



Project Summary Information

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| Project Name | Damietta Port - Container Terminal II |
| Project Number | P000600 |
| AIIB member | Egypt |
| Sector/Subsector | Transport |
| Alignment with AIIB's thematic priorities | Connectivity and Regional Cooperation; Private Capital Mobilization |
| Status of Financing | Approved |
| Objective | To expand the transshipment and gateway container-handling capacity of the Damietta Port via a concession agreement (CA) for the superstructure construction and equipment of the port second container terminal (CT II). |
| Project Description | The Project comprises the design, construction, and operation of CT II's superstructure, consisting of equipment (i.e., quay cranes, rubber-tired gantry cranes, trucks) and facilities (i.e., pavement, electricity) at Damietta Port located in Egypt. Separate from, but related to the Project, the Damietta Port Authority (DPA) is responsible for the provision and financing of the infrastructure required for the terminal (including land excavation and foundation works, construction and maintenance of quay walls, dredging of the access channel and basin) and all utilities, access roads and rail tracks, up to the boundaries of CT II. These DPA activities are not financed by AIIB and are considered an associated facility out of the Borrower's control. The CA was signed on May 18, 2022. The Project revenues will be generated through the operations of CT II for a concession period of 30 years. |
| Expected Results | Observable direct results will include increased throughput at the Damietta Port and enhanced berth productivity. Intermediate results will include physical completion (installed cargo-handling equipment) and mobilization of private capital. |
| Environmental and Social Category | B |

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| Environmental and Social Information | <p>Applicable Policy and Categorization. The proposed Project will be co-financed with the European Bank for Reconstruction and Development (EBRD), and the Project's environmental and social (E&S) risks and impacts have been assessed in accordance with EBRD's Environmental and Social Policy (EBRD's ESP) dated April 2019 and related Performance Requirements (PRs). To ensure a harmonized approach in addressing the E&S risks and impacts of the Project, and as permitted under AIIB's Environmental and Social Policy (AIIB's ESP), EBRD's ESP and relevant PRs will apply to this Project in lieu of AIIB's ESP. AIIB has reviewed EBRD's ESP and relevant PRs and is satisfied that: (a) they are consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including AIIB's Environmental and Social Exclusion List and relevant Environmental and Social Standards; and (b) the monitoring procedures that are in place are appropriate for the Project. EBRD has classified the Project as Category B (which is equivalent to Category B if AIIB's ESP were applicable) because the potential E&S risks and impacts likely to occur are mainly site-specific, reversible, and will be mitigated through implementation of proposed mitigation measures.</p> <p>Instruments. An Environmental Impact Assessment¹ was prepared in 2006 in line with the Egyptian Environmental Law and approved by the Egyptian Environmental Affairs Agency. In April 2019, an Environmental and Social Due Diligence (ESDD) for the Damietta Port was undertaken on behalf of EBRD. The ESDD identified the need for applying additional mitigation measures to address the likely impacts and enhance the E&S performance of the Damietta Port modernization. The additional mitigation measures are included in an Environmental and Social Action Plan (ESAP) prepared to address the identified gaps in line with EBRD's PRs requirements. A Stakeholder Engagement Plan (SEP) outlining consultation and disclosure plan is being prepared to fulfill the requirements indicated in the ESAP.</p> <p>Environmental Aspects. The major environmental impacts will occur during the construction phase of the Project and include dust emissions from construction activities, water contamination, noise, waste and wastewater. An Environmental and Social Management Plan has been prepared to fulfil the requirements of the ESAP. As a condition precedent to the final approval of the Project, the Lenders' E&S Advisor carried out a land and groundwater contamination survey, during the period of May and July 2023, to assess the need to treat the contaminants (if any) prior to disposal by DPA. Samples of dredged material excavated by DPA have been tested using both national and international standards, against the European Union Environmental Quality Standards in a saltwater environment and in line with the Canadian Sediment Quality Guidelines for the protection of aquatic life as good international practices. The third-party results of the assessment have concluded the soil and sediment to be excavated from the proposed dock area would not pose a significant risk to human health or to the aquatic environment of the Mediterranean Sea.</p> |
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¹ <https://www.ebrd.com/work-with-us/projects/esia/damietta-port-modernisation.html>

Social Aspects. The physical footprint of the Project is within the existing Damietta Port area and no additional land will be acquired for, or in connection with, the Project. DPA is planning for an expansion of the parking area at Damietta Port on adjacent land currently owned by Damietta Governorate. As a result of this land acquisition to be undertaken by DPA, six rice fields could face potential economic displacement. CT II does not expect to become a user of this additional parking area and, therefore, the Lenders' E&S Advisor concluded that this potential expansion is not an associated facility to the Project. Were CT II to plan using the additional parking area in the future, a thorough assessment according to PS5 /PR5 shall be taken up when a decision is made to develop the parking area. Currently, limited impacts related to the surrounding fishing activities are expected due to setback requirements of 5 km from the boats to the shoreline. Nevertheless, prior to commencement of commercial operations, the Borrower will assign a qualified third-party consultant to assess the potential risks and impacts to the fishing stocks and recommend the required control measures, in line with the EBRD PRs, and commensurate with the Project risk and impacts, as part of the ESAP.

