

Egypt : Sustainable Rural Sanitation Services Program, Phase-2

1. Project Information

Project ID:	P000052	Instrument ID:	L0052A
Member:	Egypt	Region:	Northern Africa
Sector:	Water	Sub-sector:	Water supply, sanitation, and wastewater treatment
Instrument type:	<input checked="" type="checkbox"/> Loan:300.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of International Cooperation, Egypt
Implementing Entity:	Ministry of Housing, Utility and Urban Communities, Egypt		
Project Team Leader:	Ghufran Shafi (DG: Supee Teravaninthorn; Responsible Department: INF2)		
Project Team Members:	Amy Chua Fang Lim, OSD - Environment & Social Development Specialist; Liu Yang, Project Counsel; Bernadette Ndeda, OSD - Procurement Specialist; Shonell Robinson, OSD - Financial Management Specialist;		
Completed Site Visits by AIIB:	Jul, 2019 July, 2019; Aug, 2020 August 2020 (Virtual Mission) Sep, 2021 Sep-2021 (Virtual Mission) Mar, 2022 Feb-Mar 2021 (Virtual Mission) May, 2022 Virtual Mission		
Planned Site Visits by AIIB:	Physical missions are postponed in view of travel restrictions due to COVID situation. In lieu of that, both AIIB and WB are conducting virtual missions.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2021/09		

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), financed by World Bank (WB), is under implementation in the three governorates of Beheira, Sharkia and Dakhliya. Phase 2 of the Program (SRSSP-2) is jointly co-financed by AIIB 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. SRSSP has been prepared as a Program-for-Results (PforR) based development 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.

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

3. Key Dates

Approval:	Sep. 28, 2018	Signing:	Dec. 09, 2018
Effective:	Jun. 18, 2019	Restructured (if any):	Jan. 02, 2022
Orig. Closing:	Dec. 31, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	102.44	Most recent disbursement (amount/date):	13.51/May. 09, 2022
Undisbursed:	197.56	Disbursement Ratio (%) ¹ :	34.15

5. Project Implementation Update

All the consulting firms - including the Project Management Consulting Firm (PMCF-2) for the three new governorates of Menoufia, Gharbiya and Damietta, and the five Independent Supervision Consultants (ISCs) in each of the participating governorates – have been engaged and are providing services. The design/tendering related works has been divided into three batches, which are tendered out gradually. A total of 68 contracts, have been identified and 63 construction contracts have been awarded/executed. Five of the remaining contracts are in tendering phase.

All the construction contracts in Dakhliya and Sharkiya governorates (about 65,790 HH connections) have been awarded. This represents satisfactory achievement of results under the agreed Disbursement Linked Result, DLR#1.5.1 and DLR#1.5.2. Additional construction contracts in Menoufia, Gharbia and Damietta (about 95,110 HH connections) are also under implementation.

Recent geopolitical tensions have affected the commodities/constructions costs in the region. PMU is monitoring the situation and will inform AIIB/WB should there be major time/cost implications for the construction contracts.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Improved	In Dakahliya and Sharkia governorates, 65,790	19 ESIs in five governorates have been prepared and approved by the	29 construction contracts have been procured in

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Sanitation Access: Provide about 178,000 new household connections (HHC) to working sanitation systems in rural areas of identified Egyptian governorates (USD300 million)	HH are under construction. 95,110 HH connections are under implementation in Menoufia, Gharbia and Damietta.	Egyptian Environmental Agency. 4 additional ESIA's are under review for approval. Moreover, 81 land parcels for the Program, representing about 69% of the total land parcels required, have been acquired by WSCs. 37 additional land parcels are under acquisition.	Dakhliya and Sharkiya and implementation has started. 34 additional contracts have been awarded in the other three governorates. 5 remaining contracts are in tendering stage.
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Financial Management:

The program continues to maintain adequate financial management arrangement to ensure that reliable financial information is provided on program implementation. From the May 2022 mission, no major FM issues or internal control deficiencies were noted.

During the mission, it was agreed that the WB and AIIB would commence the deduction of the advance against DLIs as per the WB's disbursement guidelines applicable to PforR operations. To determine a specific commencement date for deduction of advances against the DLIs under the additional financed operation, which is co-financed with AIIB, the available cash balances will be reviewed after the investment plans from the WSCs are assessed and the first tranche of the transfers to the WSCs are completed by July 2022. Thereafter, the commencement date will be agreed on during the scheduled September 2022, technical mission.

The draft program audit report for the financial year ended June 30, 2021, was submitted on December 27th, 2021 to the WB for review and comments. Based on the comments provided, the PMU revised the report and submitted the finalized report on February 3rd, 2022. Although submitted after the original due date of December 31, 2021, the revised report was deemed to satisfactory as the auditors issued an unqualified (clean) opinion on the financial statements.

6. Status of the Grievance Redress Mechanism (GRM)

The project GRM has been functioning well within the WSCs which receive regular O&M complaints as well as project level grievances.

The updated GRM mechanism will include arranging of the project level complaints and the required reports on the Central Management System. The CMS system has been formed in the WSCs and additional improvement includes having complaints boxes in the ISC's offices, and site visits (door to door) campaign. Four minor grievances have been received under SRSSP 2 and appropriately addressed.

7. Results Monitoring

Results have been achieved against some of the indicators which are being compiled. Data will be reported in next PIMR reporting.

Project Objective Indicators #1

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

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

Project Objective Indicators #2

WSC Operating Ratio

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

Intermediate Result Indicators #1

New functioning household connections to working sanitation systems

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

Remarks:
