

## Ex-ante Evaluation

### **1. Name of the Project**

Country: The Arab Republic of Egypt

Project: The Grand Egyptian Museum Construction Project

Loan Agreement: 15 May 2006

Loan Amount: 34,838 million yen

Borrower: The Government of the Arab Republic of Egypt)

### **2. Necessity and Relevance of JBIC Assistance**

In Egypt, tourism is one of the four major sources of foreign currency earnings in addition to energy exports, Suez Canal earnings and remittance from overseas workers, and is a strategic industry for bringing the current account into surplus. In particular, it is one of the most important subjects needing to be addressed in order to increase the attractiveness of the country as a tourist destination, to utilize effectively the historical and cultural heritages that are the resources for the country's tourism.

Although from such a viewpoint the Government of Egypt has already advanced the construction of museum and others in Luxor, Alexandria, etc., the Egyptian Museum (opened in 1902), which houses and exhibits the country's most important historical and cultural heritage, has aging buildings and facilities and is unable to properly preserve and restore its valuable collections. The expansion of the building is difficult due to the limited area of the site, although the volume of its collections has increased threefold as initially expected. Plagued by inadequate space for properly displaying this massive amount of collections, along with unsatisfactory exhibition skills, the museum falls short of making effective utilization of the cultural and historical heritage in which Egypt takes pride. What is more, having only a limited number of research and education facilities and programs, which are crucial components of functions that present-day museums are expected to perform, the museum remains at a very low level in this regard. To address these issues facing the existing museum, the development of a new museum, which is not only a main tourist attraction, but is also capable of performing original functions including preservation, restoration, display, research and education at a level commensurate with the value of collections, is urgently called for. The construction of such a museum will contribute to the preservation and utilization of Egyptian historical and cultural heritage, and thereby to the development of the country's tourism industry and the creation of employment opportunities, and ultimately to economic and social development in Egypt.

The project is an extremely important national project that is specified in the Fifth Five-Year Plan for Socio-Economic Development (2002-2007) of Egypt. Also, in Japan's current Country Assistance Program (June 2000), which raises "the upgrading of economic and social infrastructures, the promotion of industries" as one of the five priority areas, it is stated, "We will consider giving support to Egypt, with its tourism-oriented economy, for the development of its tourism to promote the growth of tourism revenue." Furthermore, in the overseas economic cooperation operations enforcement policy of JBIC, "fostering of industries" and "the generation of job opportunities" are regarded as

priority areas in JBIC assistance; the assistance for the project is thus consistent with the policy.

Thus JBIC's assistance is highly necessary and relevant.

### **3. Project Objectives**

This Project aims to strengthen such functions as preservation, restoration, display, research and education regarding historical and cultural heritage by constructing a new museum in the Giza district (15 km southwest of Cairo), where the three great pyramids are located, thereby contributing to the development of the country's tourism industry and the generation of employment opportunities, and ultimately to economic and social development in Egypt.

### **4. Project Description**

#### (1) Target Area

The Giza district (15 km southwest of Cairo)

#### (2) Project Outline

##### (a) Engineering Works and Others

(i) Construction of the main building of the museum (exhibition space of approximately 35,000m<sup>2</sup>), (ii) Construction of the exhibition facility, (iii) ICT construction, (iv) Construction of the Preservation and Restoration Center, (v) Land-clearing works

##### (b) Consulting Service

(i) Project management consultant (operation and management planning, strengthening of the operation and maintenance system, procurement assistance, construction management)

(ii) Detail design regarding construction and exhibition

Of which the yen loans are extended towards the areas consisting of construction of the main building of the museum, construction of the exhibition facility, and project management consultant area of the consulting service.

