides the RBOs and CID with a list of new establishments which were issued environmental permits, so that they are included in the inspection plans of CID and the respective RBO and EMU. Furthermore, copies of these permits are routinely shared with others to ensure proper coordination and effective compliance monitoring.

44. Essentially, the CID at EEAA has the authority to inspect any industrial establishments in Egypt, with or without being accompanied by the relevant RBO and/or EMU. Discussions with officials at the EEAA, RBO, and EMU gave the impression that (at least informally) the EMUs usually handle small complaints that require only a limited level of environmental measurements (such as noise and suspended dust). The CID, on the other hand, is usually mobilized for large polluters or in

response to a major public outcry about environmental violations, mostly by large industries which may be publicly owned and operated.

45. Annual and quarterly inspection plans are prepared by the CID at EEAA, taking into account the issues mentioned above of focusing predominantly on the large polluters; these were reviewed during the assessment. Annual inspection plans are also prepared at the branch office levels and are sent by the RBO to EEAA for review, modification, and approval. These plans are reconciled to maximize synergy between the EEAA CID and the RBO.

46. There are three monitoring instruments for environmental inspections; (a) guidelines for inspections; (b) the Environmental Register required by law; and (c) the compliance action plans (CAPs) for large polluters in case mitigating measures cannot be implemented within the 60-day deadline and a further extension is required.

47. The Environmental Register is kept by each establishment, for at least 10 years, as stipulated by Article 22 of Law 4-1994. The format and content of the Environmental Register are defined in the Executive Regulations and attached as Annex 6. This Environmental Register forms the basis of self monitoring and is prepared by the industrial establishment. It is on the basis of lack of compliance and/or false reporting of the pollutants in the Environmental Register that the inspector recommends a fine. A sample of Environmental Registers was reviewed and found to generally conform to the content required by the Executive Regulations. Also a sample of violation reports prepared by the inspectors was reviewed and found to be consistent with the inspection requirements, though it is not clear whether regular independent measurements were conducted by a third party to verify the magnitude of the pollutants. Although Article 22 of Law 4-1994 allows for a grace period of 60 days to achieve compliance, other types of violations may require a much longer time and additional resources to bring into compliance.

48. CID may require that a Compliance Action Plan (CAP) be developed by the violating establishment (or a consultant on its behalf) upon the guidance of EEAA's inspectors (although a CAP is not required by law). The content of a CAP includes information on major environmental issues, mitigating measures, investments required and implementation schedule. A few sample CAPs were reviewed for contents and quality. They were generally very weak and lacked details. The CAP is mostly used for obtaining an extension from EEAA beyond the 60-day period and also is often used as a tool by the CID to report on violation and propose further fines. In order to improve the effectiveness of the CAP, EPAP II proposes to provide targeted technical assistance to CID, Alexandria and Qalubiya RBOs and participating industries in preparing CAPs and monitoring their implementation.

49. Although the CID is responsible for inspection of establishments in all sectors, it is the industrial sector that receives the most attention. For example, in 2004 industries accounted for 45 percent of all establishments inspected. The other sectors included health, service, and tourism. Table 1 summarizes the track record of the inspection procedure during 2001-2005, which increased ten fold during that time. Fines from environmental violations are variable and depend on the magnitude and severity of the violations. During the period from July 2004 to June 2005, the monthly income from fines (which goes to the EPF's budget) ranged from a low of L.E. 5,000 in May 2005 to a high of L.E. 387,000 in June 2005.

Table 1: Track Record of the Inspection Department (Source: CID of EEAA)

EAA Inspection Unit Activity	Apr-Dec 01	Jan-June 02	July-Nov. 02	Dec.-June 03	July-Nov. 03	Dec 03-June 04	July 04/Jun. 05
No. of inspected establishments	86	332	218	688	933	350	825
No. of complying establishments	18	84	16	55	79	56	114
Requests to comply	2	187	61	229	275	294	458
No. of enterprises benefiting from grace period from EEAA	2	187	61	229	275	294	458
No. of enterprises still in court	43	294	166	633	854	294	721
No. of enterprises fined by court	3	0			3	7	34

50. The frequency of inspections also varies at the local level. At the EMU level, in 2004, the Qalubiya Governorate, which has a large number of small and medium enterprises (SMEs), typically inspected two industries per week, which is very low given the intense agglomeration of SMEs. On the other hand, in 2004 the Alexandria EMU conducted inspections in a regular and systematic manner. Since January 2005, this EMU has received 1,763 complaints, and 1,390 applications for environmental permits to proceed with project. Of the latter, 434 were Category A, 39 were Category B, and 2 were Category C projects, 542 were deemed not to require an EIA, while 373 are under screening review.

Local Mechanism for Redressing Grievances

51. A positive and unprecedented aspect of Law 4-1994 is that it allows any citizen and/or any organization to report and challenge at court any violator of this law, including sector ministries and governorates. In the case of EIA reviews, there is an appeal committee that operators can call for in case the EIA report is rejected by the EEAA. Regarding emission and nuisance complaints, EEAA has established a full department to register complaints and dispatch them to the necessary authorities.

52. The general public in Egypt is becoming increasingly active in the environmental field, as a result of its growing awareness about environmental issues. For example, one NGO has established a hotline to which ordinary citizens can submit a complaint that is followed up by the NGO members. Also, the media has contributed largely to this increased awareness and to changes in behavior. All the major newspapers have weekly reports on environmental activities, and do not hesitate to bring to public attention the major violations made by the State or by the private sector.

53. One recent instance which attracted public attention was the refusal by EEAA to provide an environmental permit to a new fertilizer company that was going to be established in the polluted area of El Tebbin (South of Cairo) because the developers of this plant proposed to start the construction without an EIA. Television reporting as well the outcry of the press, forced the investors to: (a) prepare an EIA; (b) allocate an amount of L.E. 20 million (US\$3.5 million) to the EPF for pollution control investments in the area; and (c) request the coke company in whose premises the fertilizer plant was to be built to prepare a CAP.

54. Local NGOs, in particular in Alexandria, have been increasingly involved in project implementation, in public debate and also in ensuring compliance with the environmental laws. Court rulings were won by some of them.

Broad Political Commitment

55. Strong views are usually expressed on the importance of environmental aspects at all levels of the Government, led by H.E. President Hosni Mubarak. In May 28, 2002, the President issued clear Presidential directives concerning sustainable development. The most important of these is to: “Stress on the importance of environmental impact assessment studies for all projects, and prohibiting the establishment of any project that may negatively impact the environment, especially near tourism development areas and coastal zones.” The GOE political commitment has been matched with important environmental investments financed from the State Budget. During 1992-2002, these environmental investments were estimated to be L.E. 31.9 billion, representing 5 percent of the total investments of L.E. 847 billion financed by the State. The environment-related budget increased threefold from L.E. 1.6 billion in 1992 to L.E. 5.1 billion in 2002. This corresponds to 1.0-1.3 percent of GDP, which has been relatively constant over ten years.

INSTITUTIONAL CAPACITY

56. The scope of institutional capacity assessment is limited to departments and units responsible for industrial pollution management in the two project areas and includes those at the national, regional and local levels.

National Level

57. **The Egyptian Environmental Affairs Agency (EEAA).** EEAA was restructured, in accordance with Law 4-1994, with a new mandate and to ensure its effective functioning, particularly its coordination role among all ministries. It was placed under the direct responsibility of the Council of Ministers and subsequently, as per the Presidential Decree no.275/1997, EEAA was placed under the responsibility of Egypt’s first full time Minister of State for Environmental Affairs in June 1997. At the central level, EEAA represents the executive arm of the Ministry. The Administrative Council of the Agency has been established in accordance with the “Environment Act of 1994” and is composed of the Minister of Environmental Affairs as Chairman and the following as members: the CEO of the Agency, who also acts as Vice Chairman, and representatives from the ministries concerned with environment, NGOs, the State Council, the Public Business Sector, the Universities and Scientific Research Centers, and environmental experts. The CEO of the Agency is nominated by the Council of Ministers and oversees the day-to-day management of the Agency. EEAA’s main responsibilities are primarily coordination and development of legislation, standards and their enforcement and implementation of special studies and projects.

