



Ministry of State for
Environmental Affairs



Egyptian Pollution Abatement Project (EPAP II)

Procedures and Conditions
for Obtaining Funds
For Environmental Projects



World
Bank



JBIC
Japan Bank
for International
Cooperation



European
Investment Bank



The French
Development
Agency



European
Commission



Government
of Finland

Introduction

The mission of the Egyptian Environmental Affairs Agency (EEAA) is to protect human health and the environment. Since 1982, EEAA has been working for a cleaner and healthier environment for the Egyptian people.

One of the EEAA objectives is to recognize and encourage higher environmental performance among private and public industries, which go beyond compliance with environmental law 4 for the year 1994 and other environmental regulations to achieve environmental excellence. To reach this objective, EEAA supports industries by providing funding opportunities and packages in cooperation with different financing partners.

The Second Pollution Abatement Project (EPAP II) provides a financial package to support public and private industries to improve their environmental status. This package is financed jointly by the World Bank (WB), the European Investment Bank (EIB), the Japanese Bank for International Cooperation (JBIC), the French Development Agency (AFD), in addition to the European Commission (EC), the Government of Finland and the Government of Egypt.

Financing Criteria

For financing, proposed sub projects shall:

1. Comply with the Egyptian Environmental laws.
2. Decrease pollution loads produced by the sub-project by at least 50%.
3. Be feasible technically and environmentally.
4. Be under the following areas:
 - Pollution prevention projects: air emission reduction, work environment improvement and waste water treatment.
 - In-process and in-plant modifications and end -of- pipe treatment.
 - Adoption of cleaner technologies.
 - Energy conservation, efficient resources management and conversion to cleaner fuels.
 - Hazardous waste management projects.
 - Environmental services projects.

Responsibilities of the loan recipient (industrial companies)

Loan recipient is responsible to fulfill the following requirements to implement the sub-project:

1. Filling the application form & submitting the Compliance Action Plan (CAP)
2. Getting the credit worthiness certificate from the Apex Bank or one of the participating banks
3. Prepare bidding documents, issue the tender, evaluate received offers and award best evaluated offer according to the EPAP II procurement procedures.
4. Preparing the financial agreement with commercial bank and preparing technical agreement with the Egyptian Environmental Affairs Agency
5. Implementing, operating and maintaining sub-project to fulfill the technical agreement conditions

Credit conditions for financing

Withdrawals and repayment	According to the agreements between commercial bank and Loan recipient
Currency	commercial bank and Loan recipient
Companies' financial contribution	At least 10% of the total project cost
Grant percentage	20%
Loan percentage	80 %
Interest rate	Normal commercial interest rate or less
Grace period	1-2 YEARS
Maximum repayment period	8 YEARS
Maximum financing for sub-project	USD 15 M. or equivalent
Minimum financing for sub-project	USD 0.2 M. or equivalent

Conditions for beneficiaries and sub-projects

Location	Greater Cairo and Alexandria Governorates
Industrial sector	All
Civil works	Civil works are not eligible to be financed through EPAP II
Eligibility to Grant	Comply with technical agreement

Technical Agreement Summary

For financing through EPAP II, Loan recipient shall agree to comply with the following:

