INDEPENDENT REVIEW MECHANISM

PROBLEM SOLVING REPORT

RQ2009/02
Nuweiba Combined Cycle Power Plant
Egypt

March 25, 2010
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ACKNOWLEDGMENT

CRMU would like to express its gratitude for the support it received from the: requestors and their supporters, the Bedouins, the Egyptian Electricity Holding Company (EEHC) and its subsidiary the East Delta Electricity Production Company (EDEPC), the Power Generation Engineering and Services Company (PGESCo), the Egyptian Environmental Affairs Agency, the Ministry of Tourism, the Ministry of International Cooperation and the African Development Bank’s Management and country office in Egypt. The information provided by these parties has immensely facilitated the assessment of the request about the Nuweiba Combined Cycle Power Plant and the preparation of this problem-solving report.
ACRONYMS

ADB  African Development Bank
CO   Complaints Office
CRMU Compliance Review and Mediation Unit
EDEPC East Delta Electricity Production Company
EEHC Egyptian Electricity Holding Company
EEAA Egyptian Environmental Affairs Agency
EIB  European Investment Bank
ESIA Environmental and Social Impact Assessment
IRM  Independent Review Mechanism
PGESCo Power Generation Engineering and Services Company
EXECUTIVE SUMMARY

CRMU received, on June 25, 2009, a request from Hemaya, an NGO based in Egypt, which also represents tourism businesses and some Bedouins, complaining about the potential negative impact of Nuweiba Combined Cycle Power Project on the livelihoods, tourism and the marine life, thereby demanding the relocation of the project. The Nuweiba project is proposed by the Egyptian Electricity Holding Company (EEHC) for co-financing by the African Development Bank (ADB) and the European Investment Bank (EIB).

Under the IRM Rules, the Director of CRMU registered the request on July 15, 2009 for problem-solving; nonetheless, the notice of registration retains the Director’s discretion to recommend, if warranted, a compliance review of the project.

CRMU received the Management response on August 23, 2009 which states that the project is in line with the ADB, World Bank and other acceptable standards.

CRMU complaint-handling included a fact finding mission and a scoping meeting. The requestors agreed to pursue mediation only with the Bank which the latter and EEHC accepted. The mediation was scheduled to start in January 2010.

Thereafter, the requestors informed CRMU that they were no longer interested in pursuing the mediation as they believe that the project will be relocated from Nuweiba.

Furthermore, CRMU was informed by the Complaints Office (CO) of the EIB, which received a similar request, that CO recommended EIB not to finance the Nuweiba project under the existing circumstances and the EIB’s Management accepted. EEHC informed CRMU that in their opinion the CO’s Conclusions Report did not take into consideration their views and they received a letter from EIB informing that the latter will not finance the project.

CRMU, through the Bank’s Management, attempted to verify the standing of the Egyptian Government towards the relocation of Nuweiba project. As of the date of issuing this report, no such information has been received. Likewise, the Bank’s Management has not yet provided CRMU with definite answers as to whether or not the Bank will finance the project.

In light of the key developments discussed-above:

a. The Director of CRMU has declared the problem-solving exercise between the Bank and the requestors unsuccessful and to be discontinued. The request is considered closed based upon the assumption that the project will be relocated; hence there is no ground for the Bank to finance the Nuweiba project.

b. In the event that the Bank decides to finance the Nuweiba project, the requestors could, under paragraph 2 (vii) of IRM Rules, submit a new request, justified by clear and compelling evidence in order for CRMU to register and handle it either through a problem-solving exercise or a compliance review.
I. INTRODUCTION

CRMU received, on June 25, 2009, a request from Hemaya, an NGO based in Egypt, which also represents Basata Ecoodge, the Chamber of Diving and Water Sports and the African Divers Nuweiba, complaining about the potential negative impact of the proposed Nuweiba Combined Cycle Power Project on the livelihoods of local communities, tourism business and the marine life, and thereby demanding the relocation of the project’s site. Thereafter, CRMU received letters from some of the Nuweiba Bedouins communities¹ and others² supporting the same request.

The Nuweiba Combined Cycle Power Project is proposed by the Egyptian Electricity Holding Company (EEHC), to be implemented by its subsidiary, the East Delta Electricity Production Company (EDEPC), and for co-financing by the African Development Bank (ADB) and the European Investment Bank (EIB).

Under the IRM Operating Rules and Procedures, the Director of CRMU registered the request on July 15, 2009 for problem-solving; nonetheless, the notice of registration of the request retains the Director’s discretion to recommend, if warranted, a compliance review of the project.

CRMU received the Management response to the request on August 23, 2009 which claims that the project is in line with the national laws, ADB policies, and the World Bank’s guidelines as well as other internationally acceptable social and environmental standards.

Under the IRM Operating Rules and Procedures, the Director of CRMU shall prepare a problem-solving report within three months of commencement of the process to inform the Boards and the President of the ADB on the outcome of the exercise. The problem-solving exercise commenced in October 2009 with the scoping meeting with the requestors, the Bedouins, the Bank and EEHC/EDEPC, in which the requestors agreed to pursue mediation only with the Bank. However, for reasons beyond the control of CRMU and detailed in this report, the Director of CRMU has decided to discontinue the proposed mediation process.

This report provides updates on the factual context, the outcome of the problem-solving exercise, the objective of which was to find a solution agreeable to the project’s parties concerning the issues complained about, and makes recommendations on the way forward. It is divided into five parts. Part I is this introduction. Part II provides a summary of the requestors’ concerns and the Management response. Part III describes CRMU complaint-handling steps. Part IV details the key developments which invoked the decision of the Director of the CRMU to discontinue the problem-solving exercise. Part V includes the recommendations of the Director of the CRMU.

¹ Letter signed by 19 persons from the Almazine and Attorabin Bedouin tribes.
² Individual letters signed by seven business owners and individuals supporting the request and authorizing Hemaya NGO to represent them, i.e. Casa Del Mare Resort, Han Kang Restaurant, El Waha Touristic Village, Angela Wierstra, Scuba College and Swisscare Nuweiba Resort Hotel.
II. THE REQUEST AND MANAGEMENT RESPONSE

The copies of the request about Nuweiba power project and the Management response are in Annexes 1 and 2 of this report. The following paragraphs contain a summary of the requestors’ concerns and the Management response:

(i) The requestors say that the project has the potential to cause loss of livelihood and will affect tourism. The Management says the project is unlikely to cause such a loss as the power plant will be located in uninhabited ground, close to the existing electrical and sewage treatment stations, and isolated from the tourist facilities, and that fishing will not be impaired. Instead, the project will create employment opportunities and attract economic investment into the area.

(ii) The requestors say the project will cause environmental damage to the Gulf of Aqaba which is protected by the Egyptian law. They say the intake/discharge will irreparably alter the marine eco-system. The thermal water discharge will lead to coral bleaching therefore will alter the ecosystem of the Nuweiba’s coast. The power plant will visually impact Nuweiba as a tourist destination, and the pollution from it will create health risks for the residents. The Management says the water discharge to the Gulf will comply with the Egyptian’s and World Bank’s guidelines. The ESIA provided noise and emissions levels are in line with the standards of the World Bank’s, WHO and the Egyptian Environmental Affairs Agency (EEAA). Finally, the Minister of State for Environmental Affairs issued the permission to the Minister of Electricity due to the eligibility of the project’s conditions including the natural protectorate issue.

(iii) The requestors say that the project will have negative socio-cultural impact by referring to the influx of thousands of foreign workers. They say the presence of these workers will lead to the marginalization of Nuweiba indigenous people and will deepen already existing resentments. The Management answers that the 2000-2500 workers will be hired during peak construction period and the local contractors will supervise their security and services.

(iv) The requestors say that the roads in the area have no capacity for transporting heavy goods. Accordingly, there are risks for an increase in accidents involving tourist vehicles. They add that Wadi Watir direct asphalt road is not always accessible due to flood warnings and parts of it are frequently destroyed by these floods. The Management says that the project traffic study includes several measures to minimize risks and guarantee a safe transportation of construction materials.