58. Before the restructuring, the EEAA was weak and seriously understaffed. This was due to a combination of lack of availability of trained environmental professionals in Egypt and GOE’s freeze on recruitment of civil servants. As a result, EEAA had to appoint temporary staff and local consultants on annual contracts. However, the situation has now improved significantly and EEAA has total staff strength of around 2,000, of whom 35 percent are full time permanent staff, while 65 percent are temporary staff (on contract). Half of the staff is technical, and the other half is administrative. In 1997-1998, EEAA had a budget of L.E. 20.7 million, and since then it has been increasing steadily, reaching a budget of L.E. 124 million in 2004-2005. Figure 2 shows a schematic of the organization chart of EEAA. Note that the EIA, Industrial Unit and CID departments are under the Environmental Management Sector.

59. **The EIA Department of EEAA,** which is responsible for review and approval of EIA reports and Form B, has a total of 36 technical staff in Cairo and 8 RBOs. The EIA Department’s budget for 2004 was about L.E. 500,000, mostly for salaries and operating costs (such as logistics, field visits,

computers, papers, management of databases, etc.) with a limited budget of L.E. 50,000 for hiring local consultants for environment reviews.¹³ Generally speaking, the capacity of the EIA Department at EEAA is adequate, especially with the policy of utilizing external reviewers. Although Law 4-1994 requires EEAA to respond within 60 days of EIA submission, on average, the full EIA takes 30-45 days to review, while Form B takes on average 15-30 days for review. It is expected that longer review time may be necessary when social assessment will be required as a part of the EIA process.

60. **The Central Inspection Department (CID) of EEAA**, which is responsible for compliance monitoring, has 20 staff (14 inspectors and 6 administrative staff) with an annual budget of L.E. 223,000. At present, EEAA faces a serious shortage of inspectors as the total number of inspectors in Cairo is only 14 and most of them are on temporary contracts. As a result, the CID relies on the staff of the RBOs (about 36 of them) to carry out periodic inspections. With the political move towards decentralization, EEAA is planning to delegate most responsibility for industrial inspection to the RBOs. Therefore, the number of inspectors, cars, and mobile laboratory equipment at the RBOs should be improved. The CID at EEAA will then move towards a mode of operation where it sets inspection strategy at the national level, transfers technology to RBOs, and handles high level issues. As such, the existing level of inspectors at CID should be sufficient for it to handle this role in the context of the EPAP II. This conclusion, however, is contingent upon how serious EEAA is in its move towards decentralization and how effectively this approach is implemented.

61. **An Industrial Unit** was created at EEAA in June 2004 through Ministerial Decree No. 33 for 2004, as a result of EPAP I. The objectives of the industrial unit are to: (a) enhance the environmental performance of industry; and (b) benefit from and sustain activities undertaken by the donor-funded projects while taking into consideration the limited resources after the termination of the projects. The Unit will be setting industrial policies including different curriculum aiming at environmental compliance and different enforcement procedures as economic incentives and promoting awareness of environmental management systems and cleaner production”.

62. Both the CID and the Industrial Units are using the Egyptian Environmental Information System (EEIS), which is established at EEAA to assist GOE’s decision-makers to formulate and implement timely and appropriate environmental policies, legislation and programs. The EEIS produces timely and accurate environmental status reports, used to inform the Cabinet, others in Government and the public. The EEIS is also used to assist in developing environmental projects and policy options, and in monitoring and enforcing compliance with environmental regulations; however, the information generated was recently put in the public domain. The EEIS produces these reports using the data generated by the Environmental Information and Monitoring Program (EIMP) which produces real time data on air pollution from 43 air quality monitoring stations connected on line in a network covering the major Egyptian cities.

63. EEAA has also established, with the support of the Government of Japan and DANIDA, its central laboratories for air and water quality, which falls under the Environmental Quality Sector. These laboratories act as reference laboratories, carry out different emission measurements, and are the main sources of published information on air quality and marine water quality.

¹³ Source: EIA and CID Departments at EEAA.

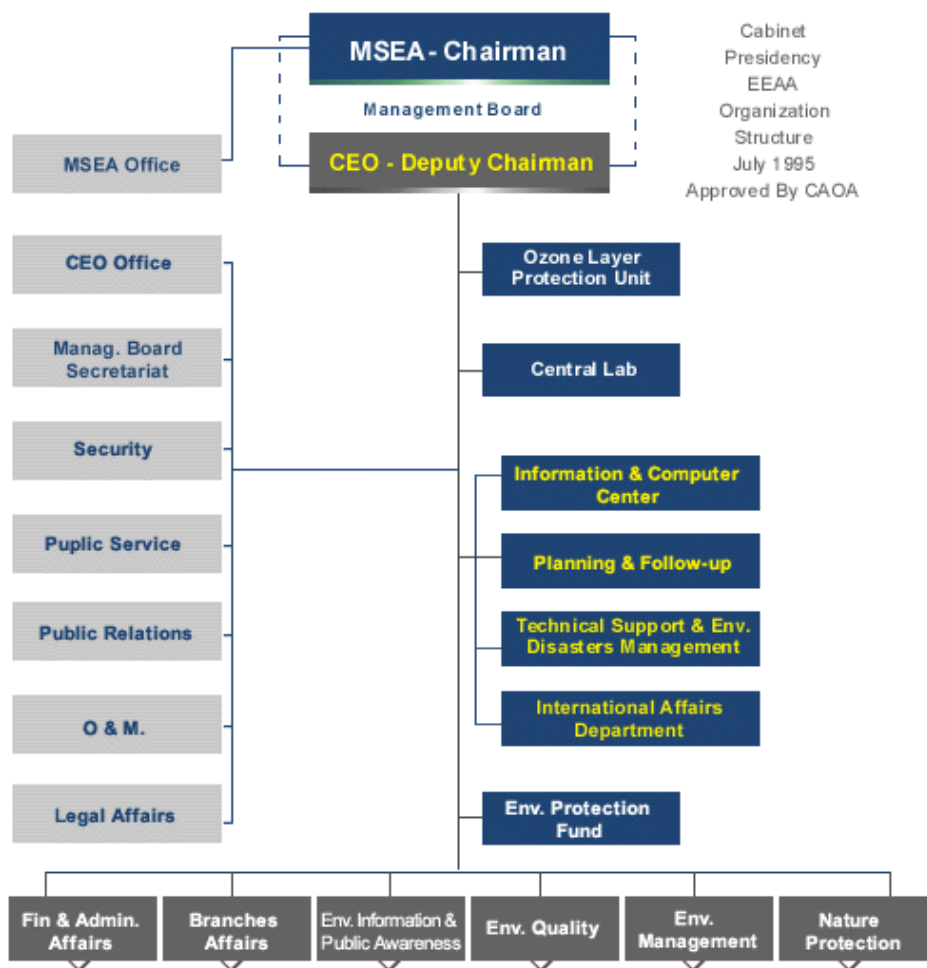


Figure 2. Organization Chart of EEAA (Source: EEAA webpage)

Regional Level

64. **Regional Branch Offices (RBOs)** were formed by a ministerial decree in 1995 to represent EEAA at the regional level. The responsibilities of the RBOs as stated in the ministerial decree include the following: (a) following up with Governorate implementation of the national plan for protecting the environment; (b) supervising the environmental monitoring network at the Governorate level, obtaining data and information from these networks and reporting them to the EEAA head office; (c) following up the enforcement of Law 4-1994 and its Executive Regulations, at the Governorate level; (d) implementing decisions made by the head of EEAA concerning environmental protection and assuming EEAA role and purposes at the Governorate level; and (e) raising environmental awareness and coordinating public and Governorate environmental unit efforts, in accordance with EEAA plans in that respect.

65. Alexandria belongs to the West Delta RBO, which includes Alexandria, Beheira, and Matrouh Governorates. The RBO includes six departments, namely: (1) environmental management; (2) environmental quality; (3) environmental monitoring laboratory; (4) environmental information and awareness; (5) citizen complaints and legal affairs unit, and finance; and (6) administration division.

Total number of staff in the Alexandria RBO is 78 and includes 16 members working full time in its environmental monitoring laboratory. Based on the visit to their office, review of some of their documents and discussions with their staff, the Alexandria RBO seems to have adequate capacity to handle inspection and monitoring activities. The Alexandria RBO monitors about 2,000 industries, including SMEs, within its jurisdiction.

66. The Greater Cairo RBO includes four Governorates: Cairo, Giza, Qalubiya, and Fayoum, with a total population of about 18 million, spread over an area of 23,466 square kilometers. In 2004, the Greater Cairo RBO inspected a total of 696 industrial establishments. Of those, 462 industries/establishments were in violation. The total fines levied on these establishments totaled L.E. 300,000. The RBO also received a total of 3,113 complaints, divided into pollution with solid waste, noise, water pollution, air pollution, and other (e.g., sewage or agricultural wastes), representing 20 percent, 41 percent, 26 percent, 10 percent, and 11 percent respectively of the total complaints. The RBO worked with existing industrial firms to achieve compliance, especially for Category B and C (per the Egyptian EIA screening system). For 2004, 525 industries have already reconciled and achieved compliance, 92 are actively involved in pollution abatement to reach compliance, while the RBO is working with 56 other industries to reach compliance. In July to December 2005 the top priority of the Greater Cairo RBO was reducing the unplanned industrial activities that are the most polluting to air quality in Cairo, Giza, and Qalubiya, with total facilities targeted for inspection exceeding 2,500. These inspections are planned in collaboration with the CID of EEAA, EMUs in Cairo, Giza, and Qalubiya, and the Central Laboratory in EEAA. The Greater Cairo RBO monitors approximately 16,000 industries, including SMEs, within its jurisdiction.

Local Level

67. **Environment Management Units (EMUs).** At the local level, each of the 26 Governorates has an EMU according to the Prime Minister decree in 6/5/1981. The organization and operations of the EMUs vary across these Governorates. Under the existing institutional framework, the EMUs represent the primary local authority on environmental issues and, in many cases, operate as the executing agencies for EEAA's environmental policies and programs.

68. In Alexandria, the Governor Decree number 183 in 2004 called for establishing one EMU in each of the six districts in Alexandria plus Borg El-Arab city. It is staffed with about 15 people in all six districts in Alexandria plus Borg El-Arab. In Qalubiya Governorate, the EMU was formed in 1988. Currently, it is staffed with 13 people, including the head of the EMU office. Alexandria and Qalubiya Governorate EMUs received technical and financial support from international donors such as DANIDA and the Government of Finland.

69. Finally, civil society and the media are increasingly becoming part of the EIA process, and are playing a major role, especially in environmental awareness, and in influencing to the extent possible the decision making process related to environmental issues. NGOs are prepared to be part of independent panels to review EIAs so that they can communicate their findings to the persons affected by the project. Egypt has more than 270 NGOs actively participating in the environmental arena, on issues ranging from public awareness and environmental education to waste collection and community self-help programs. NGOs have been increasingly involved in project implementation, in public debate and also in ensuring compliance with the environmental laws, and have been vocal whenever public hearings/consultations on EIA have taken place. Similarly the media has contributed largely to this increased awareness and to change in behavior. All the major newspapers carry out weekly reports on environmental activities, and do not hesitate to bring to public attention the major violations made by the State or by the private sector. Public opinion has started to influence the policy

formulation process and to help create a significant responsible behavioral change towards the environment.

STRENGTHS AND WEAKNESSES

Strengths

70. During the last fifteen years, there have been serious and substantial accomplishments, building from scratch the institutional and legal infrastructure in the field of environment and injecting financial resources to support environment related projects in Egypt. The enactment of the Environment Protection Law No. 4-1994, which was prepared in 1989, addressed several significant legislative gaps in the legal framework for environmental protection neglected by the earlier sectoral laws such as water pollution, hazardous substances and waste, and waste management laws. It also introduced for the first time the notion of development.

71. The law also restructured EEAA, and provided it with broad authority, among other things to regulate air pollution, control hazardous substances and waste management, and control discharges to marine waters. Furthermore, the Law gives EEAA an array of tools for implementing and enforcing these provisions, including traditional regulatory controls based on command and control (e.g., emission standards for air pollutants), inspection and punitive enforcement (e.g., penalties, closures, and imprisonment authorities); and other voluntary tools providing incentives such as economic and financial instruments, establishment of an Environmental Protection Fund, an EIA system, and compliance monitoring system (e.g., record keeping requirements).

72. The enactment of this law had many positive impacts. It allowed civil society to have a voice heard in the press, in the media and in public hearings concerning environmental issues. It also enabled NGOs to monitor compliance and even win court cases against the State. It provides international donors with legal assurance for financing environmental investments. It also created a market for local and international consultants specializing in EIA and in the preparation of CAPs for polluting industries that requested a grace period for originally complying with the terms of the law. It introduced the provision of environmental services in the private sector particularly in water, wastewater, solid waste management and industrial pollution control.

73. Overall, EEAA is currently a much better established organization than it was ten years ago. Departments are better performing their functions, staff are more experienced and confident with their responsibilities, needed departments have been established and staffed (such as the Inspection Unit and the Industrial Unit) and RBOs have been established, staffed, equipped and are operational. EEAA succeeded also in establishing, as a result of EPAP I, an industrial unit and specific measures to reinforce the CID. It has also established a "Public Services Office" whose function is to handle public complaints, and lately established a Sustainable Development Unit.

74. There has been increased attention towards improving enforcement at the national and local levels. The CID, although small, is working in coordination with the RBOs and the EMUs as well with the Governors. There is also a well defined procedure for inspection (including pre- and post-inspection activities) that is being applied and followed to the extent feasible and commensurate with human and financial resources availability. These procedures are well laid out in the relevant articles of Law 4-1994 and its Executive Regulations in the "Environmental Inspection Policies, Guidelines, and Procedures Manual" published in 2000 and in the different inspection guidelines supported by EPAP I.

75. At the level of the competent administrative authorities, thirteen sector ministries and/or national institutions have a department or unit mandated with environmental management issues. These environmental departments/units vary in terms of their capacities and experiences. However, except for the environmental units in three ministries, they all share two common features: they are relatively newly-established or mandated with environmental concerns, and accordingly have limited environmental management capacity and experience. Some ministries, by virtue of their mandate, have a mainstreamed approach towards environmental issues. In order to improve its performance, the Ministry of Interior, as one of the competent authorities, has introduced changes in the organizational structure of its Environment and Surface Water Police, as well as in the responsibilities of its general departments, so that it has become a specialized authority responsible for the protection of the environment in its broader sense. At the Governorate level, there is an increased interest in environmental issues at the political level as well at the operational level, with the establishment of the EMU and the representation of environment in different local committees.

76. Environmental issues are also in the process of being mainstreamed to the decision makers of industrial establishments, both private and public. Many industrial establishments have recognized the importance of environmental performance to improve their public image, both nationally and internationally for export purposes. This is evidenced by the growing number of industrial establishments that have earned ISO 14000 over the past few years – from 13 in 1998 to 195 establishments in 2003.

Weaknesses

77. As in any new organizational system, there are a number of weaknesses and challenges that have emerged. Although they cannot all be resolved through EPAP II, there is a clear indication that the decision makers are fully aware of them, and would like to resolve them on a gradual basis, taking into consideration the economic and social constraints in Egypt.

78. The record in Egypt for implementing and enforcing environmental laws has not been very successful in the past; however recent developments indicate a significant change in commitment and action at the local level. With limited exceptions, violations of environment-related laws went undetected and requirements often went unenforced, especially regarding polluting by the public sector. The main impediment to effective and meaningful implementation and enforcement of environmental and environment-related laws is the fragmentation among regulatory institutions, licensing agencies, police authorities, etc., at both the national and Governorate levels of government, to the effect that no single institution can take enforcement actions effectively. This fragmentation of responsibilities necessitates a high degree of inter-agency coordination for effective management, yet few formal mechanisms for such coordination exist.

79. Furthermore, the CAA is not well defined, which could be problematic and counterproductive. Guidelines on CAA determination for certain projects as determined in Egyptian procedural guidelines are arbitrary and outdated, as some of the ministries mentioned have either been divided up in two or merged with other ministries. For example, the responsibility of the Ministry of Industry and Mineral Resources (as appearing in the guidelines) is now divided between the newly established Ministry of Industry and Foreign Trade, and the Ministry of Petroleum.

80. The EIA and inspection systems continue to suffer from shortcomings that would require a sustained effort and resources to overcome: (a) lack of penalties for violations of the EIA requirements for an operator that did not prepare an EIA; (b) weak technical capacities of the relevant licensing authorities for screening and approving the EIA reports; (c) perceived lengthy life cycle for EIA approval which could be extended to two years instead of 60 days, mostly in case the applicant does not provide adequate documentation or respond to EEAA comments and observations in a timely

manner; (d) emphasis, in reporting on the performance of the EIA system, on quantity rather than quality of the EIA reports; (e) disconnect between the EIA system and the monitoring and follow up on the environment mitigating measures after the EIA report is approved, and (f) absence of EIA report for many national and/or mega projects unless they are co-financed by international donors or by foreign investors.

CURRENT AND PROPOSED MEASURES TO IMPROVE ACCEPTABILITY

81. EEAA is proposing to improve the current overall level of compliance by decentralizing some of its responsibilities to RBOs and EMUs at the Governorate level and by imposing fines on those industries which do not apply for environmental permits to proceed with the project (Form A or Form B or full EIA) and/or fail to maintain yearly environmental records.

82. EEAA is committed to revising (and disseminating the revised) procedural and sectoral EIA guidelines and Form B by February 2006, as discussed above under the Equivalence Assessment section. Also, submission of Form B or EIA (depending on the type of sub-project) and disclosure of summary of EA reports and Form B will be made conditions for receiving a loan under EPAP II. Technical Assistance will be provided to: (a) the EIA Department for monitoring the use of country systems, review and approval of Form B and full EIAs, and for building capacities of environmental consultants, NGOs, media and sectoral ministries on the EIA process; (b) the CID for preparing a database on environmental reports, follow up and reporting of the inspection plan in the hot spots; and follow up on the CAPs; (c) the Industrial Unit for reviewing the environmental guidelines, preparing and establishing PROPER with the CID and for follow up on the environmental requirements related to the lending of sub-projects; (d) the participating RBO and EMU for ambient air and water quality monitoring and CAP monitoring and follow up; and (e) the EPF for managing the CF sustainable development premiums.

83. Public environmental performance ratings systems will be established on a pilot scale in selected hot spots in Alexandria and in Qalubiya on the basis of the PROPER. It consists of: (a) establishing performance indicators; (b) using a color system for rating the industrial establishments with respect to achieving indicators; (c) disclosing in the media the color rating of the polluting enterprises in the hot spot without interpretation or position on environmental impact; and (d) monitoring the change of rating on an annual basis and disclosing this change without interpretation or comments. From experience in other countries, the disclosure in the public domain of the rating of polluting enterprises will promote the adoption of clean technology and create pressure for compliance.

84. At the sub-project level, the system of integrated pollution control will be introduced through the preparation of a CAP, as one of the requirements for providing financial assistance to polluting enterprises. The CAP will enable the polluting enterprise to provide a plan over a period of time for mitigating the major environmental issues. The preparation of the CAP will be done in cooperation with the EMU. It will be reviewed by the RBO prior to submission to CID of EEAA. Implementation of the CAP will be monitored during project supervision by the EMU (and by the CID as appropriate) and reported in the quarterly monitoring reports sent to the World Bank. In case of violation or delays, the CID will take the necessary actions in accordance with the provisions of Law 4-1994.

GAP FILLING MEASURES AGREED WITH EEAA TO ACHIEVE ACCEPTABILITY

85. The following actions will be taken by EEAA to address the weaknesses (acceptability gaps) discussed above, before EPAP II negotiations: (a) update the list of CAA; and (b) issue detailed TOR and guidance for preparing CAPs by EPAP II beneficiaries.

GAP FILLING MEASURES AGREED WITH EEAA TO SUSTAIN ACCEPTABILITY

86. The following actions will be undertaken to sustain acceptability during EPAP II:

Actions to be taken	By Whom	By When
1. Sustain the progress made and continue to improve the EIA process.		
a. Carry out annual review of the quality of EIA, Forms A and B approved and introduce corrective measures for sustaining the improved EIA process;	EIA Department of EEAA, assisted by a team of independent consultants and a core group of trainers	July 2007 and then continue with these tasks periodically
b. Train a core group of EIA trainers (local EIA consultants and EIA reviewers at EEAA); and		From July 2006
c. Train EEAA, RBO, EMU and EPF staff, NGOs, EIA consultants and reviewers, media, sector ministries, and participating Banks.		
2. Introduce public environmental performance ratings to promote voluntary compliance by polluting industries.		
a. Introduce, on a pilot basis, a Program for Pollution Control Evaluation and Rating (PROPER) in Alexandria and Qalubiya; and	CID and Industrial Unit of EEAA and respective RBOs	July 2007
b. Evaluate the experience and extend the program to other similar 'hotspot' areas.		July 2008
3. Improve compliance monitoring.		
a. Train CID, RBO, and EMU staff on providing guidance to industries in preparation of CAPs; and	CID and Industrial Unit of EEAA and respective RBOs	From June 2006
b. Develop a database on compliance status on: (i) maintenance of Environmental Registers, as mandated under Law 4-1994, by industries participating in EPAP II; (ii) implementation of agreed CAPs; and (iii) monitoring actions taken against those who are not in compliance		December 2006 and thereafter, continue with these tasks periodically

MONITORING AND REPORTING

87. As part of its reporting to the World Bank, the PMU will prepare quarterly monitoring reports with a focus on the following key elements:

- Implementation status of the above gap filling measures;
- Progress made in improving compliance with conditions stated in environmental permits and CAPs; and
- Status report on disclosure of EIA summary reports and Form B prepared by participating EPAP II sub-projects.

ROLES AND RESPONSIBILITIES OF EEAA AND THE WORLD BANK

88. EEAA will be responsible for the following actions:

- Satisfactory implementation of gap filling actions set out above to achieve and sustain equivalency and acceptability;
- Preparation of the quarterly monitoring reports for the World Bank's review;

- Performance of annual spot checks and audits of sample sub-projects financed by EPAP II for their compliance with the relevant Egyptian Laws and Regulations, and imposition of corrective actions to achieve compliance.

89. The Bank is responsible for the following actions:

- Monitoring the continued equivalence and acceptability of the EIA system requirements that are applicable to the types of sub-projects financed under EPAP II;
- Review the quarterly monitoring reports, including reports on annual environmental audits and spot check prepared by EEAA;
- Bi-annual (or more frequent if required) supervision of project implementation, including field visits to sub-projects under construction or commissioning or those completed; and
- Agreement on remedial actions to be taken by EEAA to achieve compliance and sustain equivalence and acceptability of Egyptian EIA system to EPAP II.

