

Climate – Focused Policy-Based Financing Program

P000894 Generating Resilience, Opportunities, and Welfare for a Thriving Egypt

Environmental and Social Assessment of the Prior Actions Supported by the Program

Prior Action (PA)	Likely Environmental Impacts	Likely Social Impacts
<p>PA 7 The Borrower has issued decree no. 415 of 28 December 2023 for the establishment of a working group to support the national monitoring reporting, and verification system (MRV), and to allow Egypt to collect data on Greenhouse Gas (GHG) emissions, track progress on mitigation and adaptation measures.</p>	<p>Yes, positive impacts. The MRV system will enable accounting of the GHG emissions from various economic sectors and assist in tracking progress of NDC implementation and estimation of the GHGs inventory.</p>	<p>No. There is no social impact of the PA 7 which supports the setting up of the national MRV system.</p>
<p>PA 8 The Borrower has issued three decrees on the main Building Blocks of the domestic carbon markets: (i) the requirements for Validation and Verification Bodies (VVBs) approved by the Financial Regulatory Authority (FRA) for both international and domestic bodies; (ii) the requirements for domestic voluntary carbon credit registries approved by FRA; and (iii) the listing and delisting rules for voluntary carbon credits.</p>	<p>Yes, positive impact. This PA will encourage investments in GHG emission reduction projects and the issuance of carbon credits which can be traded in the regulated voluntary carbon markets.</p>	<p>No. There is no social impact from this PA which builds basic structure of the domestic carbon trading market, however, the proceeds of the carbon credits for projects in the agricultural sector could be distributed in some instances to farmers and hence supports in poverty alleviation.</p>
<p>PA 9 The Borrower, through the board of directors of the Egyptian Electric Utility and Consumer Protection Regulatory Agency, has issued a circular agreed at its 14th session of 28 March 2024, governing direct renewable electricity supply between private producers and consumers (private-to-private) including the use of transmission networks.</p>	<p>Yes, positive environmental impacts from this PA. The transition to clean and green source of energy leads to avoidance of environmental pollution and emissions leading to adverse health impacts from power plants relying on fossil fuel.</p> <p>Potential adverse environmental impact may arise from downstream scaling up of renewable electricity supply which is subjected to the national laws and regulation requiring Environmental Impact Assessment for all projects depending on their impact classification.</p> <p>As a precaution, the Government of Egypt (GOE) has been working in collaboration with the World Bank</p>	<p>No, social impact from the PA9.</p> <p>However, potential social impacts may arise from downstream investment in renewable electricity projects located in the targeted area. Typical social impacts include land acquisition and resettlement as a result of installation of renewable electricity generation equipment, overhead transmission lines, substations, and other associated infrastructures.</p> <p>As a part of an ongoing WB supported TA, the Ministry of Electricity and Renewable Energy has developed Guidelines for Land Acquisition in the Electricity Sector including the transmission. The guidelines relied on the existing</p>

	<p>(WB) to prepare a Strategic Environment and Social Assessment (SESA) for the targeted geographic locations for renewable electricity investments and corridors of transmission lines while undertaking feasibility studies.</p> <p>The preparation of the SESA is a part of a broader Technical Assistance (TA) provided by the WB to also strengthen the national capacity to develop and review SESAs.</p>	<p>country system and the Ministry Procedures for Land Acquisition and to bridge some gaps through suggested measures and procedures.</p>
<p>PA 10 The Borrower, through a decision of the board of directors of the Egyptian Electricity Holding Company (EEHC), has approved a loss reduction plan with annual distribution loss reduction targets for the distribution companies owned by EEHC, and mandating said electricity distribution companies to achieve set targets.</p>	<p>Yes, positive impacts. Reduction in electricity distribution losses conserves natural resources and reduce pollution and emissions from fossil fuel-fired power plants.</p>	<p>No, social impact from the PA10 which aims to reduce distribution loss by the electricity distribution companies while avoiding passing the costs to end users.</p>
<p>PA 11 The Borrower has submitted to the Parliament a draft law on regulating drinking water and sanitation utilities, which brings in reforms to strengthen the regulator's role, implement cost reflective tariffs, and enable private sector participation.</p>	<p>Yes, Positive impacts. Increasing water efficiency measures conserve Egypt's scarce freshwater resources that are currently under stress.</p>	<p>No, social impact from the PA11 which focuses on water efficiency improvement.</p>