(v) The requestors’ other concerns are: the power plant is located in a valley run-off area which is prone to floods; and the ESIA is outdated, misinforming and inaccessible. The Management says that the ESIA contains clear data and was accessible at the premises of EEHC, EDEPC and PGESCo. The public consultation meeting which was held in Sharam El-Sheikh was announced in Al-Ahram newspaper on April 8, 2009. Finally, the summary of ESIA was posted on the Bank’s website on July 31, 2009.
III. THE COMPLAINT-HANDLING PROCESS

1. Registration of the Request

Under the IRM Rules and Procedures, the Director of CRMU registered the request on July 15, 2009 for problem-solving; nonetheless, the notice of registration of the request retains the Director’s discretion to recommend, if warranted, a compliance review of the project.

2. Preparation of the Problem-Solving

Upon receipt of the mentioned-above Management response, CRMU corresponded with the requestors and EEHC/EDPEC, and met with the Management on September 14, 2009 to prepare for the problem-solving. Towards that end, CRMU conducted both a fact-finding mission and a scoping meeting - the results of which are detailed in the following sub-sections A and B.

A. Fact-Finding Mission

The Director of CRMU delegated two of CRMU staff - the Principal Compliance Officer and the Senior Compliance Officer - to conduct a fact-finding mission which took place on September 24- October 2, 2009 in Nuweiba and Cairo, Egypt. The first objective of that mission was to familiarize with the situational facts of the request. The second one was to gather information on key developments since the registration of the request by CRMU. The last one was to assess the amenability of the requestors and EEHC/EDPEC to the problem-solving. Moreover, if the mission identified instances of possible non-compliance with the ADB’s policies, it should report to the Director of CRMU to consider recommending a compliance review of the project. The fact-finding mission’s report was submitted to the Director of CRMU on 22 October, 2009.

The main points of the fact-finding mission’s report include:

i. The requestors, some of the Bedouins, and the EEHC/EDEPC agreed with the facilitation of CRMU to pursue problem solving. They agreed that the process should start with a joint scoping meeting to take place on October 24-25, 2009 in Nuweiba. They also requested CRMU to invite to this meeting, as observer, the Complaints Office (CO) of the EIB since the requestors had submitted to CO a similar complaint, and at the time, the latter was preparing independent studies to assess the project’s impact on the marine life, tourism business and livelihoods.

ii. The principal requestor, Hemaya NGO through its chairman, informed the mission that the requestors have had two consultation meetings with EEHC/EDEPC, in July and August, 2009, and the resulting stalemate was due to the fact that they had no confidence or were reluctant to accept the information provided by the promoters of the project. The mission’s open discussion meetings essentially helped the requestors, their supporters, the Bedouins and EEHC/EDPEC to agree on exchanging updated information about the project.
iii. The mission identified the Bedouins as one of the interested parties in the project; notwithstanding that they have different positions towards the project. Notably some of them who support the request approached the mission to either enjoin the requestors or be identified as affected people in the complaint handling by CRMU.  

iv. The CRMU’s mission explained to the requestors and the EEHC/EDPEC that the objective of the first scoping meeting would be to articulate the disputed issues and for the parties to agree on the actions or measures to address them.

According to the information obtained from the requestors and EEHC/EDPEC, the main observations of the CRMU’s mission were that:

a) Some of the information presented by the requestors to the mission was either incomplete or outdated. The mission reported that, in the course of the problem-solving, CRMU should encourage a systematic exchange of updated project data among EEHC/EDPEC and the requestors.

b) Notwithstanding that CRMU had not received a copy of the project’s appraisal report, the EEHC’s project preparation documents (Summary of ESIA and updated tables) which were presented to the mission included references to the standards of the EU, World Bank, National Law and the policies of the ADB. Accordingly, the mission proposed that CRMU needs to compile more data about Nuweiba project (such as the appraisal report, the updated ESIA, CO’s independent studies, etc...) in order to have an adequate base-line information to assess whether or not instances of non-compliance are evident in the project preparation phase.

c) Since the request was registered for problem-solving and the requestors and EEHC/EDPEC agreed to the mediation, the mission proposed that the Director of CRMU should pursue the problem-solving as an immediate action on the part of CRMU to respond effectively to the requestors’ complaint.

B. Scoping Meeting

CRMU organized a scoping meeting as the first step of the problem solving exercise in relation to the complaint about Nuweiba project. The meeting was held on October 24 -25 2009 in Nuweiba and was attended by the requestors, the Bedouins (opponents and supporters of the request), EEHC, EDPEC, PGESCo and the representatives of the Bank’s Management and the country office in Egypt. At the end of the meeting, the requestors agreed with the facilitation of CRMU to only pursue mediation with the Bank and the parties proposed that the first mediation meeting be held in early January 2010. The Bank suggested that EEHC be invited as an observer in the mediation meeting(s). The Brief Summary of the Meeting is included in Annex 3 of this report.

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3 CRMU received a letter on 24 October 2009 signed by 19 Bedouins supporting the request of Hemaya NGO.
IV. KEY DEVELOPMENTS

1. The Requestors Information

In the course of preparation for the first mediation meeting, the requestors informed CRMU- in a conference call and in writing that they were not interested in pursuing the problem-solving exercise for the following reasons:

(i) After meeting in December, 2009 with the Minister of Energy, EEHC and PGESCo, the requestors had consultations with the local communities and their position to relocate the project’s site from Nuweiba remains unchanged.

(ii) They claimed that their standing is supported by the letter which they had received from the CO of the EIB (to which the requestors had submitted a similar complaint), referring to the findings of three studies commissioned by the CO which indicate that the project will cause serious damage to the environment, society and tourism.

(iii) They cited an on-line press article (published by “Almasray-Allyoum.com” on December 31, 2009) stating that the Minister of Energy had decided to relocate the project.

2. Conclusions Report of CO of EIB

CRMU requested the CO to share copies of its Conclusions Report and commissioned studies on the impact of the proposed Nuweiba project on the marine life, tourism and society. The rationale of this request is that the requestors relied on the findings of these studies to affirm their position towards the relocation of the project’s site. The CO’s Conclusions Report contains the following key points:

(i) The CO found the concerns expressed by the Complainants well founded because under the present conditions, if the power plant is constructed in the proposed location in Nuweiba, it will cause serious damage to the environment, the local tourist industry as well as negative social impact on local communities which could be irreparable, and may also lead to violence and conflict in the area.

(ii) The CO referred to the possibility of investigating further measures regarding environmental and social impacts including adequate mitigation, compensation and relocation which should begin with building trust and holding extensive and meaningful discussions and dialogue with the project affected community in order to adequately and satisfactorily address all environmental and socio-economic related issues. CO mentioned that such measures are far beyond the responsibilities of the promoter, the Egyptian Electricity Holding Company, and fall into the remit of the Egyptian Authorities. However, the EIB CO’s opinion is that such a process, given the type of negative impacts and the extensive mistrust, may take 1 to 2 years without any guarantee of a positive outcome.

(iii) The CO stated that, based on the inquiry conducted, information gathered and analyzed, the findings supported by the three independent expert studies, and the
current lack of trust within the Nuweiba community, the CO recommends the EIB Governing Bodies not to approve financing of the South Sinai Power Plant Project in Nuweiba, under the present circumstances.

EEHC has informed CRMU that in their opinion the CO’s Conclusions Report did not take into consideration their comments on the project. Instead they received a letter from EIB informing them that it will not finance the project.

3. Information about the Bank’s Financing of the Project

The Bank’s Management informed CRMU on March 10, 2010 that they have no information on the official standing of the Egyptian government towards the relocation of the Project. Likewise, the Bank’s Management has not yet provided CRMU with definite answers as to whether or not the Bank will finance the Nuweiba power project.

V. THE CRMU DIRECTOR’s RECOMMENDATIONS

In light of the key developments discussed-above:

a. The Director of CRMU has declared the problem-solving exercise between the Bank and the requestors unsuccessful and to be discontinued. The request is considered closed based upon the assumption that the project will be relocated; hence there is no ground for the Bank to finance the Nuweiba project.

b. In the event that the Bank decides to finance the Nuweiba project, the requestors could, under paragraph 2 (vii) of IRM Rules, submit a new request, justified by clear and compelling evidence in order for CRMU to register and handle it either through a problem-solving exercise or a compliance review.
Dear Mr Eldar Sovik

In anticipation of our Letter of Concern sent to the African Development Bank Resident Representative in Egypt, Mr Khushiram, we delayed our response and we herewith submit our official request to the CRMU according to the IRM:

**Letter of Complaint**

**General Information**

The East Delta Electricity Production Company (EDEPC) in cooperation with the Egyptian Electricity Holding Company (EEHC) is conducting a gas/diesel fired combined-cycle power plant with a capacity of 750 MW at Nuweiba, on the coast of the Gulf of Aqaba, South Sinai Governorate. Nuweiba was chosen as one location among 6 others.

