



Date: 15 July, 2009

## Notice of Registration

**Re: Request for Compliance Review and/or Problem-Solving**  
**Request No.: RQ2009/02**  
**Country: Egypt**  
**Project: Nuweiba Combined Cycle Power Plant**

The Compliance Review and Mediation Unit (CRMU) received on 25 June, 2009 a Request for the review of the Nuweiba Combine Cycle Power Plant Project in Egypt which is under consideration for financing by the African Development Bank (AfDB). The Request was submitted by Hemaya NGO, a non-governmental organization representing some of the business communities in Nuweiba: Chamber of Diving and Water Sports (CDWS), Basata Ecolodge and AFRICAN Divers Nuweiba (hereinafter “the Requestors”).

The Request fulfills the preliminary requirements for registration under the Independent Review Mechanism (IRM) Operating Rules and Procedures, and pursuant to paragraphs 19 and 20 of the IRM Rules I am notifying you that the Request has been registered in the Register of Requests of the IRM on 15 July, 2009 for Problem Solving. The Register of Requests is accessible on the AfDB website at [www.afdb.org/irm](http://www.afdb.org/irm).

The Nuweiba Combined Cycle Power Plant Project, which is being constructed by the Egyptian Electricity Holding Company (EEHC) /East Delta Electricity Production Company (EDEPC) to produce 750MWe, is situated at Nuweiba, on the coast of the Gulf of Aqaba, South Sinai Governorate. It is located in an area of a rectangular-shaped piece of land of 25 Feddans (105,000 m<sup>2</sup>) within a wider uncultivated land, which is laying between the mountain and the coastal line of the Aqaba Gulf approximately 170 km northeast of Sharm El-Sheikh and about 70 km south of Taba. The site is surrounded by mountain and desert lands. Only some few industrial facilities and tourist and residential spots are discreted around the site boundary. The Mediterranean Sea is located about 260 km to the north of the site and the Aqaba Gulf about 500 m to the east of the site area at the immediate vicinity of the site boundaries.<sup>1</sup>

The main inputs to the generating process consist of natural gas or sollar oil, which will be transported to the station via pipeline (gas) or by trucks (sollar oil). Natural gas (or sollar oil as a backup) will be mixed with air at the gas turbine unit compressor outlet and combusted to produce hot high-pressure flue gas, which drives the gas turbine electrical

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<sup>1</sup> Environmental and Social Impact Assessment (ESIA) Summary, Section 4.

generator. Gas turbine exhaust will be used to generate steam from demineralized water to drive one steam turbine generator. The steam is cycled from the Heat Recovery Steam Generators through the turbine to a condenser. A direct, once through cooling system, extracting water from, and discharging to the Gulf of Aqaba, cool the condenser. The condensate is then returned for recirculation within the Heat Recovery Steam Generators.<sup>2</sup>

According to the screening criteria of the AfDB, the dual fuel combined power project is a “category 1” (high risk) project, for which a full scale environment and social impact assessment (ESIA) is required.

According to the AfDB ESIA Summary of the Nuweiba Combined Cycle Power Plant Project, the ESIA report presents the full assessment of the environmental, social, health and its safety impacts of the Nuweiba power plant.<sup>3</sup>

The ESIA Summary states that the most important AfDB policies and procedures relevant to the Nuweiba Combined Cycle Power Plant Project are:

- African Development Bank Group's Policy on the Environment (February 2004).
- Integrated Environmental and Social Impact Assessment Guidelines (October 2003).
- Environmental and Social Impact Assessment Procedures (ESAP) for AfDB's Public Sector Operations (June 2001).
- Handbook on Stakeholder Participation (2001).
- Disclosure of Information Policy (2004).
- Policy on Involuntary Resettlement (2003).<sup>4</sup>

The ESIA Summary concludes that Nuweiba power plant is situated in an Industrial Setting and does not contain significant residual environmental sensitivity of importance. It indicates that the key environmental issues associated with the power plant are emission of oxides of nitrogen to the air; generation and disposal of liquid effluents including cooling water; and emission of noise. However, it points out that the potential impacts of these environmental issues have been assessed using sophisticated modeling techniques. The assessment indicates that no significant environmental impacts will occur as a result of the construction or operation of the power plant and, when taken together, the overall environmental and social impacts will not be significant.<sup>5</sup>

The Requestors raise several concerns that in their opinion are in violation or are likely to violate the policies and procedures of the AfDB. These concerns are as follows:

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<sup>2</sup> ESIA Summary, Section 2.

<sup>3</sup> ESIA Summary, Section 1.

<sup>4</sup> ESIA Summary, Section 3.

<sup>5</sup> ESIA Summary, Section 11.

## **1. Potential Loss of Livelihood**

The Requestors claim that if the proposed project is implemented, it will transform the Nuweiba area, which currently has tourist facilities-hotels, dive centres, shops, bazaars, Bedouin suburbs, farms, residential and administrative buildings, into an industrial area which will negatively affect the tourist business in the areas and ultimately lead to closure of tourist related businesses in Nuweiba.

## **2. Socio-cultural Impact**

The Requestors state that Nuweiba has no sufficient infrastructure in terms of security, social services, administration, food and water supply and roads to support more than 3000 workers during implementation of the project.