Gender Aspects. The ESAP includes requirements to enhance the Borrower's Human Resources Policy to include specific provisions to promote gender equality and prevention of Gender-based Violence and Harassment (GBVH). Additionally, the Project will support internship and apprenticeship opportunities for female students and graduates with the anticipated support of DPA. Furthermore, the Borrower will operationalize a women's working group to empower women in engineering and technical roles. The Project will provide temporary on-site facilities for construction and permanent facilities for operation, including separate sanitation facilities for males and females to minimize risks related to GBVH.

Community Health and Safety and Community Relations. Sensitive receptors were identified within a radius of 500 m to 1 km of the Damietta Port consisting of villages and residential households starting from Izbet Nasralla (20 m from the southern port perimeter), Izbet Khamesa (115 m from the western perimeter) and some small independent residences and farmhouses scattered around the port. The communities can be potentially affected by impacts including dust, noise, and vibration from construction vehicles, and communicable diseases associated with the influx of temporary construction labor. The Borrower will undertake a traffic risk and impact assessment, including route risk assessments, to minimize impacts to the surrounding communities, as part of the ESAP.

Stakeholder Engagement, Consultation, and Information Disclosure. A SEP outlining stakeholder consultation and disclosure plans is being prepared for the Project, including how stakeholder engagement will be carried out for the Project and how long-term relationships between the Borrower, DPA and the local communities are anticipated to be maintained. The ESAP includes key actions to be undertaken to implement the SEP and disclosure strategy of the Project. The English version of the ESAP and SEP and the Non-Technical Summaries in Arabic and English will be disclosed on the Borrower's

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| | <p>website and hard copies will be made available in the relevant public areas. In addition, the E&S instruments will be posted on the AIIB and EBRD's websites².</p> <p>Project Grievance Redress Mechanism (GRM). The Borrower is required to establish and operate a project-level GRM for the local communities and a project-level GRM for Project workers. In addition, the public consultation and disclosure process will be used to disseminate information about the project-level GRM and the Project's Independent Accountability Mechanism of EBRD. The Borrower is required under the ESAP to develop an E&S Monitoring Plan, and the monitoring and supervision missions will be carried out annually. The Borrower will prepare E&S monitoring reports quarterly during the construction period, and annually thereafter.</p> |
| Cost and Financing Plan | <p>Project costs are estimated at USD665 million, including contingencies.</p> <p>AIIB proposed NSBF loan of up to USD100 million is part of a financing package of USD455 million to be provided by AIIB, DEG, EBRD, IFC and PROPARCO.</p> |
| Borrower/Project Company | Damietta Alliance for Container Terminals S.A.E. |
| Estimated date of last disbursement | December 2025 |

| Contact Points: | AIIB | | Borrower |
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| Name | Eric Massart | Natalia Sanz | Andreas Russler |
| Title | Senior Investment Operations Specialist | Senior Operations Specialist - Transport | Implementation Manager Damietta 2 Terminal |
| Email Address | eric.massart@aiib.org | natalia.sanz@aiib.org | andreas.russler@damiettaalliance.com |
| Date of Concept Decision | 04/06/22 | | |
| Date of Appraisal Decision | 05/03/23 | | |

² The 2019/2020 E&S documentation has been disclosed on EBRD's website since 23 June 2020: <https://www.ebrd.com/work-with-us/projects/esia/damietta-port-modernisation.html>. Updated disclosure for the proposed financing reflecting the supplementary E&S studies carried out by the Lenders' E&S Advisor has been available on EBRD's website since August 16 2023: <https://www.ebrd.com/work-with-us/projects/psd/53313.html>.

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| Date of Financing Approval | 12/11/2023 |
| Independent Accountability Mechanism | EBRD's environmental and social policies and procedures will apply to the Project and AIIB will rely on the EBRD's determination as to whether compliance with those policies and procedures has been achieved under the Project. Pursuant to AIIB's co-financing framework agreement with EBRD, the EBRD's Independent Project Accountability Mechanism (IPAM) will review, in accordance with the EBRD Project Accountability Policy dated April 2019, all requests regarding environmental and social issues that may arise under the Project. Consequently, in accordance with AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under the project will not be eligible for consideration by the PPM. Information on EBRD's IPAM is available at https://www.ebrd.com/ipam . |