

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 (Responsible DG: Gregory Liu; Responsible Department : INF2)		
Project Team Members:	Amy Chua Fang Lim, OSD - Environment & Social Development Specialist; Liu Yang, Project Counsel; Guoping Yu, OSD - Procurement Specialist; Shonell Robinson, OSD - Financial Management Specialist; Yanyang Shi, Project admin		
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:	AIIB is participating in virtual mission due to ongoing travel restrictions.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/05		

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, 2023	Rev. Closing (if any):	Dec. 31, 2024

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	145.36	Most recent disbursement (amount/date):	42.92/Aug. 29, 2022
Undisbursed:	154.64	Disbursement Ratio (%) ¹ :	48.45

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 70 contracts, have been identified and 66 construction contracts have been awarded/executed. The construction contracts have been awarded for about 161,824 HH connections (for a program target of 178,317) in the five governorates. This represents satisfactory achievement of results under the agreed Disbursement Linked Result, DLR#1.5.1 and DLR#1.5.2.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Improved Sanitation Access: Provide about 178,000 new	About 161,824 HH connections and 12 associated wastewater treatment plants are under implementation	23 ESIs in five governorates have been prepared and approved by the Egyptian Environmental Agency. Moreover, 91 land parcels for the Program have been acquired by	66 construction contracts in five governorates from identified 70 contracts have been awarded. Four of the contracts are being re-

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.

household connections (HHC) to working sanitation systems in rural areas of identified Egyptian governorates (USD300 million)	in the five governorates	WSCs. 27 additional land parcels are under acquisition.	tendered due to high prices in the initial tendering.
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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 DLLs as per the WB's disbursement guidelines applicable to PforR operations. To determine a specific commencement date for deduction of advances against the DLLs 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 updated version CMS system has been successfully implemented, tested and fully operationalized by all the WSCs. The GRM is available to the beneficiaries in the targeted governorates through multiple channels – (hotline/125, mobile application, e-mail, telephone of social specialists, WSC website and social media.) At the village level where construction is taking place, banners, leaflets and other public awareness materials are placed in different locations to inform the public about the GRM's multiple channels for registering complaints. PMU also conducted several training sessions for the front-line staffs in the WSCs and HCWW covering how to register, handle, and refer grievances related to the program for all villagers and clusters. The effectiveness of the GRM has been well-proven. During October 2021-March 2022, 90% of the total complaints (mostly under the WB funded parent program) were successfully addressed in less than 24 hours.

7. Results Monitoring

Implementation is monitored based on extended timeperiod

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	100	91.66	Baseline 84.3

Intermediate Result Indicators #1

New functioning household connections to working sanitation systems

Year	Target	Actual	Comments, if any
Dec. 31, 2024	178317	N/A	Works are under implementation

Intermediate Result Indicators #2

Citizen Engagement: d) Women forums that are established and who participated in project design and/or implementation (Number)

Year	Target	Actual	Comments, if any
Dec. 31, 2024	21	17	Baseline = 0

Remarks: