

Egypt: US\$ 400 Million Project will Help to Improve and Decarbonize Logistics and Transportation Sectors

Washington, October 3, 2022 – The World Bank's Board of Executive Directors approved a US\$400 million development financing agreement to enhance the performance of the logistics and transportation sectors in Egypt and to support the shift towards low-carbon transportation along the Alexandria–the 6th of October–Greater Cairo Area (GCA) railway corridor.

Egypt's rail system is one of the most extensive in Africa, with a generally heavier focus on its passenger services, and three freight trains per direction per day in the GCA with the rest dedicated to passenger trains.

The Cairo Alexandria Trade Logistics Development Project will implement a railway bypass to the congested GCA. The bypass will provide freight trains between the Alexandria Sea Port and the newly constructed 6th of October Dry Port, with an alternative route to the west of Greater Cairo. The operational bypass will also allow 15 container trains per day by 2030, and as demand increases, 50 trains by 2060 to this dry port. Additional freight trains will flow between the Alexandria Port, Upper Egypt, and the Red Sea.

The transportation sector is the second largest contributor to Egypt's greenhouse gas (GHG) emissions after energy—contributing approximately 19 percent. Transporting containers and other freight by train has a lower carbon footprint than by road. The Bank estimates the project will reduce greenhouse gas emissions by 965,000 tons over 30 years.

The project also supports advancing the government's reform effort to improve the railway sector's performance and promote private sector participation by creating Egypt's Infrastructure Access Charging regime. This charging regime is similar to a toll on roads or airport fees. Private investors can operate their trains on the tracks of the Egypt National Railways Authority for a fee, hence boosting this authority's finances.

“The Government of Egypt is committed to SDG 13: Climate Action by designing and implementing mitigation projects that establish an advanced, sustainable and clean transportation network, while also decreasing carbon footprint. Sustainable transport projects, many of which are carried out in cooperation with Egypt's development partners and private sector, carry much significance in terms of driving the country's economic growth and empowering Egyptian citizens across the country, connecting bigger cities and business districts, and providing more job opportunities. The Cairo Alexandria Trade Logistics Development Project will support national efforts to transition to lower carbon transportation and ensure the safe and fast delivery of people and goods; a key element in our growing economy.” said **Dr. Rania A. Al-Mashat, Egypt's Minister of International Cooperation**.

The project will also encourage female labor force participation by supporting the professional development of female employees as well as the availability of childcare.

The project will upgrade the track and signaling on four segments –including a greenfield one– between Alexandria, the 6th of October City, and the GCA to achieve an operational railway bypass to the GCA. This railway bypass will increase capacity particularly for freight trains while decongesting the Greater Cairo Area where demand for passenger trains is high.

*"Reforming the transportation and logistics sectors is vital to Egypt's competitiveness and economic development," said **Lieutenant General Kamel El Wazir, Egypt's Minister of Transportation.** "This new project introduces several improvements in those vital sectors. The improvements are aligned with Egypt's pressing development priorities, which include decarbonization, trade facilitation, private sector participation, and gender balance in the workplace. Increasing the number of containers moved by rail from zero to 184,000 per year is one of the project's key objectives. This flow of containers is primarily between the Alexandria Sea Port and the 6th of October Dry Port, both privately operated and railway-oriented.*

The project will support Egypt's integration into global value chains and its efforts to become a regional trading hub. This project will significantly contribute to Egypt's 2050 Climate Change plan, given the expected reductions in greenhouse gas emissions.

*"This operation is part of a wider set of efforts dedicated to offering timely and comprehensive support to Egypt's economic development and climate change plans," said **Marina Wes, World Bank Country Director for Egypt, Yemen, and Djibouti.** "We hope that through supporting more job creation, including for women, a cleaner environment, and providing safer mobility, the operation will contribute towards a brighter and more prosperous future for all Egyptians."*

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