

Egypt : Alexandria- Abu Qir Metro Line Project (Egypt)

1. Project Information

Project ID:	P000207	Instrument ID:	L0207A
Member:	Egypt	Region:	Northern Africa
Sector:	Transport	Sub-sector:	Urban transport
Instrument type:	<input checked="" type="checkbox"/> Loan:250.00 Euro million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	European Bank for Reconstruction and Development
ES category:	A	Borrowing Entity:	Ministry of Finance, Egypt; Ministry of International Cooperation, Egypt
Implementing Entity:	National Authority for Tunnels		
Project Team Leader:	Mohamed Sameh		
Responsible DG:	Konstantin Limitovskiy		
Responsible Department:	PSC2		
Project Team Members:	Rizal Rivai, SFD - Procurement Specialist; Goktug Ersoy, Team Member; Christopher Damandl, Project Counsel; Shodi Nazarov, SFD - Financial Management Specialist; Jiaming Yu, Team Member; Ting Wang, Alternate Counsel; Jyosyula Siva Rama Krishna Sastry, SFD - Social Development Specialist; David Rollinson, SFD - Environment Specialist; Mohamed Sameh, Co-PTL; Manuel Benard, Back-up PTL; Hanting Qi, Project admin		
Completed Site Visits by AIIB:			
Planned Site Visits by AIIB:	Jun, 2025 TBC - site visit together with EBRD and EIB		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	N/A		
Previous Red Flags Assigned Date:	N/A		
Brief justifications for assigned red flags:	Delays in rolling stock contract award. Delays in execution of the civil works EPC contract.		

2. Project Summary and Objectives

Objective: The project aims to increase access to efficient, safe, and low carbon public transport in the city of Alexandria by upgrading and electrifying the existing Alexandria-Abou Qir rail line.

Project Summary: The project will provide co-financing resources together with EBRD, EIB, AFD, and the GOE

to upgrade and electrify the existing Alexandria-Abou Qir rail line into efficient, safe, and low carbon metro rail system. Specifically, the project supports the following activities: (1) civil works for the upgrade and electrification of the metro line including a depot; (2) metro rail systems including signaling, telecommunication, centralized control system, and safety measures; (3) rolling stock to be operated on the metro system; and (4) project management and construction supervision. There will be 20 modern metro stations along the 22 km corridor, 13.5 km of which will be elevated.

3. Key Dates

Approval:	Dec. 22, 2022	Signing:	Jul. 11, 2023
Effective:	Nov. 25, 2024	Restructured (if any):	
Orig. Closing:	Jul. 31, 2027	Rev. Closing (if any):	

4. Disbursement Summary (EUR million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	0.63	Latest disbursement (amount/date):	0.00/Nov. 25, 2024
Undisbursed:	249.38	Disbursement Ratio (%) ¹ :	0.25

5. Project Implementation Update
Implementation Monitoring:
Procurement:

Procurement for EPC1-1 (Civil Works and Systems) has been completed, and implementation work is underway.

Procurement for EPC1-2 (Rolling Stock) is in progress with a delay.

Procurement for monitoring and supervision (CMCS) has been completed and monitoring and supervision of works and contract execution is underway.

Below is a summary of the procurement activities of the Project:

Contract	Description	Status	Signing Date	Planned Completion	Amount (EUR)	Amount (EGP)
EPC1-1	Civil Works & Systems	Awarded, Under Implementation	05-Sep-23	Jul-26	EUR 766,077,021	EGP 17,910,835,639

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

EPC1-2	Rolling Stock	Not yet awarded	TBC	-	-	-
CMCS	Monitoring and supervision	Awarded, Under Implementation	16-Mar-24	Jun-29	EUR 16,095,689	EGP 702,739,458

Environmental and Social Safeguards:

In accordance with the applied EBRD policy, this project is considered to be E&S Category A.

