

CEG 3001 - SPAP ENVIRONMENT CREDIT LINE

SECTOR	ENVIRONMENT POLICY	PROJECT COST	142 M€
AFD BOARD DECISION	: JUNE 29, 2006	COFINANCIERS	IBRD- EIB - JBIC
LOAN AGREEMENT SIGNED ON	: MARCH 22, 2007	AFD LOAN	40 M€
RATIFICATION BY PARLIAMENT	: N.O.	MATURITY/ GRACE PERIOD	15 YEARS/ 5 YEARS
EFFECTIVENESS	: JULY 20, 2007	TYPE OF LOAN	NON SOVEREIGN CONCESSIONAL
1 ST DISBURSEMENT	: AUGUST 3, 2007	DIRECT BENEFICIARY	NATIONAL BANK OF EGYPT
DEADLINE FOR DISBURSEMENT	: MARCH 31, 2012	DISBURSEMENT RATE	40%

Project Description : The AFD credit line will finance the first component of the SPAP (Second Pollution Abatement Project). This component consists in an investment facility for pollution abatement, cleaner production and energy efficiency projects carried out by the Egyptian industrial sector.

Implementing Agency : National Bank of Egypt.

Other partners : EEAA (Egyptian Environmental Affairs Agency) for reviewing and monitoring the industrial pollution abatement subprojects, and participating commercial banks for on-lending the project funds to private Egyptian companies.

Final beneficiaries : Companies investing for reducing their polluting emissions.

Development objective : Improve the living conditions of the Egyptian population, by reducing industrial pollution and supporting the sustainable development of productive activities.

Project's specific objective : Contributing to reduce air and water pollution abatement in hot spots located in and around Greater Cairo and Alexandria.

Content of the SPAP Project: The SPAP project is the second phase of the Egyptian Pollution Abatement Project (EPAP, 1997-2004). It includes :

- A first component dedicated to investment financing for pollution abatement in hot spots located in and around Greater Cairo and Alexandria, either directly by the National Bank of Egypt, or through funds on-lent to local commercial banks that participate in the project. For benefiting from the grant element of the loans, the investment projects prepared by companies have to be approved by the EEAA, and their impact on the environment monitored.
- A second component dedicated to technical assistance for strengthening the implementing capacities of EEAA, participating banks, and other project shareholders.
- A third component dedicated to carbon finance, with two objectives: 1) Organize the use, particularly for pollution abatement, of taxes collected by the Egyptian Government on carbon rights generated by projects in the country 2) Facilitate the access of Egypt to the emerging international carbon market.

Financing Plan :

World Bank	16 M€ (20M\$)	AFD	40M€
EIB	40M€	JBIC	32M€
Self-financing by companies	14M€		

Project duration : 5 years (2007-2011)

Impact: The project will have an impact on air quality, rivers and canals water quality, and on the reduction of wilderness dumps sites for industrial waste. The impact will be measured through two complementary methods :

- Emissions reduction by the companies benefiting from the project. The objective is a 75% abatement of emissions in the hot spots targeted by the project..
- Improvement of air and water quality in the two project areas. The improvement will be measured ; however, it is not possible to quantify a priori objectives, as the improvement also depends on other pollution sources that are not considered by the project (pollution due to transports for example).