The power plant would be situated on 105000 square meters, in a valley run-off prone to floods, in close proximity to downtown Nuweiba and tourist facilities - hotels, dive centers, shops, bazaars, Bedouin suburbs, residential and administrative buildings, farms – and about 4 km from the port of Nuweiba.

The plant uses seawater for the cooling system: 1.3 cubic meter / day - discharged at temperatures 9 degrees higher than the ambient seawater.

**Consequence of the projects:**

*Potential loss of livelihood:*

The transformation of Nuweiba into an industrial precinct leads to the ultimate termination of tourist activities in Nuweiba and closure of tourist related businesses.

*Socio-cultural Impact:*

Nuweiba has no sufficient infrastructure in terms of: social services, administration, security, food/water supply, waste, roads, etc. to host more than 3000 workers during implementation of the project.

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, deepen already existing resentments.
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.

**Road Safety**
The distance between Nuweiba and Suez is 350 km. The roads are not qualified for more transportation of heavy goods vehicles carrying building material, transportation of diesel fuel needed for the plant and the transportation of hazardous material / contaminated waste. An increase in accidents involving tourist vehicles, already a problem, is to be expected on the roads between Nuweiba – Taba / Nuweiba – Sharm el Sheikh – Suez. Wadi Watir, the direct asphalt road through the mountains, is often inaccessible during certain times of the year due to flood warnings. (In recent years), parts of the asphalt road are frequently destroyed by flash floods.

**Environmental Damage:**

The Gulf of Aqaba water is protected under the law of natural protectorates 102/1983!

**Intake/discharge issue:** Interference in the natural food chain will irreparably alter the prolific marine eco-system.

During construction, extensive water works, and during operation, the rate of discharged thermal water and the use of chemicals to clean the pipes lead to sedimentation and subsequently to coral bleaching/death and hence to alteration of the ecosystem all along the coast of Nuweiba. The plant will visually impact tourist destinations. The decrease in air quality in Nuweiba, and increase of noise pollution present potential health risks for Nuweiba residents and the environment.

(The above does not presume to portray the full extent of destruction caused by the power plant.)

**Other Concerns:**
Location of the plant: in a valley run-off area prone to floods
Disregard of the law 102/1983 of natural protectorates
EIA report: outdated and misinformation, incompetence
No access to the full EIA. Parts of the detailed EIA are not downloadable from the Internet.

The EIA was handed over to the EEAA Only around 10\textsuperscript{th} of June 2009. Less than a week later, without proper study of the EIA report by ministry experts, the minister of environment approved the project due to strong pressure from the minister of Electricity complimentary. They just changed the name of an already approved power plant at the Gulf of Suez. Legal steps will be taken from our side.

English is widely spoken and understood in Egypt, though this should not be taken for granted. The official language in Egypt is Arabic and unfortunately, an Arabic version/translation of the EIA does not exist.
Steps taken to resolve the problem with the Bank Management
As soon as we learned about and reviewed the amateurish EIA report we’ve sent a Letter of Concern to the Resident Representative in Cairo on May 31, 2009. We did not receive any response. (Correspondence enclosed)
.

Add: Basata, Nuweiba-Taba-Road, South Sinai, Egypt   basata@basata.com
Tel.: 0020 69 3500480/1
Subject: Nuweiba Power Plant 750 Mw Combined Cycle Project

Dear Mr. Khushiram,

The East Delta Electricity Production Company (EDEPC) in cooperation with Egyptian Electricity Holding Company (EEHC) is conducting a gas-fired combined-cycle power plant, with a capacity of 750 MW at Nuweiba, on the coast of the Aqaba Gulf in South Sinai Governorate, unfortunately financed by African Development Bank and European Investment Bank, that we believe will have a disastrous effect on the local tourism industry, the local Bedouin population and, above all, on the local environment especially the marine habitat.

- **Location**: 105000 square meters in the area between downtown and the port of Nuweiba, very close to the tourist facilities: hotels - diving centres - shops and restaurants and Bedouin residence.

- **Community opinion**: The EEAA requires a public hearing to garner the consent and approval of the community for a project of such magnitude and size. The project was presented in Sharm el-Sheikh, and none of the investors, community groups, NGOs, or the locals have been even notified of it until this day. The implementation of the project will cause great damage to the region in terms of:

  1. **Tourism**: Demise of the local tourist industry and subsequently force the closure of the hotels, dive centres and other tourist service providers due to:
     a. The plant will be clearly visible from the entire coast which will ruin the picturesque view of the whole area.
     b. The presence of about 3000 workers during the implementation of the project which will paralyse operating tourism in the area.

  2. **Environmental damage**: The Gulf of Aqaba water is protected under the law of natural protectorates (102/1983). However, it was not considered as one of the legal aspects to consider in this project. The increase in water temperature and segmentation will damage the aquatic life and the coral reefs, the exhaust
turbines will cause air contamination, and of course noise pollution, that will eventually affect seriously and irreparably the whole ecosystem all along the east coast of Nuweiba adjacent to where the plant is planned to be built.

It’s a shame that a project that will cost 600 million Euros did not place sufficient attention to the environmental, social and economic impact of its project on Egypt’s nature and surrounding habitat.

‘The enviromental and social impact asessement’ was done in a very unprofessional way with a lot of wrong informations.

Bedouins, NGOs, investors, diving centres, eco-lodges, shops and restaurants, request, dear sir, your kind intervention for the immediate cessation of the construction of this power plant.

Thanking you for your profoundly appreciated help, I remain, dear sir,

Sherif El Ghamrawy
Chairman of Hemaya NGO and owner of Basata Ecolodge,
On behalf of Nuweiba community
Authorization Letter: Nuweiba Power Plant

June 16, 2009

We (CDWS) express our deep concern regarding the planned construction of a 750MW combined cycle power plant in Nuweiba on the Gulf of Aqaba, which we believe will have a negative impact on tourism in Nuweiba, the environment and marine life and the local people.

We, herewith authorize Hemaya NGO

to represent our interest and concerns regarding the Nuweiba Power project to other concerned parties including:
African Development Bank and European Investment Bank.

Chairman of the Board of Directors

Hesham Gabr
Authorization Letter: Nuweiba Power Plant

We, Basata Ecolodge, express our deep concern regarding the planned construction of a 750 MW combined cycle power plant in Nuweiba on the Gulf of Aqaba, which we believe will have a negative impact on tourism in Nuweiba, the environment, marine life and the local people.

Me, Sherif El Ghamrawy, owner of Basata Ecolodge, Social Entrepreneur of Egypt 2008 and member of The Egyptian National Competitiveness Council

hereewith authorize Hemaya NGO

to represent our interest and concerns regarding the Nuweiba Power Plant project to other concerned parties including African Development Bank, European Investment Bank, ministers and ministries, media, etc

June 21, 2009

Eng. Sherif El Ghamrawy
Authorization letter: Nuweiba Power Plant

We, the AFRICAN Divers Nuweiba centre management and staff, express out deep concern regarding the planned construction of a 750 MW combined power plant in Nuweiba on the Gulf of Aqaba, which we believe will have a negative impact on tourism in Nuweiba, the environment and marine life and the local people.

We herewith authorize Hemaya NGO to represent our interest and concerns regarding the Nuweiba Power Plant project to other concerned parties including African Development Bank, European Investment Bank, ministers and ministries, media, etc.

Daniel Pikarski  
Owner & Managing Director  
AFRICAN Divers Nuweiba

Sarah Louise Pikarski  
Owner & Managing Director  
AFRICAN Divers Nuweiba
South Sinai Governorate,  
Directorate of social affairs,  
Hemaya Association for community development,  
Proclamation No. 46 / 1997

HEMAYA - NGO

NGO name : Hemaya
Address : Basata, Nuweiba, South Sinai.
Chairman : Sherif El Ghamrawy
Head of Projects : Mohamed Fathi
Telephone : 069-3500480/81
Fax : 069-3502050
E-mail : basata@basata.com
        Mohamed.a.fathi@gmail.com

I. Legal and organizational structure:

Legal status : Nonprofit \ Nongovernmental Organization
Number and date of proclamation : 46 of the year 1997
Board members : 5
Association members : 25
Full time employees : 105
Volunteers : depends on project

II. Aims :

- Environmental protection
- Social development
Working area: Governorate of South Sinai

III. A brief introduction to the organization's projects:

The NGO has been functional for more than 11 years in the fields of environmental protection and social development. The following is a brief compilation of the organization's most important projects:

1. Designing and operating a soiled waste management system in Nuweiba (total cost: 1.25 million EGP).

The project was agreed upon by the Egyptian social fund on 1997 and was fully operating after one year. The project consists of three main sectors:

- Collecting and transporting solid and organic wastes.
  Collecting the wastes of all local institutions, hotels, tourist resorts and shops.