During the construction, the Contract Monitoring/Contract Supervision (CMCS) contractor supervises the execution of works by checking the work of the Contractors to ensure compliance with the project schedule, budget, quality, and safety requirements, including environmental requirements. Key CMCS activities include preparing semi-annual Environmental Monitoring Reports, developing Environmental Management Plans (EMPs) for specific contractor sites, and conducting site visits to monitor environmental compliance. The CMCS also assists the Project Implementation Unit (PIU) in: (i) monitoring of Contractor compliance with the mitigation measures in accordance with the Environmental Management Plan (EMP) for Contractors for project activities; (ii) advising and approving Contractor Site-Specific EMPs prior to submission to the PIU within the National Authority for Tunnels (NAT) for approval prior to commencement of physical works; (iii) preparing an Environmental, Health and Safety (EHS) section in the monthly and quarterly project progress reports; (iv) assisting the PIU within NAT on updating the Initial Environmental Examination (IEE)/EMP as needed; (v) assisting the PIU within NAT in the preparation of semi-annual environmental monitoring reports; and

(vi) conducting a training program on environmental protection for the PIU's labor protection staff and Contractor environmental specialists.

A CMCS consultant (EGIS-ECG) has been mobilized to supervise the execution of works by contractors, including by providing environmental and social implementation. Key CMCS activities include preparing quarterly Environmental and Social Self-Monitoring Reports (ESSMR). In the reporting period, the Independent ES and Technical Consultant Monitor Report (Lender's Monitor Report) prepared by Lender's Monitor Consultant MENA Rail identified gaps in the ES supervision services provided by the CMCS, including lack of ES experts to conduct regular monitoring for social aspects, vacant positions for HSE and lack of documentation of stakeholder engagement activities. Non-compliances were identified regarding labor and working conditions, including incidence of workers without formal contracts or social insurance and substandard workers facilities. Remedial actions were outlined in an ES Action Plan (ESAP) which is being monitored through a Corrective Action Tracker (CAT). The PT actively participates in the Lenders' monitoring meetings, during which non-compliance issues related to labour and working conditions are consistently and thoroughly discussed. The joint objective of the Lenders is to identify enabling actions that could help ensure that effective remedial actions are implemented by the NAT, CMCS and EPC1-1 Contractor. These include: 1- Conveying a clear message to NAT of the critical nature of the issue and the need to accelerate the mobilization of the social consultant to support NAT in the implementation of its E&S obligation. 2- Closely monitoring the mobilization by the CMCS of an HSE specialist and Social Specialist to join its team to effectively supervise the EPC's Contractor compliance with its E&S obligations. 3- Ensuring the EPC Contractor increases the frequency and sample of its interviewed workers and includes the workers of the subcontractors.

During the reporting period, necessary design changes to Misr Station were finalized. These changes required the additional physical displacement of 9 tenant families in 3 residential buildings within the expanded project area. This

required addendums to the ESIA and the RAP, including social analysis of the displaced persons and entitlement matrix, which were cleared by lenders and have now been fully implemented.

In the ESAP, Gender-Based Violence is referred to under action 2.1 within the scope of the HR Policy. The PT will closely monitor the reporting by the IESC on the EPC1-1 Contractor adoption and implementation of an HR Policy in line with the ESAP. The coming PIMR will report on it. Furthermore, The PT will engage with the Lead financier and the Borrower to explore enabling actions for expanding the scope of the measures under the ESAP to include:

- Any project-level gender inclusion activities (e.g., job creation, training for women);
- Progress on the adoption of gender-sensitive policies or tools by contractors or NAT.

Financial Management:

According to the loan agreement, the Client shall provide a (i) bi-annual Project Report including interim unaudited financial report; and (ii) annual audited Financial Statements. To date, two unaudited financial reports have been provided to all financiers, while an audited report has not been completed. Given that AIIB's loan became effective in November 2024 due to the need to ratify it by the Government of Egypt, we can expect that the next report will be provided at the end of Q1 2025. No actual disbursement occurred from July 11, 2023, to June 30, 2024. Therefore, the first audit period will be extended to June 30, 2025. As a result, the first audit report would become due to AIIB by December 31, 2025.

The PT will closely follow up with the Lead financier and the Borrower and report in the coming PIMR on whether the agreed action plan on FM is being acted upon by the borrower to mitigate possible fiduciary risks. In case of non-compliance, the PT will engage further in dialogue with the Borrower to identify enabling action that helps the borrower implement effective remedial measures.