The Requestors also say that the Nuweiba communities will not profit from the project and that many businesses will lose their livelihood and be forced to relocate. They argue that indigenous people do not qualify for the jobs on offer by the project, and in addition, they will be confronted with a large number of migrant workers who are strange to the existing culture and customs. Thus, *“the foreign workforce will leave a negative impact on the indigenous people of Nuweiba, leading to its further marginalization as a social group, which might lead to social unrest, and deepen already existing resentments.”*

Moreover, the Requestors say that the plant will visually impact on tourist destinations. They point out that *“Nuweiba is an attractive tourist destination known for its unspoiled environment. The power plant will be an ugly landmark visible from miles away distracting tourists and marking the end of tourism in Nuweiba.”*

## **3. Road Safety**

According to the Requestors, the roads leading to Nuweiba cannot support more heavy vehicles carrying building materials, hazardous material and diesel needed for the plant. The Requestors furthermore indicate that there have been an increase in road accidents involving tourists' vehicle in the Nuweiba area, and this is bound to increase when the proposed project is being implemented and operated, especially between Nuweiba/Taba/Nuweiba-Sharm el Sheikh-Suez. In addition, the Requestors state that *“Wadi Watir, the direct asphalt road through the mountains, is often inaccessible during certain times of the year, due to flood warning, in recent times, parts of the asphalt road are frequently destroyed by flash floods.”*

## **4. Environmental Damage**

The Requestors are concerned about the likely environmental damage which may result from the project. They argue that during construction and operational stages of the project, the extensive water works, the rate of discharged thermal water and the use of chemicals to clean the pipes will lead to sedimentation and subsequently to coral bleaching/death, resulting to alteration of the ecosystem along the coast of Nuweiba.

According to the Requestors, the plant will use seawater for its cooling system and the waste water will be discharged to the sea at temperatures nine (9) degrees higher than the ambient seawater. This intake and discharge by the plant will interfere with the natural food chain and lead to irreparable alteration of the prolific marine eco-system.

The Requestors are also concerned about the increase in noise pollution due to the plant operations which will lead to decrease in the air quality in Nuweiba, thus presenting potential health risks for Nuweiba residents and the environment.

The Requestors furthermore state that the water of the Gulf of Aqaba is protected under the Egyptian law of natural protectorates 102/1983. They therefore argue that the environmental damage to be brought by the proposed plant to the region, which is protected under the above mentioned law, will outweigh the benefits of the power plant.

## **5. Environmental Impact Assessment (EIA) Report**

The Requestors claim that the EIA Report is outdated and contains misleading information. Furthermore, that they were not able to access the full Environmental Impact Assessment (EIA) report so as to be fully informed of the detailed information contained therein. The Requestors also state that the EIA report was handed over to the Egyptian Environmental Affairs Agency (EEAA) around 10 June, 2009 and was approved just a week thereafter without proper study of the Report by the experts of the Ministry of Environment

## **6. Public Consultations and Disclosure**

The Request states that *“Nuweiba businesses, NGOs, local and foreign residents were not informed about the project. A public hearing did not take place in Nuweiba.”* In additional information provided to CRMU on 14 July, 2009, the Requestors informed that meetings with authorities were held respectively on 25 May, 2 July and 4 July, 2009 to discuss the project.

The Requestors moreover state that although English language is widely spoken in Egypt, the official language in Egypt is Arabic, and it is unfortunate that an Arabic version/translation of the EIA report, (which is written in English) does not exist. This may have hindered some local residents in Nuweiba from understanding the contents of the EIA report.

## **7. Location of the Project**

The Requestors are concerned that the proposed project will be located *“in a valley run-off area prone to floods.”* They also indicate that Nuweiba was chosen as one location among 6 others.

The Requestors state that *“as soon as we learned about and reviewed the amateurish EIA report we’ve sent a Letter of Concern to the [AfDB] Resident Representative in Cairo on May 31, 2009. We did not receive any response.”*

In conclusion, the Requestors ask CRMU to intervene, including taking into consideration their suggested alternative to relocate the proposed Nuweiba Combined-Cycle Power Plant.

On the basis of the preliminary review of this Request and additional information received from the Requestors, CRMU has decided to pursue the matter through a problem-solving exercise. However, if the Director of CRMU determines that it is unlikely that the issues could be resolved through problem-solving, he may recommend that the Request be considered for a compliance review.

In accordance with paragraph 31 of the IRM Operating Rules and Procedures, the Bank's Management must provide CRMU by no later than 14 August, 2009 with written evidence that it has, or intends to comply with the Bank Group's relevant policies and procedures.

The Request has been assigned Request number RQ2009/02. The Requestors, the AfDB Management and other interested parties shall refer to this number in future communication with CRMU in regard to this Request. All decisions relating to the Request will, until further notice, be communicated to the following person and mailing address:

Eng. Sherif El Ghamrawy,  
Chairman of Hemaya NGO,  
Basata, Nuweiba-Taba-Road, South Sinai,  
Egypt.  
Email: [basata@basata.com](mailto:basata@basata.com)  
Tel. 0020 69 3500480/1

After receiving the Management's response and possible additional information from the Requestors, the Director of CRMU will, in accordance with paragraphs 35 – 37 of the IRM Operating Rules and Procedures, initiate the problem-solving with the aim of finding an agreeable solution to all parties.

Pursuant to paragraphs 38 – 42 of the IRM Rules, the Director of CRMU will prepare the problem-solving report upon completion of the problem-solving exercise, and, pursuant to paragraph 43, if a compliance review is warranted, he can also decide to recommend that the project undergo a compliance review.

Yours sincerely,



**Per Eldar Sovik**  
Director

Compliance Review and Mediation Unit

To: Eng. Sherif El Ghamrawy  
Chairman of Hemaya NGO

To: Dr. Donald Kaberuka  
President of the African Development Bank Group

Cc: Boards of Directors  
African Development Bank Group