- A Transfer station for sorting Solid Wastes.
  A high standard station was established to sort and separate and prepare the Solid Wastes for recycling.

- A Training center.
  A fully equipped training center was put up to train young people from over Egypt on how to manage and sort different kinds of wastes. Moreover 174 homeless children from the streets of Cairo were received for training as part of the Children In Need Program.

The project's current coverage extends between the cities of Taba and Dahab passing through Nuweiba and Abu Gallium protectorate, covering 160 km of the Aquaba Gulf coast.
2. Renovating and beautifying the cities of Taba, Nuweiba and the Port. (Total cost: 651 thousand EGP).

- Cleaning the streets and planting 121 palm trees. (Total cost 43 thousand EGP)
- Using art to beautify the town and building Hemaya Square. (total cost 58 thousand EGP)
- Renovating and beautifying the Taba checkpoint. (total cost 550 thousand EGP)

3. Organizing various social and religious activities (Total cost: over 8,000 EGP yearly).

- **Celebrating the prophet’s Mohamed (sal) birthday:**
  Running several religious competitions, as well as distributing traditional candy to the town's inhabitants.

- **Ramadan Calendar:**
  Printing and distributing the first Ramadan calendar in Nuweiba and Dahab local time.

- **Prayer Times:**
  Printing and distributing monthly prayer times according to Nuweiba Local time, to the administration of religious endowments and mosques.

4. Organizing Cleaning and awareness campaigns (Total cost: 170 thousand EGP).

- 85 cleaning campaigns were run in co-operation with local units, schools, universities and various associations.
- A number of hygiene awareness workshops were run.
- Organizing varies lectures and seminars about protecting the environment with schools and youth centers.

5. Building a renewable electrical station. (Total cost 65 thousand EGP).
Consisting of two windmills embraced with solar panels to provide a small Bedouin community with electricity.

6. Protecting the beaches between Nuweiba and Taba (Total cost: 100 thousand EGP).

- The NGO runs continuous patrolling shifts, constituted of a group of trained Bedouins, equipped with cars and a speed boat.
- Removing illegal fish traps. More than 400 were removed.
- Banning the fishing of sea cucumbers.
- Banning fishing with tiny holed nets.
- Ensuring that no one touches nor harms the coral reefs.
- Raising awareness amongst hotels, resorts and fishermen about marine violations in cooperation with the environment and water surfaces police and the protectorate administration of the Ministry of the Environment.
- The NGO joins the environment, water surfaces and protectorates police in regular campaigns to spot violations.

7. Signing and activating a co-operation protocol between Hemaya NGO and the EEAA (Egyptian Environmental Affairs Agency) to protect and develop Abu Gallium protectorate. (total cost: 150 thousand EGP)

- Organizing a vet campaign to treat and vaccinate the camels.
- Building a camel station big enough for 300 camels.
- Produce guide maps with the GPS system for diving and awareness.
- Endowing Abu Gallium protectorate with specialist cameras.
- Organizing many underwater cleaning campaigns
- Arranging various gatherings to co-ordinate between diving centers and the protectorate.
• Making a 3d detailed aerial plan for the protectorate as a first step toward establishing a master plan for further development.
• Running various marine patrols with cooperation with the protectorate rangers to enforce the environmental laws.
• Running a training course on evaluating marine life for the protectorate rangers and researchers.
• Funding and carry out an underwater survey to record and document the underwater marine life in the whole protectorate, covering more than 20 km long with collaboration with the marine biology department Suez University.

8. The mobile information club bus – Ministry of Information. (Total cost: 20 thousand EGP)

• Hosting the Ministry of Information’s mobile bus (Information club) for two months visiting the cities of Nuweiba, Dahab and St. Catherine
• Various training courses were carried out through the bus trainers on how to use the computer and the internet for the Bedouins and the locals.

9. Publishing a book to emphasized the role of the civil society and volunteerism in south Sinai. (Total cost 55 thousand EGP)

• Information and statistics were collected from all organizations in South Sinai and the book was published with collaboration with the Fredrich-Ebeirt Stiftung
• The book led in a significant way in the defining of social work and encouraging the community to participate in it.

10. Developing the educational system in South Sinai. (total cost: 306 thousand EGP)
• **Black boards to white board project. (total cost: 10 thousand EGP)**

All black boards of Nuweiba schools were replaced with white boards to protect the health of students and teachers alike from hazards presented by using chalk.

• **'My School' Project (Total cost: 250 thousand EGP)**

Renovating 7 primary schools scattered across South Sinai governorate (valleys and towns) in co-operation with Vodafone’s organization for social development seeking a healthy and clean environment for the students and teachers.

• **Back To School (Total cost: 15 thousand EGP)**

  - Funding and setting up a workshop for 5 days for 15 volunteers from Cairo and preparing them to carry out an educational and cultural day for the primary school kids.
  - Implementing the program in 3 schools in the valleys and towns of South Sinai.

• **Capacity building training for the teaching staff (Total cost: 30 thousand EGP)**

  - Aiming to tutor the teachers on better educational methods and increase their knowledge about the environment and Hagen.
  - The project was carried out in cooperation with the National Institute of Educational Research and Development and the UNICEF
The project was executed in 3 schools in the Nuweiba area, and 12 schools in El Tur with a total of 90 teachers and administrators.

11. Running a number of studies and researches for the development of the community of South Sinai in cooperation with:

- The European Union
- The Egyptian bureau for studies and development (CID)
- The German labor Cooperation association.

Co-operating with a number of associations and organizations and receiving financial support for some of the NGO’s projects, the most important of which are:

- Egyptian Social Funds – Solid waste project in Nuweiba – 650 thousand EGP
- Friederich Eigbert - German Organization - Developing Abu Gallium protectorate and the Sinai book- 50 thousand EGP
- Global Environment FUND - GEF\UNDP- a station for generating electricity through wind and solar energy for one of the Bedouin communities.
- The Egyptian American Bank – Beautifying the Taba entrance and checkpoint – 550 thousand EGP.
- Vodafone – My School Project – 280 thousand EGP.
- The European Union (SEAM project) – Developing the transfer station for Solid waste in Nuweiba – 350 thousand EGP.

V. Other sources of funding:

- Many of the NGO’s projects are self sustainable and some produce revenue which is directed to other projects noting that the NGO is a nonprofit organization.
- Membership fees.
- Donations.
ANNEX 2

Management Response

AFRICAN DEVELOPMENT BANK        BANQUE AFRICAINE DE DEVELOPPEMENT

AFRICAN DEVELOPMENT BANK MANAGEMENT RESPONSE TO CRMU REQUEST FOR COMPLIANCE REVIEW AND MEDIATION FOR THE NUWEIBA COMBINED CYCLE POWER PLANT PROJECT

AUGUST 2009
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>CRMU</td>
<td>Compliance Review Management Unit</td>
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<tr>
<td>CWDS</td>
<td>Circulating Water Discharge System</td>
</tr>
<tr>
<td>EDEPC</td>
<td>East Delta Electricity Production Company</td>
</tr>
<tr>
<td>EEAA</td>
<td>Egyptian Environmental Affairs Agency</td>
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<tr>
<td>EEHC</td>
<td>Egyptian Electric Holding Company</td>
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<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
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<tr>
<td>ESIA</td>
<td>Environmental and Social Impact Assessment</td>
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<tr>
<td>ESMP</td>
<td>Environmental and Social Management Plan</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>HRI</td>
<td>Hydraulic Research Institute</td>
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<tr>
<td>LOS</td>
<td>Level of Service</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organisation</td>
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<td>WB</td>
<td>World Bank</td>
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MANAGEMENT RESPONSE TO CRMU REQUEST FOR COMPLIANCE REVIEW AND MEDIATION FOR THE NUWEIBA COMBINED CYCLE POWER PLANT PROJECT

Reference is made to the CRMU Notice of Registration Request Ref.CRMU/MM/PES/2009/07/0002 which was addressed to the President on 15 July 2009 concerning the "request"/complaint regarding the Nuweiba Combined Cycle Power Plant project. Please find the following required answers to the issues raised by the Requestors.