Components	Physical Progress	Environmental & Social Compliance	Procurement
\$202.70 This Component will finance the main civil works including: a. removal and upgrading of the existing tracks as well as viaduct for the 16 km of elevated rail section b. modernization of existing stations and construction of new stations;	Delayed. Right-of-way and viaducts: In preliminary design. Some parts moving into final design. All required boreholes have been completed. Pile work is approximately 50 percent complete. Viaduct installation has not started. Stations: Station design for 4 station types is approved, 3 station types are under review	Please see above.	Completed

<p>c. construction of a depot including workshop; d. procurement and installation of workshop equipment, power supply, electrical and mechanical equipment, and supplies; e. procurement and installation of signaling and telecommunication system, centralized control system, and automated fare collection systems; f. public utility diversion, construction of pedestrian over/under passes at stations, fences; and g. integration of the rolling stock supplier package.</p>	<p>and 1 station type is in design. Station piles: 60 percent complete Track work: In preliminary Design Power supply: In Preliminary Design Signaling: In Preliminary Design Operation Control Center: In Preliminary Design Telecom: In Preliminary Design Automated Fare Collection: In Preliminary Design Depot: In Final Design. Soil preparation: 57% Abou Qir Service Point: Preliminary Design</p>		
<p>\$52.50 This Component will finance the procurement of rolling stock, spare parts, related special equipment, and diagnostic tools. Based on a technical design, a total of 21 electric trains (with the maximum operation speed of 100 km/h) each train having at least 9 cars would be</p>	<p>Delayed EBRD is leading the procurement of rolling stock. Resolution expected by Q2 2025.</p>	<p>Please see above.</p>	<p>Delayed</p>

required to maintain the target level of services.			
\$7.30 This component will provide necessary support to NAT to effectively manage the procurement process; supervise the construction; supervise the implementation of environmental and social management plan and resettlement plan; and financial control, monitoring, and reporting.	On track Monitoring and Supervision Contractor is in place.	Please see above.	Completed

Financial Management:

NA

6. Status of the Grievance Redress Mechanism (GRM)

The GRM has been implemented by the client, National Authority for Tunnels (NAT). The GRM was presented to the communities during the Project preparation stage. All relevant information on the GRM has been disseminated to affected persons. The project information has been disseminated through the disclosure of the IEE, the LARP, the social due diligence report and regular safeguards monitoring reports on the NAT and EBRD websites. Each contractor has also established a mechanism to receive, register and document complaints at construction sites. GRM facilitates receiving Complaints from workers and affected communities in any form (anonymous or signed) . NAT has installed complaints boxes at several locations in the project site. NAT also receives complaints online via its online portal. .

The monitoring contractor identified ways to improve information dissemination and is collaborating with NAT to implement these changes. A site visit by the Lender's Monitor found several gaps limiting accessibility to the grievance boxes. Contact details/phone numbers on display should be envisaged and made visible. This was noted in the Report and recommendations were made in the ESAP to improve signage and accessibility of alternative complaint channels.

As of November 2024, the grievance register recorded a total of five grievances (all of which were received through NAT/ Governmental Complaints Portal) since the beginning of construction. Out of the five, two grievances were related to the lack of pedestrian crossing, two were concerned about waste accumulation, and one was regarding the project excavation activities surrounding complainant's home. Four claims were rejected due to lack of evidence to support the claims were not related to the project site and status updated back in the Government Portal and one

project related complaint has been satisfactorily resolved.

7. Results Monitoring

According to RMF, all Project Objective Indicators will be measured after the first year of metro line operation.

Intermediate Results Indicators are measured annually. Construction is progressing, albeit in a delayed manner, as indicated in the figures below.

Rolling stock delivery progress - it is expected that this will be delayed by 12-18 months, pending the award of a rolling stock contract.

Project Objective: The project aims to increase access to efficient, safe, and low carbon public transport in the city of Alexandria by upgrading and electrifying the existing Alexandria-Abou Qir rail line.

Project Objective Indicators

Monitoring end year : 2027

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
Average daily ridership	Number	70000			0	330000
Train frequency	minutes	20			0	5
Greenhouse Gas (GHG) emission reduction (tCO ₂ eq/year)	tCO ₂ e/year	0			0	25000

Comments:

Intermediate Result Indicators

Monitoring end year : 2027

Component:

Upgrading existing Alexandria About Qir Rail Line into a Metro System

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
Metro construction progress	Percentage	0			50	100
Enabling works progress	Percent	0			70	100
Rolling stock delivery progress	Percent	0			0	100

Comments:

Component:

Low Carbon Electric-Drive Rolling Stock

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target

Comments:

Component:

Construction Supervision and Project Management (

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target

Comments:

Remarks:
