

Japanese ODA Loan Signed with Egypt

-Using Wind as a Renewable Energy to Replace Fossil Fuels, Supporting Egyptian Economic Development and Global Environmental Preservation

1. On March 30, 2010, JICA (President: Sadako Ogata) signed an agreement with the government of the Arab Republic of Egypt for a Japanese ODA loan up to 38.864 billion yen for the Gulf of El Zayt Wind Power Plant Project.

2. Under this project, a wind farm will be constructed having a total output of 220 MW (some three times larger than the Shin Izumo Wind Farm, the largest in Japan with a total output of 78 MW) in the Gulf of El Zayt region along the Red Sea coast, located 350 kilometers southeast of Cairo, the capital of Egypt. In addition to meeting an increase in demand for power, this project will contribute to the reduction in greenhouse gases through the use of renewable energy in place of fossil fuels, supporting both Egypt's economic development and preservation of the global environment.

3. The Gulf of El Zayt region is a suitable area for one of the most prominent wind farms in the world with stable wind direction and wind speed averaging at least 10 meters per second throughout the year. The wind farm to be built using this loan will be the largest ever in Egypt. This project will result in an increase of approximately one percent of the total power production capacity in Egypt, and will curb carbon dioxide emissions by 494,000 tons per year as compared to an equivalent quantity of power produced with fossil fuels. Preparations are being made for developing this project under the post-Kyoto international framework as a Clean Development Mechanism (CDM) project. [1]

4. In Egypt, active efforts are being made to develop new and renewable energy, and a goal has been set of making 20 percent of all energy production new or renewable energy with 12 percent of that wind-generated by 2020. The Egyptian economy has maintained a growth rate of at least four percent even since the global financial crisis, and firm economic growth is expected to continue. Reflecting the favorable economic conditions, the demand for power is expected to increase at an annual base of seven percent. To achieve this goal, new and renewable energy must be developed at a rapid pace.

5. JICA has provided support for other efforts to develop new and renewable energy in Egypt including construction of the Zafarana Wind Power Plant, the first large scale ODA project in the world to be approved by the CDM Executive Board, and the construction of the Kuraymat Integrated Solar Combined Cycle Power Plant. JICA, as technical cooperation, will also assist in developing strategies for effective uses of new and renewable energy and in formulating a construction plan for a world-class wind farm in the Nile Valley region. JICA is to provide active multilayered cooperation in new and renewable energy sector.

(Reference)

[1] The Clean Development Mechanism is one of the three Kyoto Mechanisms for developed countries and those transitioning to a market economy to carry out projects that reduce greenhouse gases in developing countries. The amount of greenhouse gas reduction is given to the implementing country as a credit. CDM thus provides a framework for nations to achieve their reduction targets as well as to contribute to sustainable development in developing countries.



signing ceremony

Reference

1. Term and Amount of Loan

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period / Grace Period (years)		Procurement
		Project	Consulting services	Project	Consulting services	
Gulf of El Zayt Wind Power Plant Project	38,864	0.3*	0.01	40/10*	40/10*	General, untied

* Efforts to solve environmental problems in developing countries are being actively supported by applying a lower than normal interest rate to projects with an environmental focus.

2. Executing Agency

New and Renewable Energy Authority (NREA)
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Tel: +20 (2) 271-3176, Fax: +20 (2) 271-7173

3. Planned Implementation Schedule

- (1) Completion of project: June 2015- when the facilities go into operation
- (2) Issuing of letters of invitation for consulting services (including construction monitoring): April 2010
- (3) Tender announcement for procurement package for international competitive bidding on project construction:
Procurement package title: Wind Turbines and Substation Works Package
Release date: October 2011