PUBLIC CONSULTATION AND DISCLOSURE

90. EEAA and the World Bank jointly organized a public consultation workshop to discuss the draft version of this report in Cairo on December 4, 2005. In preparation for this workshop, EEAA circulated advance copies of the draft report to a large number individuals and relevant agencies inviting their participation and comments. Over seventy people, representing NGOs, consultants, donor agencies, academia, participating Banks, industry representatives, media and various Government departments including EEAA, attended this workshop. H.E. Mr. Maged George, the Egyptian Minister of State for Environmental Affairs, chaired the workshop. A list of the participants and the workshop agenda are given in Annexes 7 and 8 respectively. Annex 9 presents a letter of no objection to disclose the report in Egypt and at the World Bank, issued by EEAA.

91. Participants expressed their overall support to the proposal to pilot the Egyptian EIA system in the context of the proposed EPAP II and agreed with the findings and gap filling actions proposed to achieve and sustain equivalence and acceptability. Annex 2 provides a matrix of issues raised and comments made by different stakeholders and remarks and responses from EEAA and the World Bank.

92. Arabic and English versions of this report are currently being disclosed in the following places: (a) EEAA website; (b) EEAA's library in Cairo; (c) Greater Cairo and Alexandria RBOs; (d) Libraries of Cairo and Ain Shams Universities; (e) The World Bank Public Information Centre in the Cairo office; and (f) The World Bank Infoshop in Washington DC.

ANNEXES

ANNEX 1

EQUIVALENCE ASSESSMENT SUMMARY MATRIX ON ENVIRONMENTAL ASSESSMENT

Bank Policy (OP 4.00) Requirements (Objective and Operational Principles)	Government of Egypt's Equivalent Requirements		Gaps and differences between OP 4.00 and GOE's requirements.	System improvements that would be undertaken by the GOE before implementation of the project activities
	Objectives and Operational Principles as stated in GOE's corresponding laws, rules, regulations, procedures, and sectoral guidelines.	GOE's corresponding laws, rules, regulations, procedures, and sectoral guidelines.		
<p>Objective: To help ensure the environmental and social soundness and sustainability of investment projects. To support integration of environmental and social aspects of projects into the decision-making process.</p>	<p>The purpose of EIA is to ensure the protection and conservation of the environment and natural resources, including human health aspects, against uncontrolled development.</p> <p>The long-term objective is to ensure sustainable economic development that meets present needs without compromising future generations' ability to meet their own needs. EIA is an important tool in the integrated environmental management approach.</p>	<p>Law No. 4 of 1994, Prime Minister's Decree No. 338 of 1995 Issuing the Executive Regulations of the Environment Law promulgated by Law 4-1994 and the procedural guidelines for Egyptian Environmental Impact Assessment, issued by EEAA.</p> <p>Beside the above, Egypt has other relevant sectoral laws of interest such as Law No.102 of 1983 on Protected Areas, Law No.124 of 1983 on Fisheries and Aquatic Life, Law No. 53 of 1966 on Agriculture, Law No. 48 of 1982 on Protection of the Nile Against Pollution, and the Law No. 117 of 1983 on Protection of Antiquities.</p>	<p><i>No significant gaps.</i></p> <p>Social impacts are not specifically mentioned in Law No. 4 of 1994. However, for its implementation, EEAA has adopted mandatory procedural and sectoral guidelines¹⁴ and some of them include socio-economic and cultural issues.</p>	<p>EEAA is in the process of updating the Executive Regulations of Law No. 4 of 1994 to clarify these aspects. The revisions were issued on 29 October 2005.</p>
<p>Operational Principles:</p> <p>1. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment (EA) so that appropriate studies are undertaken proportional to potential risks and to direct, and, as relevant, indirect, cumulative, and associated impacts. Use sectoral or regional environmental assessment when appropriate.</p>	<p>A screening process is in place and consists of three categories: (a) projects that require the preparation of a full EIA (Category C - Black); (b) projects that require only a summary description of the project, its impacts and appropriate mitigation measures (Category B - Grey); (c) projects that do not require an EIA (Category A - White). EEAA reviews all Category A (Form A) and B (Form B) projects for their potential impacts and determines the need for an EIA or a limited environmental analysis.</p>	<p>Article 10 of the Executive Regulations and procedural Guidelines (page 14).</p> <p>Environmental Screening Forms A and B for the white and gray lists, respectively. The latter is a limited EIA in lieu of a full-fledged EA.</p> <p>Law No. 4 of 1994 and the Executive Regulations of 1995 have no references to indirect, cumulative and associated impacts, or use of sectoral and regional EAs. However, some of the sectoral guidelines refer to these aspects.</p>	<p><i>No significant gaps.</i></p> <p>Some of the sectoral guidelines (e.g., tourism sector) refer to indirect, cumulative and associated impacts and use of sectoral and regional EAs, albeit with inadequate details.</p>	<p>Annex 2 of Law No. 4 of 1994 and Forms A and B are being revised to improve the current screening criteria. The new Forms, to be issued by July 2006, are expected to be more comprehensive and include requirements to assess potential cumulative and associated impacts, use of regional and sectoral EAs and specific information on cleaner production etc.</p>

¹⁴ Sectoral guidelines provide examples on developing project-specific TOR for environmental assessment.

Bank Policy (OP 4.00) Requirements (Objective and Operational Principles)	Government of Egypt's Equivalent Requirements		Gaps and differences between OP 4.00 and GOE's requirements.	System improvements that would be undertaken by the GOE before implementation of the project activities
	Objectives and Operational Principles as stated in GOE's corresponding laws, rules, regulations, procedures, and sectoral guidelines.	GOE's corresponding laws, rules, regulations, procedures, and sectoral guidelines.		
2. Assess potential impacts of the proposed project on physical, biological, socio-economic and physical cultural resources, including transboundary and global concerns, and potential impacts on human health and safety.	Category B and C projects are required to assess impacts on human health, physical, biological, socio-economic and physical cultural resources and transboundary emissions.	Form B and sectoral guidelines (e.g., EIA Guidelines for Oil and Gas Sector Annex A). Egypt is signatory to numerous international conventions on environmental matters related to biodiversity, wetlands, climate change etc., and sectoral guidelines mandate compliance with relevant conventions.	<i>No significant gaps.</i> However, as mentioned above, quality of sectoral guidelines varies widely and as a result these issues are often not uniformly and comprehensively addressed.	None
3. Assess the adequacy of the applicable legal and institutional framework, including applicable international environmental agreements, and confirm that they provide that the cooperating government does not finance project activities that would contravene them.	Sectoral guidelines and generic ToRs for EIA prepared by EEAA obligate project developers to assess the adequacy of applicable legal and institutional framework and comply with international conventions ratified by Egypt.	Mandatory sectoral guidelines and sample TORs prepared by EEAA.	<i>No significant gaps.</i>	None
4. Provide for assessment of feasible investment, technical, and siting alternatives, including the "no action" alternative, potential impacts, feasibility of mitigating these impacts, their capital and recurrent costs, their suitability under local conditions, and their institutional, training and monitoring requirements associated with them.	The "no project" alternative must be considered under the EIA for all Category C and B projects. The other points listed under principle 4 are referred to in varying degrees of detail in the sectoral guidelines.	Sectoral guidelines and sample TORs prepared by EEAA.	<i>No significant gaps.</i> The mandatory sectoral guidelines make a reference to this aspect but lack details and consistency as in case of other areas mentioned above.	Next iteration of the procedural and sectoral guidelines and TORs for project-specific EIA to be issued by EEAA is expected to include detailed guidelines on analysis of alternatives.