1. The Requestors raised several concerns that in their opinion are in violation or are likely to violate the policies and procedures of the AfDB.

   Answers to these concerns are as follows:

   I. POTENTIAL LOSS OF LIVELIHOOD

   a) The project is very unlikely to cause a loss of livelihood due to the following reasons:

      ✔ The power plant will occupy a rectangle-shaped piece of land with a very limited area of 350 x 300 m² located at a flat sandy uninhabited and uncultivated ground surface. The southern boundary of the power plant site is bordered by one of two exits of a main flood plain.

      ✔ The power plant will be fenced and surrounded by an appropriate-type plantation,

      ✔ The power plant will be around 700 m far from the shoreline of the Gulf of Aqaba, and close to the electrical substation and sewage treatment station in the back behind;

      ✔ The power plant will be totally isolated from tourist facilities, without interference with any of their activities.

      ✔ As the main sources of income for the local population are tourism and fishing, these two activities will not be impaired. The project is designed in a way to keep emission, noise level and discharge water temperature within the internationally permissible limits. The architectural design of the project will take into consideration the overall blending with the surrounding environment as far as possible.

      ✔ The complaints received do not appear to consider the possible positive effects of the Project to the area, such as additional employment opportunities, enhancement of the local skill base and attraction of economic investment into the area. In addition, local
industries/shops that support the labor population will either be expanded or created. Contrary to the allegation, the power plant will strengthen the electricity supply to the local area and business and ensure that any disruption for the current single supply line is eliminated.

✓ The effects on the fisheries of warmer water returned to the Aqaba Gulf from similar power plants along the sea coasts are well known. Experience from about 10 other power plants located on the shorelines of both the Mediterranean and Red seas that have operated in Egypt for a number of years indicates that the overall impacts on fisheries of slightly warmer water actually are positive and consultations with the fishermen indicate that the catches in these areas have increased rather than decreased.

✓ The land use at the project site includes desalination plant and sewage treatment plant, which are industrial facilities. There is no loss of this land to the power plant development, as this land is dedicated for a power generation activity in the regional physical planning of Nuweiba area, and therefore there is no significant land use impacts due to the Nuweiba power project.

✓ The existing view will to some extent be influenced by the power plant. However given the surrounding industrial facilities, particularly the existing water desalination and wastewater treatment plants and industrial facilities of Nuweiba port, the visual intrusion of the power plant will be minimal. It is true that the power plant will be seen several hundreds of meters away as a small intrusion similar to any other intrusions in the area such as the substation, the electrical and communications towers and the old Nuweiba power generating facility. From distances far away, the power plant will disappear. Considering the mountains, the hills and the surrounding facilities, the alleged intrusion is completely limited to distances near the power plant. It is worth mentioning that tall stacks (two stacks of height 82 m each) will be visually concealed using appropriate coating relative to the background view, particularly the mountains. The project engineer, PGESCo., is committed to make every effort to create the architectural design that takes into consideration the surrounding environment.

✓ EEHC has filmed an underwater video covering about 200m around the intake and discharge points to obtain factual record of type and quality of coral reefs and related marine habitat. On 12 July 2009, an AfDB mission, together with the Senior Management of EEHC, viewed the video with narrative commentary by Dr. Mahmoud H.M. Ahmed, the Head of Marine Sciences Department in the National Authority for Remote Sensing, Ministry of State for Scientific Research and Technology. The
video confirmed that there are essentially no living coral reefs in the immediate near shore/offshore area of the project that would be influenced by the cooling water intake and thermal discharge. It affirms the maps of the EEAA and the Egypt Survey Authority, which indicate this area is not recorded as having significant coral reefs (See Figure 1 below). The results of the thermal plume modeling indicate that the temperature will not exceed 0.75°C above the ambient water temperature within a distance of less than 100 m from the discharge point. i.e. well within the 3°C limit rise allowed by the Egyptian and World Bank Guidelines. Furthermore, as shown in the underwater video, there are no sensitive marine receptors in the vicinity of the intake/discharge points. Besides, slightly elevated water temperatures have shown from experience with other similar power plants in Egypt that it attracts more fish benefiting the livelihood of local fishermen.

b) Conclusion: If the proposed project is implemented, it will not transform the Nuweiba area, which currently has tourist facilities-hotels, dive centers, shops, bazaars, Bedouin suburbs, farms, residential and administrative buildings, into an industrial area. Other industrial facilities exist today, i.e. desalination plant, sewage treatment plant and old Nuweiba power plant, which did not transform Nuweiba into an industrial area. The power project will not negatively affect the tourist business in the areas and will not lead to closure of tourist businesses in Nuweiba at all.
Figure 1

Localized Map of the Proposed Site
II SOCIO-CULTURAL IMPACT

It is misleading to say 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 because:

a) The 2000-2500 workers that will be hired during peak construction period will be supported by required security and necessary services via local contractors as follows:

- Security and social services for workers (including administration, food, water supply, electricity, health, etc.) will be provided to the workers’ camp area in the immediate vicinity of the project construction plant. This will provide an outstanding opportunity for the establishment of supply contracts to the local communities and create a direct income effects during construction to Contractors at Nuweiba and the entire South Sinai Governorate, including the Aqaba Gulf area.

- Administration for the entire labour force will be highly organized by project Contractors and the project Engineer according to international standards and as usually done with similar projects in the country.

- Security, social services, administration, food and water supply,

- Market rates will be paid to all workers who will, in turn, spend the money in the local economy through goods and services bought in the area.

b) Concerning road infrastructure, the traffic impact study indicates that the actual Volume to Capacity Ratios (V/C) for Sharm El-Sheikh / Taba Road is 0.19 for the direction coming from Sharm El-Sheikh and 0.18 for the direction coming from Taba. During construction, the V/C ratio will be increased from (0.19) to (0.26) which means that the Level of Service (LOS) will remain level (A), which describes completely free-flow conditions (i.e. the operation of vehicles is virtually unaffected by the presence of other vehicles)\(^4\).

c) With regards to job opportunities, unqualified indigenous people will receive well-designed training for their specific jobs on offer

\(^4\)The traffic Impact Study was carried out by an expert group headed by Dr. Mohamed Youssry, Professor of Traffic & Transport, Al-Azhar University Faculty of Engineering,
before their engagement. There will be a wide range of jobs for unskilled persons who will also receive the required training.

d) The argument that indigenous people will be confronted with a large number of migrant workers who are strange to the existing culture and customs and that 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 is exaggerated. Labor force that will be drawn from outside South Sinai area will be mainly from Upper Egypt. It should be noted that construction work within the Egyptian Governorates is traditionally undertaken by migrant labor from Upper Egypt. Migrants are normally attracted to the area of projects under construction within Egypt by the availability of manual work, which is traditionally not undertaken by indigenous residents. Migrants find accommodation within the area (in camps built by the project) and its surrounding districts and remain in the area until employment prospects elsewhere draw them away. Given the construction activity ongoing in the South Sinai area, the number of workers available for construction of the power plant is likely to be secured. Expatriates will contribute around 5-10% of the entire work force and will be accommodated at hotels and resorts in Nuweiba, exactly the same as foreign tourists. Egyptian Engineers will reside, also, at hotels and resorts of Nuweiba, exactly the same as Egyptian tourists. This will actually enhance tourist activity at Nuweiba, in terms of high rate of hotel occupancy.

e) Regarding the issue of visual impairment, EEHC (the power company) has developed to scale an artistic image showing the power plant and its surrounding including the mountain in the background. This is the view one will get when looking in the direction of the power plant on land. The power plant blends with the background giving an impression of a ship. It is not in the least intrusive, especially considering that there are already other industrial facilities next to the power plant. Moreover, the power plant will not be an ugly landmark at all given the fact that PGESCois committed to creating an environment-homogenous architecture. The power plant will not be visible from miles away considering that there are mountains, hills and other existing facilities. It will not affect tourist activities by any means and certainly will not mark the end of tourism at Nuweiba as is being portrayed. The Sharm El-Sheikh power plant did not mark the end of tourism destined for the city and neither did other power plants on coastal areas around the world lead to the end of tourism in those areas.