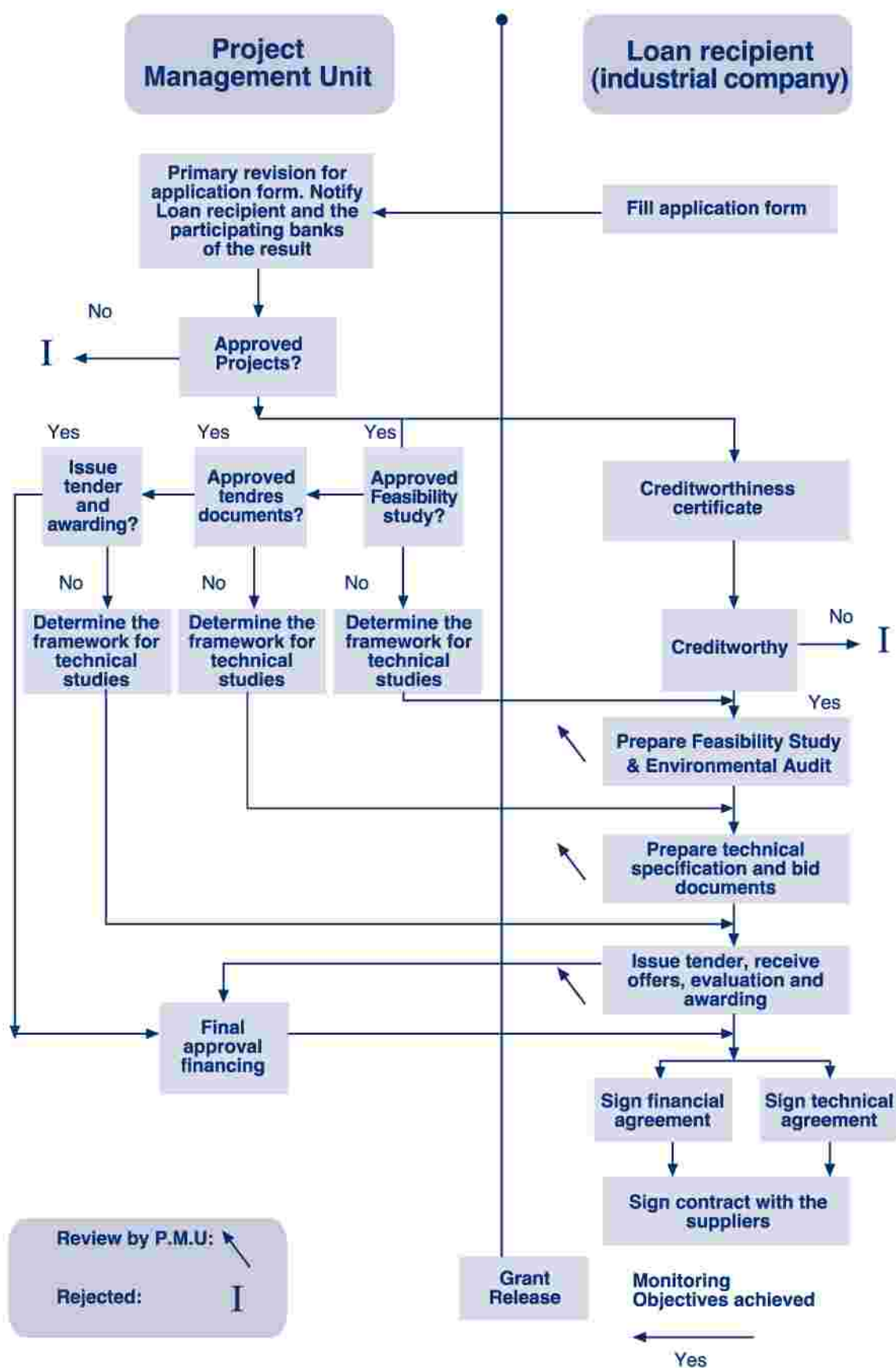
1. Achieve the environmental objectives:
 - Achieve environmental performance according to the agreed upon indicators.
 - Commitment to prepare and implement Compliance Action Plan according to agreement with EEAA
2. Implement the sub-project in the time frame to be agreed upon
3. Establish monitoring and evaluation process of sub-project by:
 - Compiling all the data related to the sub-project and submit it to EEAA when needed
 - Implementing self monitoring program related to the sub-project and notify the PMU about the results according to follow-up program agreed upon PMU
 - Assist PMU in conducting field visits, monitoring and evaluating sub-projects.
 - Publicizing the results of the sub-projects and lessons learned.

Financing Procedures for sub-projects

1. Applicants (Loan recipient) submit completed application form to Project Management Unit (PMU) at the Egyptian Environmental Affairs Agency (EEAA).
2. PMU studies the application form to verify its completion and eligibility to be financed
3. PMU prepares a case summary for the sub-project and disseminates it to EPAP II co-financers.
4. Loan recipient applies for "Credit Worthiness Certificate" from the Apex bank (National Bank of Egypt) or any participating bank.
5. PMU notifies the Loan recipient and his participating bank about the preliminary evaluation of the sub-project in 15 working days maximum.
6. The participating bank should send the result of the Credit Worthiness Certificate studies to PMU in 30 working days from completing the needed data.
7. The preparation of an environmental audit and feasibility study (environmental/financial) starts within 15 days after receiving the Credit Worthiness Certificate.
8. Bid documents including technical specifications are prepared, based on the primary studies and approvals.
9. During the preparation of the bid document, detailed financial procedures shall be agreed upon the Loan recipient and his participating bank.
10. The bids are issued, offers received, evaluated and awarded according to EPAP II procurement procedures.
11. The financial agreement with the participating bank and the technical agreement with EEAA are prepared and finalized.
12. Loan recipient signs contract with awarded supplier
13. The technical and the financial agreements after final negotiations with the awarded supplier are finalized.
14. PMU monitors and evaluates the implementation of the sub-project and ensure the financial disbursements.

Notes:-

- PMU is the implementing entity in EEAA
- Sub-project may be primarily approved if complies with the financiers conditions
- Environmental Audits shall include feasible options and the proposed best solutions (environmentally and financially)
- Technical study shall include environmental audit, technical specifications and bidding document
- Environmental audit, technical specifications and bidding document shall be reviewed by PMU.
- Finalize the technical and the financial agreements after final negotiations



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