Bank Policy (OP 4.00) Requirements (Objective and Operational Principles)	Government of Egypt's Equivalent Requirements		Gaps and differences between OP 4.00 and GOE's requirements.	System improvements that would be undertaken by the GOE before implementation of the project activities
	Objectives and Operational Principles as stated in GOE's corresponding laws, rules, regulations, procedures, and sectoral guidelines.	GOE's corresponding laws, rules, regulations, procedures, and sectoral guidelines.		
5. Where applicable to the type of project being supported, normally apply the Pollution Prevention and Abatement Handbook (PPAH). Justify deviations when alternatives to measures set forth in the PPAH are selected.	Emissions, wastewater discharge, noise and indoor air pollution standards are defined in the Executive Regulations for Law No. 4 of 1994.	No reference to PPAH guidelines in the Law No. 4 of 1994 or in the complementary Executive Regulations.	<i>Moderate gap.</i> But it is unlikely to affect the outcome of this project, because no new industrial plants will be financed under EPAP II; mostly old SME plants with financial constraints would be financed.	<i>None.</i>
6. Prevent and, where not possible to prevent, at least minimize, or compensate for adverse project impacts and enhance positive impacts through environmental management and planning that includes the proposed mitigation measures, monitoring, institutional capacity development and training measures, an implementation schedule, and cost estimates.	The EIA emphasizes both positive and negative impacts with major focus on the mitigating measures for addressing negative impact. Egyptian EIA procedural guidelines require the development of an EMP. However, no specific requirements are given in the guidelines for EMP implementation arrangements such as budget or the staffing of the implementing agency.	Sectoral guidelines have been prepared by EEAA. Also, monitoring is provided for under the EIA Guidelines, including performance indicators to "demonstrate the sustainability of the project." Parameters and indicators recommended to be included in the monitoring system include: (a) quality of water, (b) noise and air quality, (c) relevant health indicators, (d) waste management and (e) complaints received if any.	<i>Moderate gap.</i>	Next iteration of the guidelines to be issued by EEAA will require the proponent to provide a budget and staffing proposal to implement the EMP.
7. Involve stakeholders, including project-affected groups and local nongovernmental organizations, as early as possible, in the preparation process and ensure that their views and concerns are made known to decision makers and taken into account. Continue consultations throughout project implementation as necessary to address EA-related issues that affect them.	The environmental legislation provides for NGOs to be represented in the Board of the EEAA and the sectoral guidelines and TORs for EIA require proponent to hold public consultations with all interested and/or affected parties. However, it is not required to document the outcomes of the consultation.	Procedural and sectoral guidelines	<i>No significant gaps.</i> However, as mentioned above, quality of sectoral guidelines vary widely and as a result these issues are not uniformly and comprehensively addressed.	EEAA is reviewing the procedural and sectoral guidelines and would include clarifications on the timing, status and outcome of public consultations.

Bank Policy (OP 4.00) Requirements (Objective and Operational Principles)	Government of Egypt's Equivalent Requirements		Gaps and differences between OP 4.00 and GOE's requirements.	System improvements that would be undertaken by the GOE before implementation of the project activities
	Objectives and Operational Principles as stated in GOE's corresponding laws, rules, regulations, procedures, and sectoral guidelines.	GOE's corresponding laws, rules, regulations, procedures, and sectoral guidelines.		
8. Use independent expertise in the preparation of EA where appropriate. Use independent advisory panels during preparation and implementation of projects that are highly risky or contentious or that involve serious and multi-dimensional environmental and/or social concerns.	<p>It is a common practice to use independent consultants and experts to prepare EIAs.</p> <p>The EEAA uses the services of external experts to review EIA, including international experts to review EIAs for large and complex projects and to advise on the clearance process.</p>	Procedural guidelines for EIA issued by EEAA. However, there is no reference to Independent Panel of Experts which is not envisioned by the applicable laws and policies.	<i>Gap</i> with respect to the requirement to use independent advisory panels. But will not affect the outcome of EPAP II as no large scale complex and highly risky or contentious sub-projects will be funded. Therefore, no panel needed.	EEAA is reviewing the procedural and sectoral guidelines and would give EEAA the chance of including an independent advisory panel of experts for additional advice for high risk projects
9. Provide measures to link the environmental assessment process and findings with studies of economic, financial, institutional, social and technical analyses of a proposed project.	There is no such specific requirement. However, sectoral EIA guidelines require that proponent must provide analysis of alternatives including the no-action alternative and EEAA has the mandate to review consistency of EIA and other project design features.	None	<i>No significant gaps.</i> This gap can easily be addressed by ensuring early conduct of EIA.	<i>None.</i>
10. Provide for application of the principles in this table to sub-projects under investment and financial intermediary activities.	Not applicable as there is no FI Category.	Under Law No. 4 of 1994 and its Executive Regulations, CAA and EEAA are required to screen and review all sub-projects for their potential impacts.	<i>No significant gaps.</i>	<i>None.</i>
11. Disclose draft EA in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders.	None	None	<i>Significant gap.</i>	EEAA is planning to include mandatory disclosure requirements in the revised EIA procedural and sectoral guidelines to be issued. It has been agreed that under EPAP II all EIA reports and Form B will be disclosed (excluding those sensitive aspects related to trade, technology and security).

ANNEX 2

PUBLIC CONSULTATION WORKSHOP ISSUES RAISED AND COMMENTS MADE AND RESPONSES

Issues Raised and Comments Made	Relevance to the proposed pilot?	Remarks and Responses
<i>From NGOs</i>		
1. The idea behind and the rationale for the use of borrower systems in the context of a given project is a sound one and must be supported by all stakeholders. However, the “pilot” should be prepared and implemented with the same rigor and details of regular World Bank projects.	Yes	The proposed pilot operation will be implemented with the same rigor and details of non-pilot World Bank projects and in accordance with the new World Bank Operational Policy OP/BP 4.00 “ <i>Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects</i> ”.
2. Public consultations are essential to allow for the public voices to be heard. However, the active participation of the public should be ensured throughout the process by establishing public forums in each of the two hot spot areas.	Yes	Guidelines for public consultations will be covered by the revised procedural guidelines for EIA (Paragraph 13 of the Executive Summary, and Paragraph 29 of the main Report). Furthermore, EEAA is planning to include requirements for public consultation in future revisions of Law 4-1994. Establishing public forums is beyond the scope of the use of borrower systems.
3. It is recommended to establish a panel that includes representatives of NGOs to review the EIA process for group C and some of the group B projects to ensure transparency.	Yes	The revised EIA procedural guidelines will cover this issue, by including guidelines to constitute a “panel of experts” to review complex projects (Paragraph 13 of the Executive Summary, and Paragraph 29 of the main Report). This panel will include NGO representatives.
4. The Technical Assistance Component should include activities geared at raising the capacity of the NGOs to enable them to monitor EIA implementation.	Yes	The Technical Assistance Component of EPAP II will include a component to train NGOs on EIA process.
5. The media should be included in the EIA process.	Yes	The media already plays a role in public consultation meetings, and media coverage of EIA issues have grown steadily in the recent past.
<i>From Other Development Partners</i>		
6. Priority should be given to building capacities of the decentralized authorities (RBOs and EMUs) in Alexandria and Qalubiya governorates.	Yes	The Report places a strong emphasis on capacity building at the RBO and EMU levels (Paragraph 15 of the Executive Summary, and Paragraph 86 of the main Report).
7. DANIDA is already implementing activities to building capacity in Alexandria and Qalubiya governorates. Efforts of the World Bank should be coordinated with other donors.	Yes	Capacity building activities, including training activities, proposed under the TA component, will be coordinated/designed to complement other similar donor assisted (ongoing and proposed) activities.
8. It is important to build capacity of staff in key departments in EEAA (central level) on clean technologies, EIA review, inspection and compliance monitoring. The trained staff must in turn train other relevant staff at the central, regional and local levels.	Yes	The revised report places a strong emphasis on training of a core group of trainers, who in turn would train others, including EIA consultants and reviewers (Paragraph 15 of the Executive Summary, and Paragraph 86 of the main Report)
9. Capacity building must include staff from the governorates and key sector ministries to improve inter-ministerial communication and collaboration.	Yes	Capacity building will be extended to a representative group of environmental specialists within sector ministries, through the TA Component of EPAP II (Paragraph 15 of the Executive Summary, and Paragraph 86 of the main Report).