III. ROAD SAFETY

As mentioned in the traffic impact study [II b) above] the impact of the project on the roads infrastructure during construction will be minimal. To mitigate
those impacts, a number of good management measures will be undertaken, including:

- Construction workers will be transported to the site by minibuses;
- Abnormal loads will follow appropriate and prescribed routes for construction traffic; and
- Abnormal load movements to be scheduled during off-peak periods on local roads and the public will be informed on possible disruption, whenever required to minimize impacts.

With the above measures, the potential impacts upon the affected roads will not be significant. In all EEHC's projects, these measures are the "common good practice", which guarantee a safe and secured transportation.

Regarding "Wadi Watir", the direct asphalt road through the mountains, EEHC and EDEPC have confirmed that all parts of roads leading to the power project site will be maintained before usage. Furthermore, new roads necessary for transporting project materials will be constructed. If some parts of any road would become inaccessible during certain times of the year, due to, for instance, floods, management would take necessary action to remedy the situation. In this respect existence of the project will actually help and enhance access to Nuweiba as a result of better quality road condition all year round.

**IV. ENVIRONMENTAL DAMAGE**

The project will not lead to environmental damage, nor does it present potential health risks for Nuweiba. It will indeed be beneficial to the people in the area.

All the discharges of process water will be treated prior to discharge to the Gulf of Aqaba to ensure that the Egyptian and World Bank waste water quality guidelines are met. Treatment includes neutralization, oil separation, flocculation and filtration. The area affected by the highest temperature increase and where adequate ecology is likely to be most affected, is localized and the aquatic habitats in this area have already been found to be relatively impoverished. Outside this area, more marginal increases in the Aqaba Gulf water temperature are likely to create new or improved habitats for flora and fauna.

The intake of the plant will not interfere with the natural food chain. Furthermore the discharge, which is located at the area that collects all flash flood sediments will also not interfere with the natural food chain, because the effect of the slightly warm discharged water is very much localized within a circle of radius of less than 200 meters.

With regard to noise pollution, Section 6.4 (Noise and Vibration) of the ESIA Report does include the final noise levels during operation. The noise level at the fence of the power plant is actually around <50/45 dB (A), see Figures 20 through 34. These levels fulfill the World Bank/WHO Guidelines (70 dB (A) industrial, 55/45 dB (A) Residential) as well as the EEAA standards (70/60 dB industrial, 55/45 dB (A) for
Residential). It confirms that the power plant project complies with the requirement of the Law for noise levels for adjacent residential/tourist areas.

Section 6.2 (Air Quality) of the ESIA Report does include the expected atmospheric emissions during operation. The EISA studies have confirmed that the NOx, SOx, and particulate emissions during operation using the gas fuel are consistent with the Egyptian EEAA standards. Also, NOx, SOx, and particulate emissions during operation on the gas fuel are consistent with EU and the current WB guidelines. Table 6-2 of "Stack Emissions for Firing with Natural Gas" Chapter 6, pg.7 of 153 of the ESIA Report gives the estimated values of emissions as follows:

It should be noted that the NOx level complies with the recently (December 19, 2008) changed WB guidelines for combustion turbines (NOx emissions = 51 mg/Nm3 or 25 ppm – dry gas, excess O2 content 15%), even though the references in the ESIA Study Report are based on old WB guidelines (1998). All the above details on mitigation measures are described more concretely in Chapter 6 of the ESIA Report.

With regards to the Gulf of Aqaba being protected under the Egyptian law of natural protectorates 102/1983, please note that Law 102/1983 stipulates that without permission from the EEAA, any activity within the protected areas leading to destruction of the natural environment, biota, or aesthetic quality of the area, is prohibited. Permission from the Minister of State for Environmental Affairs was given to the Minister of Electricity & Energy on 15 January 2008 in terms of the eligibility of Environmental Conditions of the project, including natural protectorate consideration (See Figure 2). Approval of the Minister of Housing, Utilities and Urban Communities was given to the Minister of Electricity & Energy on 15 January 2008 allocating the area within the Land-use Map of Nuweiba Strategic Plan (See Figure 3) for the power plant development.

Finally, the Prime Minister's Decree No.1511/1992(1) established both of the Nabq and Abu Galum protectorates in the South Sinai Governorate and the Prime Minister's decree No. 33/1996(2) modified Article No. 1 of the Decree No. 1511/1992, and identified the boundaries of Abu Galum protectorate in terms of its coordinates. Figure 4 below depicts the site of the proposed Nuweiba power project relative to protected areas. The power plant is located at the southern east part of Sinai at Longitude 34° 40' and Latitude 29° 00'. It is clear that the Nuweiba power project site is far from protected areas.

V. ENVIRONMENTAL IMPACT ASSESSMENT (EIA) REPORT

The Requestors claim that the EIA Report is outdated and contains misleading information. Furthermore, they claim that they are not able to access the full Environmental Impact Assessment (EIA) report so as to be fully informed of the detailed information contained therein. This is not the case. The ESIA report contains clear, straight forward & documented data. Nothing is misleading in the Report.
The full Environmental and Social Impact Assessment (ESIA) Report was accessible at the premises of the EDEPC, the EEHC Offices and the Offices of their Consultant PGESCo. The Advertisement of the public Consultation Meeting held in Sharm El-Sheikh was put in Al-Ahram newspaper on 8 April 2009. It was, also, accessible at the EEAA Offices since it was submitted for their review and permit on 28 May 2009. The «Environmental Permit" for the Nuweiba power project was subsequently issued by the Executive Officer of the EEAA, on 15 June 2009 following the review of the report that was carried out by the Minister of Environmental Affairs and EEAA. More recently the full report has been posted by the Bank on its website. Evidence of issuance of the permits is provided in figure below.
Figure 2

Permission of the Minister of State for Environmental Affairs in Terms of Environmental Eligibility of the Project Site
Figure 3

Approval of the Minister of Housing, Utilities and Urban Communities in Terms of Strategic Planning of Nuweiba City
Figure 4

Location of the Nuweiba Power Plant Site Relative to Abu Galum All Protected Area
VI PUBLIC CONSULTATIONS AND DISCLOSURE

Major initiatives to inform the public and interested parties about the Nuweiba Power project included the following:

Press advertisement describing the Project and inviting interested parties to attend the public meeting and review the Draft Final Environmental and Social Impacts Analysis Report (published in Al-Ahram Newspaper– in Arabic– on Wednesday April 8, 2009). Arabic was chosen as the language of the announcement to reach the widest possible audience since the vast majority of the inhabitants of the area are Egyptians.

Distribution of an invitation and an Arabic copy of the Non-Technical Summary describing the context of the power plant, the technology employed, the impact on the environment, the mitigation measures and the Environmental and Social Management Plan (ESMP).

Disclosure of the Draft Environmental and Social Impact Assessment Report and the Executive Summary, including ESMP via the website of the financing agencies.

Invitations to the public meeting sent out to concerned local population that has an interest. The meeting was conducted in Sharm El Sheikh, which is within the same governorate as Nuweiba (i.e. South Sinai governorate), as it is more adequate and has better equipped facilities for hosting such a big gathering (The venue of the meeting was selected by H.E. Governor of South Sinai).

Two other public consultation meetings have been already held up till now concerning the Nuweiba power project. The first one was held at Nuweiba on 2 July 2009. (The affected persons from the hotel industry have been able to participate). At that meeting, a field mission headed by senior management Officials of the EEHC/EDEPC met on July 2nd with the tourist resort owners/investors to listen to their concerns. As agreed during the meeting, EEHC has filmed an underwater video covering about 200m around the intake and discharge points to obtain factual record of type and quality of coral reefs and related marine habitat. AfDB mission, together with the Senior Management of EEHC, viewed the video with narrative commentary by Dr. Mahmoud H.M. Ahmed, the Head of Marine Sciences Department in the National Authority for Remote Sensing, Ministry of State for Scientific Research and Technology. The video confirms that there are essentially no living coral reefs in the immediate near shore/offshore area of the project that would be influenced by the cooling water intake and thermal discharge. EEHC has also agreed to organize a follow-up meeting with the same audience in August 2009 to present the video and also to discuss other issues. EEHC in good faith also indicated to the local community that it is prepared to compensate them, particularly the businesses that occupy the plots immediately in front of the power plant site (Habiba Village, Scuba Diving and Korean Restaurant), in case any specific mitigation measures are identified and agreed upon. The second one was held at Nuweiba on 18 July 2009. (During
the AfDB mission's travel to the project site and was attended by local stakeholders representatives).