#### (3) Total Project Cost/ Yen Loan Amount

69,861 million yen (Yen Loan Amount: 34,838 million yen)

#### (4) Schedule

Scheduled for April 2006 to June 2011 (63 months)

#### (5) Implementation Structure

(a) Borrower: The Government of the Arab Republic of Egypt

(b) Executing Agency: The Supreme Council of Antiquities (SCA)

(c) Operation and Maintenance System: the same as (b)

#### (6) Environmental and Social Considerations

##### (a) Environmental Effects/ Land Acquisition and Resident Relocation

(i) Category: B

(ii) Reason for Categorization

Since this project does not fall under the category of large-scale projects of the tourism sector enumerated in the "Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations" (established in April 2002), is judged as not having a significant adverse impact on the environment, and does not correspond to sensitive characteristics or regions which are susceptible to impact, as enumerated in the Environmental

Guidelines, it falls under category B.

(iii) Environmental Permit

The Environmental Impact Assessment (EIA) Report related to the project was accepted by the Egyptian Environmental Affairs Agency in February 2006.

(iv) Anti-Pollution Measures

During the construction period, appropriate measures, such as limitations on watering and nighttime work, are to be taken by contractors; thus no particular impact, such as air pollution and noise, is foreseen.

(v) Natural Environment

The target area of the project does not correspond to regions which are susceptible to impact such as national parks etc., or their vicinities, and the adverse impacts on the environment are expected to be minimal.

(vi) Social Environment

A site of approximately 480,000m<sup>2</sup> has already been acquired for this project, which does not therefore require resident relocation. Because design which takes due consideration to the landscape was adopted, no particular impact on the environment is expected. In the event that buried cultural properties are discovered in the course of construction, experts and the like will take appropriate measures.

(vii) Others/ Monitoring

The executing agency will monitor air quality, noise, etc. during construction.

(b) Promotion of Poverty Reduction

Nothing in particular.

(c) Promotion of Social Development (e.g. Gender Perspective)

At the design phase, installation of day-care facilities for children, travelers and others must be taken into consideration from the viewpoints of and depending on the needs of women or disabled people visiting the museum.

(7) Other Important Issues

(a) Assistance for D/D creation, transport of cultural properties, maintenance of a database, collaboration with JICA Technical Cooperation in areas such as the building of operation and maintenance systems.

(b) To take advantage of the knowledge of experts concerning museum management, Egyptology, archaeology, etc. for operational methods to meet the functions of the museum, an expert panel comprised of Japanese experts to support the project indirectly will be organized.

## 5. Outcome Target

(1) Evaluation Indicator (Operation and Effect Indicator)

Indicator	Target (2013 [two years after the completion of the project])
Attendance of tourists (within target facilities)(number of people)	5,085,000
Entrance fees (target facilities) (millions of dollars)	30.3
Number of cultural properties restored (number of cases)	5,000

(2) Internal Rate of Return (Financial/ Economic Internal Rate of Return)

Financial Internal Rate of Return (FIRR): 4.1%

(a) Cost: Project cost, operation and management cost

(b) Benefit: Entrance fees, budget revenue and others

(c) Project life: 20 years

Economic Internal Rate of Return (EIRR): 30.8%

(a) Cost: Project cost (excluding tax), operation and management cost and others

(b) Benefit: Additional real increase of revenue from foreign tourists

(c) Project life: 20 years

**6. External Risk Factors**

Decrease in tourists caused by the outbreak of terrorism in Egypt and neighboring countries.

**7. Lessons Learned from Findings of Similar Projects Undertaken in the Past**

From ex-post evaluations of tourism cases in the past, the lesson was learned that reviewing with operations after their completion in mind is necessary. In this project, project management consultants will implement strict schedule management for opening preparations, construction management and operation and maintenance, and review supporting plans to establish the operation and maintenance system through the JICA Technical Cooperation Project and others.

**8. Plans for Future Evaluation**

(1) Indicators for Future Evaluation

(a) Attendance of tourists (within target facilities) (number of people)

(b) Entrance fees (target facilities) (millions of dollars)

(c) Number of cultural properties restored (number of cases)

(d) Financial Internal Rate of Return (FIRR) (%)

(e) Economic Internal Rate of Return (EIRR) (%)

(2) Timing of Next Evaluation

After project completion.