

**INTEGRATED SAFEGUARDS DATASHEET  
APPRAISAL STAGE**

**I. Basic Information**

Date prepared/updated: 01/09/2009

Report No.: AC3369

**1. Basic Project Data**

Country: Egypt, Arab Republic of	Project ID: P101103	
Project Name: EGYPT - National Railways Restructuring Project		
Task Team Leader: Michel Bellier		
Estimated Appraisal Date: November 9, 2008	Estimated Board Date: March 12, 2009	
Managing Unit: MNSSD	Lending Instrument: Specific Investment Loan	
Sector: Railways (100%)		
Theme: Infrastructure services for private sector development (P); Trade facilitation and market access (S)		
IBRD Amount (US\$m.):	270.00	
IDA Amount (US\$m.):	0.00	
GEF Amount (US\$m.):	0.00	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
<u>Borrower</u>		35.00
		35.00
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

**2. Project Objectives**

The objective of the proposed Egyptian National Railways Restructuring Project (ENRRP) is to assist the Government to improve ENR's responsiveness to economic and social needs through more reliable, efficient and safer services, and to strengthen the company's financial viability. As such the project will contribute to the successful implementation of ENR's ongoing transformation plan, which aims to enhance safety of services, improve customer service, develop the rail freight business, and achieve financial sustainability of railways operations.

**3. Project Description**

The ENRRP would finance key elements of ENR's transformation program, with particular emphasis on those components that are critical to improving efficiency and safety, increasing revenue, and modernizing management practices. The proposed Project consists of three components, and the overall financing of this Project amounts to US\$305 million, of which (i) US\$270 million IBRD financing; and (ii) US\$35 million counterpart financing from other Donors' grants and the ENR Budget.

Component 1: Signaling Modernization (US\$202 million - IBRD financing US\$197 million for goods and works, counterpart financing US\$5 million for supervision). Component 1 of the Project will finance needed investments in signaling systems from Arab el-Raml to Alexandria and centralized traffic control (CTC) for that section and Cairo – Banha (on the Cairo-Alexandria line), as well as the supervision of those works.

Component 2: Renewal of 200 km of track (US\$80 million - IBRD financing US\$60 million, counterpart financing US\$20 million). Component 2 of the Project will finance priority track-renewal goods and works for 200 km of track along the Cairo-Aswan line (149 km on four sections of track) and the Benha-Port Said line (51 km on two sections of track), and supervision of those works.

Component 3: Modernization of Management and Operating Practices (US\$ 10 million-financed by ENR). Activities under this component are directed toward developing and cementing changes in managerial and staff practices that reflect the operational and financial restructuring of ENR.

#### **4. Project Location and salient physical characteristics relevant to the safeguard analysis**

The project will affect part of the 5,085 km of railway network, both in the Nile Delta and along the Nile Valley. The project components will be undertaken in the intensively cultivated, densely populated Nile Valley and Delta. The area has been settled since prehistoric times and its natural ecology has been almost totally obliterated by thousands of years of human activities. Agriculture and its associated irrigation and drainage infrastructure, as well as a vast and highly diverse multitude of life support systems and facilities for its' multi-million inhabitants have created man-made ecosystems that have been in place for thousands of years. The wildlife consists of species that are able to tolerate human activities and manage to survive the changes introduced on their habitat. There is no indication that the construction works and subsequent operation of the lines will have any irreversible or significant additional adverse impacts on wildlife and habitats in areas adjacent to these lines.

#### **5. Environmental and Social Safeguards Specialists**

Mr Maged Mahmoud Hamed (MNSSD)

<b>6. Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>	
<b>Natural Habitats (OP/BP 4.04)</b>		<b>X</b>
<b>Forests (OP/BP 4.36)</b>		<b>X</b>
<b>Pest Management (OP 4.09)</b>		<b>X</b>
<b>Physical Cultural Resources (OP/BP 4.11)</b>		<b>X</b>
<b>Indigenous Peoples (OP/BP 4.10)</b>		<b>X</b>
<b>Involuntary Resettlement (OP/BP 4.12)</b>		<b>X</b>
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>

## **II. Key Safeguard Policy Issues and Their Management**

### ***A. Summary of Key Safeguard Issues***

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: According to the World Bank's Operational Policy 4.01 on Environmental Assessment, the proposed project is classified as category B, requiring partial assessment in the form of preparation of an Environmental and Social Impact Assessment (ESIA) report. The ESIA was carried out by an independent consulting firm and focused on the modernizing the signaling system on the Arab El Raml-Alexandria Line, creating a Central Traffic Control (CTC) Center in Tanta, and replacement of 200 km of the tracks in upper and lower Egypt. The ESIA report was completed according to terms of reference prepared by ENR and cleared by the World Bank.