Public Consultation and Disclosure plan is described in Chapter 9 of the ESIA Study Report, including "ongoing facility for public consultation and disclosure". Activities that are to be done in the near future, include, among others, the following: i) comprehensive Public Consultation Meeting at Nuweiba during the month of August, which will be chaired by the Chairman of EEHC.; ii) ongoing consultation process during preparation for construction activities; and ongoing consultation process during the construction and operation phases of the project.

The requestors have falsely stated 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.

The truth is that the EDEPC / EEHC submitted to the EEAA, the Banks and made available at their offices an Executive Summary in Arabic for the Study Report, which include the detailed Environmental and social Management Plan (ESMP), in addition to the main outcomes of the study related to each potential environmental and social impact. Moreover, around 260 slides in Arabic, explaining all aspects of the study, are available on websites and within the Study Report.

VII LOCATION OF THE PROJECT

In their "Letter of Complaint" submitted to the AfDB by Hemay NGO, the Requestors raised some other concerns with regards to the Location of the plant in a valley run-off area prone to floods. This is not the case. The site area of the plant is on a land portion just to the immediate north beyond the flood protection structure, i.e. the Northern Dike. This flood protection structure will be reinforced by EEHC, according to a flash flood study carried out by the Hydraulics Research Institute (HRI) of the Ministry of Water Resources and Irrigation (See Figure 5, Section 5.2.6 and Section 6.11.3 of the ESIA Study Report).

Figure 5

Layout of Delta Wadi Watier Showing Location of the Power Plant
b) The Requestors say that: "the EIA is outdated and contains misinformation

The Requestors indicate that: "the EIA is outdated and contains misinformation and that the report is incompetent/amateurish. They further say: "EEHC just changed the name of an already approved power plant at the Gulf of Suez". This is not the case. The ESIA Report consolidates 13 baseline studies, carried out particularly for the specific Nuweiba area and its power plant project. These baseline studies include the following:

A. Survey Studies

1) Air Quality Measurements conducted by the National Research Center.
2) Analysis of Solid Air Pollutants and their Constituents conducted by the National Research Center.
3) Water Quality Measurements conducted by the National Research Center.
4) Geological, Geomorphologic and Geohydrological Study of the Nuweiba Area including Seismicity conducted by CSC Consulting Firm (Team of Experts headed by Lead professor, Ex-Chairman of Sinai Geological Studies Department, Geological Survey Authority).
5) Terrestrial Ecology Study of the Project Area conducted by a Team of Experts of the Ministry of Scientific Research & Technology.
6) Marine Ecology Study conducted by a Team of Experts of the National Authority for Remote Sensing, Chaired by the Head of Marine Science Department.
7) Socio-economic Setting and Socio-economic Impact Study conducted by ECG Consulting Firm (one of the most renowned Consultants for EIA studies in Egypt and the Middle East).

B. Modeling Studies

9) Air Quality Dispersion Modeling conducted by ECG Consulting Firm. (ECG uses the US-EPA Air Quality Dispersion Model "Industrial Source Complex" (ISC) Model, the most famous, most reliable and most worthy model in this domain)
10) Circulating Water Discharge System (CWDS) Modeling (Hydraulics Studies) conducted by the Hydraulics Research Institute (HRI) of the of the Ministry of Water Resources and Irrigation.(HRI does this modeling in collaboration with DELPHIT institute of Holland using their most renowned models in this domain)
11) Noise Modeling Study conducted by a Team of Experts Lead by Professor of Noise and Vibration, Ain Shams University, Faculty of Engineering.

12) Traffic Impact Study conducted by a Team of Experts Lead by Professor of Traffic and Transport, Al-Azhar University, Faculty of Engineering.

13) Quantitative Risk Assessment (QRA) Study conducted by "EcoConServ" Consulting Firm, (one of the reputed Consultants in the field in Egypt and the Middle East). Flash Flood Risk Assessment and Risk Control Study conducted by the Hydraulics Research Institute (HRI) of the Ministry of Water Resources and Irrigation.

All these studies are original. The ESIA Study Report is produced ultimately according to normal FORMAT, specified strictly by regulations of both the EEAA and the World Bank. This FORMAT remains the same for each ESIA Study Report produced by EEHC. Their total cost exceeded 2.5 Million Egyptian Pounds. The ESIA Study Report is an original document.
ANNEX 3
BRIEF SUMMARY
Scoping Mediation Meeting Between the Requestors, EEHC (the Promoters of the Proposed Project), and the African Development Bank
24-25, 2009, Hilton Nuweiba Coral Resort
Nuweiba Combined Cycle Power Plant Project

1. Effect on Bedouins’ livelihoods

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<th>REQUESTORS</th>
<th>EEHC</th>
<th>ADB</th>
</tr>
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<tbody>
<tr>
<td>1.1</td>
<td>Great effects on Bedouins’ livelihoods.</td>
<td>Effects on Bedouins livelihoods will be positive</td>
<td>- ADB is going to process the project according to the Bank policies and if there are any impacts they will be adequately mitigated.</td>
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<td>1.2</td>
<td>Loss of qualified jobs that already exist.</td>
<td>No loss at all of existing jobs.</td>
<td>- The Bank will monitor the implementation of the mitigation measures as part of the loan covenants.</td>
</tr>
<tr>
<td>1.3</td>
<td>Effects on women’s activities on handcrafts and others such as tourism.</td>
<td>No effect on women’s activities on handcrafts. Many of the available jobs could be filled by women if traditions allow them to join eligible jobs.</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Being treated as unskilled labourers by the EEHC.</td>
<td>There is a band of work for local employment, skilled and unskilled if they desire.</td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>No chance for moving elsewhere because of loss of livelihoods.</td>
<td>There will be no loss of livelihoods at all.</td>
<td></td>
</tr>
<tr>
<td>1.6</td>
<td>Bedouins in the valleys will also be affected.</td>
<td>No Bedouins will be affected. If there is any Bedouin affected he/she can be relocated or compensated on a fair basis.</td>
<td></td>
</tr>
<tr>
<td>NO</td>
<td>REQUESTORS</td>
<td>EEHC</td>
<td>ADB</td>
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<td>2.1.</td>
<td>Loss of repeated eco-tourists and divers.</td>
<td>No loss of eco-tourists and divers.</td>
<td>-There could be some localized loss of livelihood that should be adequately mitigated.</td>
</tr>
<tr>
<td>2.2.</td>
<td>Loosing the strength of Nuweiba in means of virgin nature, non-industrial tourists’ destination, diversity to mass non-spending tourism.</td>
<td>The project as an electrical supply service facility will not touch the virginity of the area which will sustain as an attractive area for non-industrial tourists. Also diversity to mass non-industrial tourism will not be touched at all.</td>
<td>-Experience from existing infrastructure project such as the activities of the Nuweiba port, the desalination plant and substation, building of hotel resorts, etc. show that the project will not have an adverse impact on Nuweiba as a touristic destination.</td>
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<tr>
<td>2.3.</td>
<td>Great effect during construction because of work and workers.</td>
<td>Due to good engineering planning and based on good engineering practice, the effect of construction workers will be minimized and not significant. Also the project will not draw any workers in tourist facilities from their own work.</td>
<td></td>
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<tr>
<td>2.4.</td>
<td>The visual impact will affect the nature of the area.</td>
<td>The project engineer will create an architectural design which will be accommodated within the background and embedded within the whole area as a very nice landmark.</td>
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<td>2.5</td>
<td>Putting signs at the inlet and outlet will affect diving activities in the whole area.</td>
<td>Signs are put also when the sea waves become dangerous. Buoys at the inlet and outlet will be very localized and limited to a very small distance not more than 500m.</td>
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### 2. Effect on Tourism

