

## 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 (Q1: 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) Sep, 2021 Sep-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), financed by World Bank (WB), is under implementation in the three governorates of Beheira, Sharkia and Dakhlia. 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 Dakhlia 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.

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, Dakahliya, 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		
a) Committed:	300	b) Cancellation (if any):	
c) Disbursed:	18.57	d) Most recent disbursement: (amount / date)	8.91, Jun. 30, 2021
e) Undisbursed:	281.43	f) Disbursement Ratio(%) <sup>1</sup> :	0.062

<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

29 construction contracts for about 65,790 Household (HH) connections and 5 Wastewater Treatment Plants (WWTP), with a total contract value of about USD 207.5 million have been procured in Dakahlia and Sharkia and construction is underway. These contracts encompass 7 clusters, representing achievement of results under the agreed Disbursement Linked Results (DLR#1.5).

PMU procured a new Project Management Consulting Firm (PMCF-2) for the three new governorates of Menoufia, Gharbiya and Damietta in December 2021. The Water Supply Company (WSC) of each of these governorates has also engaged its own Independent Supervision Consultants (ISCs) in January/February 2021, which have mobilized. The design related work in each governorate has been divided into three batches, which are tendered out gradually. A total of 39 contracts, including 6 WWTPs, (total contract value of approximately USD 281 million) have been identified. 20 contracts are in tendering phase and will be procured gradually until April-2022.

Project implementation has been affected slightly by pre-Covid and Covid related delays which have, in turn, delayed and procurement. A program restructuring is currently under process to extend the implementation timeline by one year and provide provinsins for advances. This will also increase the program disbursements.

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, 29 contracts (for 65,790 HH connections have been awarded and implementation has started. Physical progress in these governorates are respectively as 46% and 48%.	Nine ESIA (5 in Dakhaliya and 4 in Sharkia) have been prepared and approved by the Egyptian Environmental Agency. Moreover, 73 land parcels for the Program, representing more than half of the total land parcels required, have been acquired by WSCs.	29 construction contracts have been procured in Dakhliya and Sharkiya and implementation has started. 20 contracts are under tendering in the three new governorates.

#### 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. Based on the Mission conducted in September 2021, it is hereby confirmed that there are no pending complaints or unresolved issues pertaining to this project.

#### 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:**