Issues Raised and Comments Made	Relevance to the proposed pilot?	Remarks and Responses
10. The proposed pilot project should make full use of the work already supported by other donors, especially DFID through SEAM and DANIDA.	Yes	Every effort will be made to coordinate and collaborate with other donor assisted projects that are relevant to the proposed pilot operation.
11. A dialogue between private sector, public sector and NGOs is important to raise the awareness of the community on environmental knowledge and issues including the existing loan arrangements.	Yes	The PROPER program proposed in the actions (Paragraphs 82, 83, and 86) will be a step in that direction. Furthermore, EPAP II design includes plans to raise awareness about the project and its lending mechanism among potential industrial units.
12. The EPF should have high priority for capacity building. The Fund has been heavily supported by DANIDA. It is important to support an already existing structure and not to build up unsustainable new structure.	Yes	EPF will be one of the main targets of the capacity building efforts under the TA component of EPAP II. Capacity of EPF is weak and currently not adequate to manage EPAP II implementation. However, the financial support team of the PMU will include staff from EPF which will ensure its participation in EPAP II implementation. This arrangement will be evaluated during the mid-term review period and added responsibilities would be given to EPF, as appropriate. Finally, EPF will play a greater role in implementing the carbon finance program as the funds generated by the sustainable development premium from carbon deals will be managed by EPF to set up a program similar to EPAP II or the on-going DANIDA funded program.
13. A Program Steering Committee should include representations from sector ministries to coordinate strategies.	No	This issue is not relevant to the proposed pilot, but is more relevant to the design and implementation of EPAP II.
14. Close coordination should be established with the DANIDA supported activities and the management structure in the Environmental Sector Program (ESP). Specific suggestions include: <ul style="list-style-type: none"> • Replicating the DANIDA structure of Steering Committees in the pilot project to ensure involvement of all relevant players; • EEAA's PMU should work closely with ESP's PMU; and • The financial specialist on carbon finance should work closely and link up with the EPF. 	No	These suggestions will be further discussed with DANIDA and taken on board as appropriate.
15. What are the Government's plans for relocation of the smelters in Qalubiya?	No	This issue is not relevant to piloting the use of borrower systems, but it is more relevant to activities of EPAP II and whether smelter relocation is eligible for funding under EPAP II project.
16. Information dissemination and public disclosure for new projects is essential.	Yes	This fits in the recommendation of the report to include public consultation documentation and public disclosure in the new revised EIA guidelines (Paragraph 13 of the Executive Summary, and Para 29 of the main Report).
<i>From Federation of Egyptian Industry</i>		
17. Interest rate should be low (2 to 3 percent) to ensure participation of the industry.	No	This issue is not relevant to piloting the use of borrower systems, but it is more relevant to the design and implementation of EPAP II project itself.

Issues Raised and Comments Made	Relevance to the proposed pilot?	Remarks and Responses
18. It is important to balance development and environment. Factories should not be shut down because of environmental violations, since this would raise unemployment rate even more.	Yes	As part of this pilot, EEAA and participating industries will be receiving TA in improving compliance through participative instruments such as CAP, maintenance of Environmental Registers, etc.
19. Easy for new industries to follow the environmental laws, but this is not the case for large, old, publicly owned industries. How would they be handled through the project?	Yes	Loans at reduced interest rates, technical assistance and use of CAPs (Paragraphs 82 and 84) should address these concerns.
<i>From Environmental Consulting Firms</i>		
20. Egyptian environmental consulting firms should be encouraged and given room to grow and improve.	Yes	EIA consultants will be trained in applying the revised EIA procedural and sectoral guidelines.
21. It is important to monitor actual implementation of EMP and EIA clearance conditions.	Yes	This would be achieved by training key staff from CID, RBOs and EMUs in compliance monitoring and strengthening field laboratories.

ANNEX 3

LIST OF KEY OFFICIALS MET

Egyptian Environmental Affairs Agency

H.E. Dr. Magued Geroge	Minister of State for the Environment
Dr. Mohamed Sayed Khalil	CEO of EEAA
Dr. George Kondos	Senior Advisor to the Minister
General Ahmed Hegazy	Assistant to the Minister on Industry
General Atef Yacoub	Assistant to the Minister on Inspection
Dr. Fatma Abou Shouk	Head of the Environmental Management Sector
Mr. Ibrahim El-Hawwary	Manager of the Environmental Protection Fund
Dr. Ahlam Ammar	Director, Central Inspection Department
Mr. Mohammed Farouk	Director, Tourism and Infrastructure Projects, EIA Department
Dr. Hesham El-Agamawy	Director, Energy Projects, EIA Department
Mr. Mahmoud Shawky	Director, Industrial Projects, EIA Department
Ms. Asmaa Ali	Financial Analyst, Environmental Protection Fund
Mr. Safwat Khashaba	Senior Inspector, Central Inspection Department
Mr. Waleed Montasser	Inspector, Central Inspection Department
Ms. Maysoon Ali	Environmental Specialist, Industrial Unit
Ms. Heba Ibrahim	Environmental Specialist, Industrial Unit

Alexandria Regional Branch Office (RBO)

Mr. Mohsen El-Diwany	General Director, West Delta RBO
Ms, Ghada ElSayed	Environmental Development Department
Ms. Hoda Ibrahim	Director, Environmental Quality Department and Laboratory

Alexandria Environmental Management Unit (EMU)

Mr. Hany Mohamed	Director, Alex EMU
Mr. Hosny Megahed	Deputy Manager, Alex EMU
Mr. Mohamed Hamed	Inspector, the Inspection Department
Ms. Asmaa Yousef	Inspector, the Inspection Department

Qalubiya Environmental Management Unit (EMU)

Mr. Refaat Abdel-Latif	Director, Qalubiya EMU
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ANNEX 4

LIST OF SAMPLE INDUSTRIES VISITED

List of Industries Visited in Qalubiya

Al-Saad for Aluminum
The General Company for Ceramic and Porcelain Products (Sheeni)

List of Industries Visited in Alexandria

Rakta Paper Company
Amria Petrochemical Company
Amria Weaving and Textile

ANNEX 5

LIST OF MAIN DOCUMENTS CONSULTED

- A Draft Plan for Environmental Compliance (in Arabic)*, a presentation by the Egyptian Environmental Affairs Agency, 2004.
- Accomplishments of and Plans for the Central Inspection Department in 2004/2005 (in Arabic)*, Environmental Management Sector, Egyptian Environmental Affairs Agency, 2005.
- Annual Inspection Plan for Alexandria (in Arabic)*, West Delta Regional Branch Office, 2004.
- Annual Plan for West Delta [includes Alexandria] Regional Branch Office (in Arabic)*, West Delta RBO, 2005.
- Characterization of the Institutional Structure of the Central Inspection Department (in Arabic)*, Egyptian Environmental Affairs Agency, May 2002.
- Country Environmental Analysis (1992-2002) [For Arab Republic of Egypt]*, The World Bank, April 2005.
- Decree No. 17 for 2001 on Policies and Guidelines for Regional Branch Offices (in Arabic)*, CEO of the Egyptian Environmental Affairs Agency, March 2001.
- Decree No. 33 on Establishing the Industrial Unit*, Minister of State for Environmental Affairs, 2004.
- Environmental Inspection Policies, Guidelines, and Procedures Manual (in Arabic)*, Egyptian Environmental Policy Program (EEPP), 2000.
- First Year Action Plan for EEAA Industry Unit*, Environics, June 2004.
- Inspection Plan for September 2005*, Central Inspection Department, Egyptian Environmental Affairs Agency, August 2005.
- Law Number 4 of 1994 Promulgating the Environmental Law and its Executive Regulations*, Egyptian Environmental Affairs Agency, 1995.
- The National Environmental Action Plan of Egypt 2002/17*, Ministry of State for the Environment/Egyptian Environmental Affairs Agency, 2004.