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<tr>
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<tr>
<td>2.6</td>
<td>The National Hotel Association promotes Nuweiba and Taba together as non-industrial destinations. The effect will go further than the location in Nuweiba.</td>
<td>The location of the power plant is a services facility area including the existing desalination plant, the sub-station and the sewage treatment plant. The site is dedicated for service facilities which will not contradict at all.</td>
<td>See Above Response</td>
</tr>
<tr>
<td>2.7</td>
<td>No industrial facilities are in the area except the desalination plant that is completely in-visual (5 m high) and a waste water treatment plant next to the road (two underground tanks).</td>
<td>There are services facilities in the area which are classified industrial. The project will be an additional services industrial facility. This area of Nuweiba is an area of industrial services.</td>
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<td>2.8</td>
<td>Nuweiba is considered the last unspoiled environment destination in Sinai that kept its original identity.</td>
<td>Nuweiba will maintain an unspoiled environment destination even though the project added to the industrial facilities in an area dedicated for that purpose.</td>
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<tr>
<td>2.9</td>
<td>Bedouins are strongly involved and represented.</td>
<td>Bedouins are strongly involved and represented.</td>
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<tr>
<td>2.10</td>
<td>Camel and jeep safaris will be greatly affected.</td>
<td>The project site does not interfere with camel and jeep safari routes. No safari trips pass through the sewage treatment site.</td>
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</table>
### 3. Effect on the Environment, especially marine environment

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<tbody>
<tr>
<td>3.1.</td>
<td>By taking 1.3 million cubic meters of water from the Gulf of Aqaba with all micro-organisms and fish eggs and return them back to the Gulf water after being heated without any organisms will affect dramatically the very fragile under-water ecosystem in the Gulf of Aqaba.</td>
<td>Cooling water quantity is 13.6 m³ per second and it returns back to the sea instantaneously. Some micro-organisms and fish eggs will go through the screens/filters of the intake but this a is very limited number and is very localized impact which is insignificant according to previous experience gained from other power plants all over the world. No dramatic effect at all at the Gulf of Aqaba.</td>
<td>The project will be processed in accordance with the ADB, World Bank, Egyptian and other international environmental guidelines.</td>
</tr>
<tr>
<td>3.2.</td>
<td>The Gulf of Aqaba is protected by the law of 102/83.</td>
<td>There are two laws identifying the protected area of Abu Galum. This protected area does not include Nuweiba. There is no other law identifying the whole Gulf of Aqaba as a protected area. Egyptian Environmental Affairs Agency which has the only right has already issued the permit.</td>
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<tr>
<td>3.3.</td>
<td>The reef will be badly affected.</td>
<td>The marine ecology specialist of the study has found only a few patches of coral reef with maximum 30 % alive in the mid-point between intake and discharge points. Discharge water will go through the flash flood area. Accordingly, the effect on marine biodiversity is highly localized and insignificant.</td>
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<td>3.4.</td>
<td>We insist on having opinion from independent experts concerning these issues.</td>
<td>If there is a need to additional independent consultant in this area we should agree together in choosing him. EEHC suggests to solicit the opinion of Dr. Mohammed Kassas at Cairo University, Faculty of Sciences.</td>
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## 4. Public consultation

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<tr>
<td>4.1</td>
<td>EEHC did not give any signs about the project.</td>
<td>Public consultation is totally undertaken according to the guidelines of the World Bank which is totally accepted by both the ADB and EIB.</td>
<td>- The Bank has noted that there was inadequate public consultation at the beginning of the process. Since the beginning of its involvement with the project, there have been consultations ongoing, which should be a continuous process during construction and operation of the plant.</td>
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<tr>
<td>4.2</td>
<td>There was no consultation whatsoever until the Bedouin community stopped the work by force in the location/site.</td>
<td>Public consultation meeting was announced in Alahram newspaper which is readable to the majority of Egyptians.</td>
<td>- EEHC is to establish a grievance mechanism that will allow complaints to be registered and dealt with appropriately.</td>
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<td>4.3</td>
<td>First meetings with EEHC started after handing over the complaint to the Bank.</td>
<td>Public consultation process is not end lasting one. It is a continuing process and since the complaint was lodged, consultation/communication with the community is undergoing on a continuous basis.</td>
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<td>4.4</td>
<td>Till now, we don’t have the feeling of understanding of our concerns by the EEHC.</td>
<td>EEHC is well prepared to continue with public consultation through sustainable communication with all stakeholders throughout the entire life-cycle of the project. EEHC has declared that a social affairs office will be opened particularly for the project at the Nuweiba site which will handle all public communication issues in details.</td>
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## 5. Workers and social impact

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<td>5.1</td>
<td>The Bedouin culture will clash with the upper Egyptian culture where most of the workers will be coming from.</td>
<td>There is no evidence that this will happen. Nuweiba Hilton Hotel, El-Arish power plant and Ayoun Musa power plant were built in Sinai using the same workers. Taba heights extension is built today using 1,200 workers from upper Egypt (witness of resident engineer of Taba heights project). Upper Egypt construction workers work today in all construction projects all over Sinai, especially on tourist projects.</td>
<td>-There could be some impact as a result of an influx of workers. EEHC should put mitigation measures as a part of ESMP.</td>
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<tr>
<td>5.2</td>
<td>A dramatic increase of crime and instability in the society according to previous experience with respected companies.</td>
<td>Dramatic increase of crime and instability will not occur at all. Proper procedures and good control and administration could eliminate all crimes and any type of instability.</td>
<td>-The Bank will monitor implementation of the ESMP The location of the project should be justified based on technical, financial, economic, environmental and social considerations/assessments. -Mitigation measures for negative impacts should be put in place by EEHC.</td>
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<tr>
<td>5.3</td>
<td>Women (foreign and local) will not be able to move freely among 2000 men workers.</td>
<td>The total number of workers will be divided among the contractors working on the site. Each contractor will have camps for his workers and provide them with services and control. Camp area will be at the rear of the site close to the mountains and isolated completely from its surroundings. The actual number of workers will not exceed 1,500 at peak construction period only.</td>
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<td>5.4</td>
<td>Workers will change the image of Nuweiba from a quiet touristic destination to a construction and then industrial area.</td>
<td>Workers did not change the image of Nuweiba when they built Hilton Hotel.</td>
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<td>6.1.</td>
<td>We ask for relocation of the plant as it is cheaper than compensation and easier than relocating the community.</td>
<td>1. EEHC cannot relocate the plant as it is required for balancing the grid and to ensure consistent supply of electricity to the Sinai area, and it is required also for security of supply to the entire area. EEHC has investigated eight (8) other locations in the Gulf of Aqaba, evaluated them and found that this is the best location.</td>
<td>- The location of the project should be justified based on technical, financial, economic, environmental and social considerations/ assessments. - Mitigation measures for negative impacts should be put in place by EEHC.</td>
</tr>
<tr>
<td>6.2.</td>
<td>It was mentioned by EEHC in a previous meeting that it is cheaper to build in other locations. Money that is saved could be invested in projects according to the needs of the Nuweiba community.</td>
<td>Yes, there is increase of the cost at this location but considering security of supply to the area and balancing the electrical grid, this additional money is worth to be paid for the project at this location.</td>
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<td>6.3.</td>
<td>One of the locations for this plant was south of Altur which is already an industrial area and has no community.</td>
<td>Altur location was discussed by the Cabinet. More than two ministers (petroleum and environment ministers etc) did not accept that location for many reasons. Moreover the area that was allocated for the project at the site is no longer available.</td>
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<td>6.4.</td>
<td>More than 20 families are having their houses now next to the location.</td>
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FOLLOW UP STEPS

I. The Parties Propositions on Continuation of Mediation

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<tr>
<td>1. The Requestors maintain their position that they are against the location, but not the project per se.</td>
<td>1. EEHC confirms its position of having an integrated Environmental and Social Management Plan (ESMP) which it is committed to implement.</td>
<td>ADB is willing to continue with the mediation process and suggests that EEHC could be invited as an observer.</td>
</tr>
<tr>
<td>2. The Requestors are willing to continue with mediation process only with ADB under the auspices of CRMU.</td>
<td>2. EEHC is willing to continue with the CRMU mediation process.</td>
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<td></td>
<td>3. EEHC has no objection for the Requestors and the ADB to continue with the mediation process in accordance with CRMU rules and in that case, EEHC would like to be informed of the mediation process regularly.</td>
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II. The requestors, ADB and CRMU agreed that the proposed mediation meeting to take place in early January, 2010 (tentatively 9-10 January 2009) in Nuweiba.