

## SBF Project Implementation Monitoring Report

### Egypt: Sustainable Rural Sanitation Services Program, Phase-2

#### 1. Project Information

Project ID:	000052	Investment Number:	L0052A
Member:	Egypt	Region:	Northern Africa
Sector:	Water	Sub-sector:	Sanitation
AIB Financing Type:	Loan: 300 USD million	Co-financier(s):	WB-led
E&S category:	B	Borrower:	Arab Republic of Egypt
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Ministry of Housing, Utilities and Urban Communities		
Project Team Leader:	Ghufran Shafi		
Project Team Members:	Ghufran Shafi Co-PTL/Senior Investment Operations Specialist Somnath Basu, Senior Social Development Specialist Bernadette Ndeda, Procurement Specialist Shonell Robinson, Financial Management Specialist Zacharias Ziegelhofer, Infrastructure Sector Economist Liu Yang, Counsel - Investment Operations		
Completed Site Visits by AIB:	Jul, 2019 July, 2019; Aug, 2020 August 2020 (Virtual Mission) Mar, 2022 Feb-Mar 2021 (Virtual Mission)		
Planned Site Visits by AIB:	Physical missions are postponed in view of travel restrictions due to COVID situation. In lieu of that, both AIB and WB are conducting virtual missions.		

#### 2. Project Summary and Objectives

The objective of the Program is to strengthen institutions and policies to increase access and improve rural sanitation services in selected governorates in the Arab Republic of Egypt. This will be accomplished through implementing key sector and institutional reforms together with rehabilitation and construction of integrated infrastructure for collection, treatment, and disposal of household sewage.

Phase 1 of the Program (SRSSP-1) is already under implementation, co-financed by the World Bank (WB), in the three governorates of Beheira, Sharkia and Dakhliya. Phase 2 of the Program (SRSSP-2) is jointly co-financed by AIB and the WB. Phase-2 are scaling-up sanitation services in the governorates of Sharkia and Dakhliya by including new villages and satellites, as well as include three new governorates of Menoufia, Gharbiya and Damietta. The WB has prepared the SRSSP using its Program-for-Results (PforR) financing instrument in accordance with the WB's PforR Policy. Under the PforR, the funds are released on achievement of results using Disbursement Linked Indicators (DLIs) and Disbursement Linked Results (DLRs). Key Results include: (i) Improved sanitation access; (ii) Improved operational systems and practices of Water Supply Companies (WSC); and (iii) Strengthened National Sector Framework.

AIB and the WB will each contribute USD300 million to cover the total external financing of USD600 million needed to implement the SRSSP-2. AIB financing is for the physical infrastructure to provide sanitation services to about 178,000 households in 133 villages of five governorates; namely, Dakahlia, Sharkiya, Damietta, Menoufiya, and Gharbiya,

#### 3. Key Dates

Approval:	Sep. 28, 2018	Signing:	Dec. 9, 2018
Effective:	Jun. 18, 2019	Restructured (if any):	
Orig. Closing:	Dec. 31, 2023	Rev. Closing (if any):	

#### 4. Disbursement Summary (million)

Currency:	USD		
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a) Committed:	300	b) Cancellation (if any):	
c) Disbursed:	9.66	d) Most recent disbursement: (amount / date)	8.91, Mar. 3, 2021
e) Undisbursed:	290.34	f) Disbursement Ratio(%) <sup>1</sup> :	3.2

<sup>1</sup> Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e.,  $f = c / (a - b)$

## 5. Project Implementation Update

Construction contracts for about 54,000 Household (HH) connections and 14 Wastewater Treatment Plants (WWTP), with a total contract value of about USD 185 million have been procured in Dakahlia and Sharkia and construction is underway. This contracts include 6 clusters (out of 7 total clusters in Dakahlia and Sharkia) representing achievement of results under the agreed Disbursement Linked Results (DLR#1.5). Four additional contracts for about 13,000 HH connections are in tendering phase.

PMU procured a new Project Management Consulting Firm (PMCF-2) for the three new governorates of Menoufia , Gharbiya and Damietta in December 2021, which has mobilized. The Water Supply Company (WSC) of each new governorate has also engaged its own Independent Supervision Consultants (ISCs) in January/February 2021, which are in different stages of mobilization. The design related work in each governorate has been divided into three batches, which will be delivered gradually to the ISCs for detailed designing and tendering of works. The conceptual designs for the first batch have been completed and submitted to WSCs. Tendering of works are expected to commence in May, 2021 and contracts will be awarded on rolling basis until mid-2022.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Improved Sanitation Access: Provide about 178,000 new household connections (HHC) to working sanitation systems in rural areas of identified Egyptian governorates (USD300 million)	In Dakahliya and Sharkia governorates, 25 contracts (for 54,000 HH connections, representing 30% of total) have been awarded and implementation has started.	Nine ESIA (5 in Dakahliya and 4 in Sharkia) have been prepared and approved by the Egyptian Environmental Agency. Moreover, 58 land parcels for the Program, representing more than half of the total land parcels required, have been acquired by WSCs.	Civil works are procured through 29 different contracts of which, 25 contracts (of USD 185 million) have been awarded, while 4 contracts are in tendering process in Dakahliya and Sharkiya. For the additional three governorates, PMCF-2 and ISCs have been engaged who have started working on preparation of designs.

### Financial Management:

The program audit report covering the period ending June 30, 2020, was submitted and reviewed by World Bank. The report was deemed satisfactory, as the auditors issued an unqualified (clean) opinion on the financial statements. During the most recent mission, discussions were held on the program expenditure framework, specifically around the possible options to reflect appropriate government contribution in the financial statements. Discussions on the framework will continue.

## 6. Status of the Grievance Redress Mechanism (GRM)

The GRM is based on the Complaint Units (call centers) within WSC which receive regular O&M complaints as well as project level grievances. In the meantime, project level complaints are also received and addressed using other modalities and channels located on more localized level (the Social Officer of the PIUs, the Contractors, and the Local Community Committees). This allows quick reporting and resolution for the project level complaints. If O&M complaints are not resolved, the grievances are referred to the Holding Company for resolution.

## 7. Results Monitoring

N/A

Baseline Year: Jan. 1, 2019 End Target Year: Jan. 1, 2024

### Project Objective Indicators #1

People provided with access to "improved sanitation facilities" under the SRSSP-2 (Number)

Year	Target	Actual	Others, if any
Dec. 31, 2024	892,000	N/A	

## Project Objective Indicators #2

## WSC Operating Ratio

Year	Target	Actual	Others, if any
Dec. 31, 2024	84.3	N/A	

## Intermediate Result Indicators #1

## New functioning household connections to working sanitation systems

Year	Target	Actual	Others, if any
Dec. 31, 2024	178317	N/A	

**Remarks:**