The ESIA carried out by the consultant indicated that no adverse impacts on the Nile River water course, its Rosetta branch, and four major canals that will be crossed by some works of the project. The study showed no indication of adverse contamination to the water course nor adverse impacts on the natural habitat of the Nile Delta, triggering no additional safeguard policies on natural habitat (OP/BP 4.04). The construction works and excavations are conducted in the old railway corridor requiring no land acquisition. Excavation depths required for cables are shallow and the probability of any chance findings of artifacts is very small. Both safeguard policies on Cultural Property (OPN 11.03) and Involuntary Resettlement (OP/BP 4.12) are thus not triggered.

The main potential project impacts are believed to be short-term (i.e., during construction) socio-economic impacts on three groups: train users, local residents of communities adjacent to the train corridor, and frequent users of level crossings. Potential socioeconomic impacts on train users include expected delays due to construction work and the potential need to use other modes of transportation during the construction period. Potential impacts on level crossing users include the need to identify and use alternative crossing pathways during construction.

It is expected that noise generated during certain construction activities (mechanical shaking and sifting of ballast gravel of basaltic fragments during ballast replacement

work) will exceed permissible levels. Similarly, certain construction activities (e.g., welding, asphaltting, excavation of foundations and cable trenches, etc) are expected to generate some air pollutants. These impacts will also affect people in communities adjacent to the railway corridor as well as construction crews.

Underwater cables are expected to cross the Rosetta Branch of the Nile River at Kafr El Zayat, and at four major irrigation canals. The insulated cables will be placed in water-tight PVC pipes before laying on the bottom. The pipes will be anchored to the river bottom using precast cement blocks. The process is, therefore, unlikely to result in any water contamination and does not impact any elements of the aquatic ecosystem of the water courses.

Habitats along the railway corridor in this project are all man-made and none is considered threatened. Wildlife of the Nile Delta and Valley is among the most diverse of any terrestrial habitat in Egypt. The wildlife consists of species that are able to tolerate human activities and manage to survive the changes introduced on their habitat. There is no indication that the construction works and subsequent operation of the lines will have any irreversible or significant additional adverse impacts on wildlife and habitats in areas adjacent to these lines.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project will not by itself affect the nature of traffic on lines where signaling equipment will be modernized and track renewed. Increased capacity may result in higher traffic. The operation of system after project implementation will result in a net positive environmental impact as stipulated by the more efficient use of the system, less passenger travel time, less energy consumption and gaseous emissions per passenger unit, and reduction of noise levels and disturbance to passengers, inhabitants near the railway corridor, and the wildlife of the nearby habitat.

Overall, the proposed ENRRP is expected to have positive social impacts through improved services and safety on core routes resulting from project investments in track renewal and signaling. Financial compensations by line Ministries and the Ministry of Finance of Public Service Obligations imposed on ENR, under the broader ENR transformation plan which the project supports, will ensure ENR can continue offering reduced tariffs to several categories of users and operate unprofitable local services used by rural residents. Where local services will be discontinued, the decision will be taken after Governors have made sure that alternative transport modes are available to passengers. Under the plan third class services have also been folded into second class services and tariffs on the later trains used among others by low income passengers will remain stable.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Possible alternatives for project elements and activities were considered in terms of construction scheduling, materials, methods, and transportation modes with the goal of

selecting the appropriate alternative to minimize possible adverse impacts. The selected alternatives were deemed to be the most appropriate.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. An environmental management plan (EMP) was developed as part of the ESIA. The EMP includes a detailed mitigation plan and environmental monitoring plan, and an institutional strengthening and training plan. The mitigation plan includes detailed guidelines regarding the management of construction dust and debris and safety, work scheduling in order to minimize delays and blockage of level crossings, besides a public awareness campaign. The total cost for the EMP implementation is LE 1.32 million, which will be financed entirely from ENR's budget.