ANNEX 6

MODEL ENVIRONMENTAL REGISTER (APPEARED IN ANNEX 3 OF THE EXECUTIVE REGULATIONS OF LAW 4)

1. Name and address of establishment
2. Name and job title of person in charge of filling in the Register.
3. Period covered by the current data.
4. Type of activity and nature of raw materials and production during the corresponding time period.
5. Laws governing the establishment.
6. Special conditions set by the EEAA for the establishment.
7. Statement of the types of emissions, the rates of discharge (per hour/day/month/year), and method of disposal thereof.
 - 7/1 - Gaseous
 - 7/2 - Liquid
 - 7/3 - Solid
 - 7/4 - Others
8. Rates at which tests are conducted on each type of emission emanating from the establishment.
 - 8/1 Random samples [experimental]
 - * Date, time and place of each sample.
 - * Rate of sample collection.
 - * Indicators requiring to be measured (daily/weekly/monthly).
 - 8/2 Samples of compound wastes
 - * Date and time of sample collection.
 - * Places of mixing and percentages of mixture in the compound sample.
 - * Indicators requiring to be measured (daily/weekly/monthly).
9. Extracted materials after treatment processes.
10. Extent of efficiency of treatment method.
11. Date and signature of officer in charge.

ANNEX 7

LIST OF ATTENDEES TO THE PUBLIC CONSULTATION MEETING HELD IN CAIRO ON DECEMBER 4, 2005

Name	Organization
Government	
Sayed Khalil	EEAA
Fatma Abou Shouk	EEAA
Ali Abou-Sdeira	EEAA
Mohamed Borhan	EEAA
Ahmed Hegazy	EEAA
Atef Yacoub	EEAA
Randa Fouad	EEAA
El Menshawi Amer	EEAA
Ibrahim El Hawary	EEAA
Noha Zakaria	EEAA
Yehia Abdel Kader	EEAA
Asmaa Ali	EEAA
Ayman Refaie	EEAA
Mohamed Farouk	EEAA
Ahmed El Gohary	EEAA
Amal H. Al-Sheemy	EEAA
Moussa Ibrahim	EEAA
Maysoon Ali	EEAA
Elham Farouk	EEAA
Ahlam Farouk	EEAA
Ahmed Moustafa	EEAA
Mohamed Shawky	EEAA
Radwa Zain El Abedeen	EEAA
Heba Farouk El Kady	EEAA
Hany Ibrahim	EEAA
Roaa Hamza	EEAA
Ossama Abdel Salam	EEAA
Mohamed El-Shalakamy	EEAA
Heba Ibrahim	EEAA
Mohamed Ismail	RBO Alexandria
Mohamed Mosaad	RBO Alexandria
A'laa El Darsh	Ministry of International Cooperation
El Zahraa Alam Eldin	Ministry of International Cooperation
Development Partners	
Mogens Dinesen	DANIDA
Mariam Draz	DANIDA
Inge Marie Lorenzen	DANIDA
Philip Jago	DANIDA
Anders Bjornshave	ESP/DANIDA
Martti Eirola	Embassy of Finland
A. Doughty	European Investment Bank
Luigi Ernesto Marcon	European Investment Bank
Yoko Ebisawa	JBIC
Yoichi Iwai	JICA
Norihiko Inove	JICA
Azuma Taro	JICA
Walid Abdel Rehim	KfW
Amani Gamal Eldin	USAID
Madiha Afifi	USAID
Khaled Abdel Aziz	USAID

Participating Commercial Banks	
Mr. Hamdi Azzam	National Bank of Egypt
Mohamed Mourad	National Bank of Egypt
Khaled Housney	National Bank of Egypt
Mohamed El Antably	National Societe Generale Bank
NGOs and Public Sector	
Mamdouh A. El Ghafor	Investment
Ayman Abdel Wahab	Social Fund for Development
Samir Aboul Rous	Faculty of Agriculture
Ahmed Khaled	EWATEC
Dalia Nakhla	Environics
Yasser Sherif	Environics
Tarek Genena	EcoConServ
Sherif El-Gabaly	Federation of Egyptian Industry
Adli Bishay	Friends of Env. & Dev. Association
Sohair Mourad	Association of Protection of Env.
Emad Adly	Arab Office for Youth and Environment
Abdel-Aziz El-Guindy	Friend of Env. In Alex
Yousria Louza	NGO
Media	
Alia El Ayouty	Al Ahram Newspaper
Shahira El Mallakh	Al Ahram Newspaper
Taimour Zohairy	Al Ahram Newspaper
World Bank	
Sherif Arif	MNSRE
Maged Hamed	MNSRE
Enass Shaaban	MNCO3

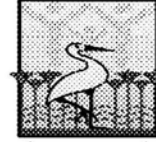
ANNEX 8

THE AGENDA FOR THE PUBLIC CONSULTATION MEETING HELD IN CAIRO ON DECEMBER 4, 2005

9:30-10:00	Registration
10:00-10:15	Introduction by Dr. Maged Hamed, the World Bank
10:15-10:30	Keynote presentation by H.E. Mr. Maged George, Minister of State for the Environment
10:30-11:15	Use of Country Systems presentation by Dr. Sherif Arif, the World Bank
11:15-11:30	Break
11:30-11:45	Overview of Egypt Pollution Abatement Project II by General Ahmed Hegazy, EEAA
11:45-12:00	Comments by Dr. Fatma Abou El-Shouk, Head of the Environmental Management Sector, EEAA
12:00-12:15	Overview of the Proposed Changes to the Executive Regulations of Law 4-1994 by Council Abdel-Aziz El-Guendy
12:15-12:30	Comments by Ms. Inge Marie-Lorenzen, Chair of the Donors Environment and Energy Subgroup
12:30-12:45	Break
12:45-13:00	Comments by Dr. Emad Adly, President of the Arab Office for Youth and Environment
13:00- 13:15	Comments by Dr. Sherif El-Gabaly, Chair of the Steering Committee, Environmental Compliance Office, Federation of Egyptian Industries
13:15- 13:30	Comments by the Media
13:30-14:30	Open discussion

ANNEX 9

LETTER OF NO OBJECTION TO DISCLOSE THE REPORT BY EEAA



Egyptian Environmental Affairs Agency

Dr. Sherif Arif
Regional Environmental and Safeguard Advisor/METAP Coordinator
Water, Environment, Social and Rural Development
Middle East & North Africa Region
The World Bank
1818 H Street NW, Room H8-133
Washington, DC 20433 USA

Dear Dr. Arif:

Reference is made to the report titled “Safeguards Diagnostic Review For Piloting the Use of Egyptian Systems to Address Environmental Issues in the Proposed Bank-Assisted Egypt Pollution Abatement Project II (EPAP II)” dated November 20, 2005; which was presented during the public consultation meeting at the Cairo House on December 4, 2005.

Based on the changes agreed upon with the World Bank, it gives me pleasure to inform you that the Egyptian Environmental Affairs Agency (EEAA) has no objection to disclose the report (in English) and the executive summary (in Arabic) in electronic format on the World Bank Infoshop and on EEAA’s web site. Furthermore, a hard copy of the report will be disclosed in the following places, easily accessible to the public:

- The library of the Egyptian Environmental Affairs Agency
- The World Bank office in Cairo
- The library of Cairo University & Ain Shams University
- The web site of the industrial unit at EEAA

It was a pleasure providing EEAA’s help to the World Bank during this activity, and we look forward to our continued cooperation in the future.

Sincerely,

(Dr. Fatma Abu Shouk)

4/12/2005

Head of Environmental Management Sector

(Gen. Ahmed Hagazy)

الجنرال أحمد حجازي

Minister Assistant for Industries