The focal point for the implementation of the EMP will be the Environmental Specialist in the Project Implementation Unit (PMU). Before project implementation, ENR will hire a consulting firm to assist the PMU in its activities during the first two years of project implementation, including the environmental management plan implementation. ENR's present organizational structure does not include any institutional entity with the responsibility for undertaking environmental management duties. Implementation of the environmental management plan and its mitigation measures suggested in this report, therefore, requires the establishment of an effective institutional entity to undertake these environmental management duties. ENR is in the process of creating an Environmental Affairs Directorate (EAD) who will be in charge of implementing the EMP. The Ministry of Transport is currently considering the creation of a Health and Safety Directorate. In addition to its mandate relating to health and safety issues, the new directorate will be responsible for environmental management aspects in all departments and organizations of the ministry including the ENR. The EMP includes a specific training and capacity building program, for the various responsible parties of the EMP implementation (e.g. EAD director, PMU environmental specialist(s), ENR general staff, etc.). Budget for training will be provided from ENR's own resources.

The EMP includes the implementation schedule for various activities. Specifically, the mitigation measures during construction phase will be included in the contractor's bidding documents. The formation of the EAD Directorate, and the inclusion of an environmental specialist in the PMU will take place before project implementation. The monitoring activities will take place during project implementation, and include daily, weekly, and bi-monthly monitoring activities.

Monthly reports will be submitted from the environmental specialist in the PMU to ENR's senior management on the implementation of the EMP. A section on the status of the implementation of the environmental management plan will be included in the quarterly project progress reports to be submitted from the PMU to the World Bank, and will include details on institutional measures, training and capacity building activities, mitigation measures, and monitoring activities.

ENR has submitted the ESIA to the Egyptian Environmental Affairs Agency (EEAA) for its review and clearance on November 17, 2008. It is ENR's responsibility to ensure that EEAA clears the ESIA before any work commences.

English and Arabic versions of the ESIA report were disclosed on ENR's web site on 6/1/2008 and 12/14/2008, respectively.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. As part of the ESIA, stakeholder consultations were carried out through interviews and data collection in public scoping for train users, users of level crossings, and residents in areas adjacent to construction sites (totaling 1,166 individuals representing the various groups). In addition, two public consultation meetings in Minya and Cairo, which were well advertised in a major daily newspaper, were attended by a total of 184 participants. Information on the project as well as a summary of the findings of the ESIA were posted on the consulting firm's website for public review prior to the consultation meetings. The complete ESIA was published in Arabic and English on ENR's website.

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***B. Disclosure Requirements Date***

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**Environmental Assessment/Audit/Management Plan/Other:**

Was the document disclosed <b>prior to appraisal?</b>	Yes
Date of receipt by the Bank	10/14/2008
Date of "in-country" disclosure	10/14/2008
Date of submission to InfoShop	10/16/2008
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

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**Resettlement Action Plan/Framework/Policy Process:**

Was the document disclosed <b>prior to appraisal?</b>
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

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**Indigenous Peoples Plan/Planning Framework:**

Was the document disclosed <b>prior to appraisal?</b>
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

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**Pest Management Plan:**

Was the document disclosed <b>prior to appraisal?</b>
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

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**\* If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

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**If in-country disclosure of any of the above documents is not expected, please explain why:**

***C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)***

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	No

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

***D. Approvals***

<b><i>Signed and submitted by:</i></b>	<b><i>Name</i></b>	<b><i>Date</i></b>
Task Team Leader:	Mr Michel Bellier	11/24/2008
Environmental Specialist:	Mr Maged Mahmoud Hamed	11/24/2008
Social Development Specialist	Ms Wendy E. Wakeman	01/08/2008
Additional Environmental and/or Social Development Specialist(s):		
<b><i>Approved by:</i></b>		
Regional Safeguards Coordinator:	Mr Hocine Chalal	01/08/2008
Comments:		
Sector Manager:	Mr Jonathan D. Walters	11/24/2008
Comments:		

